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Thursday, 11 May 2000

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

PETITIONS

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

Goods and Services Tax Repeal

To the Honourable the President and members of the Senate in Parliament assembled:

The petition of residents of the nation of Australia draws to the attention of the Senate that:

(1) A majority of electors in the 1998 federal election were not in favour of the GST.

(2) Alternative taxation regimes were not properly considered.

Your petitioners humbly ask the Senate to repeal the GST legislation and to instigate an inquiry to thoroughly investigate alternative taxation regimes.

by Senator Bourne (from 110 citizens).

Goods and Services Tax: Receipts and 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 Forshaw (from 22 citizens).

Hume Highway: Albury—Wodonga

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

The petition of the undersigned shows the Albury/Wodonga communities concern over the Commonwealth government’s decision to fund an internal bypass through Albury/Wodonga.

Your petitioners ask that the Senate should request the Commonwealth to:

(1) Reverse its decision to fund an internal Hume Highway bypass of Albury.

(2) Fund an External Hume Highway bypass as it is the safer, shorter and cheaper option.

(3) Commit funds to a second local road link across the Murray River.

by Senator Heffernan (from 12,567 citizens).

Petitions received.

NATIONAL PARTY OF AUSTRALIA Leadership

Senator BOSWELL (Queensland—Leader of the National Party of Australia in the Senate and Parliamentary Secretary to the Minister for Transport and Regional Services) (9.30 a.m.)—I would like to inform the Senate that at a party meeting Senator Grant Tambling was elected Deputy Leader of the National Party in the Senate.

NOTICES

Presentation

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

That the Senate—

(a) notes:

(i) the dismissal of two Aboriginal contractors, Tom and Noel Powell, from the Weilmoringle Roadworks and Training project in the New South Wales town of Brewarrina, despite one of the purposes of the project being to maximise Aboriginal employment and training,

(ii) both Tom and Noel Powell were taken off the project by the Brewarrina Shire Council without consultation with the Aboriginal community, despite the local community’s involvement in the fruition of an Aboriginal training program, and

(iii) that Noel Powell was originally notified by the council that he would be engaged to provide grader services and instruction to the trainees involved in the project, but was later notified by mail that the agreement had been withdrawn without explanation;

(b) condemns the council:
(i) for its handling of the project, which had the potential to create employment opportunities for Aboriginal people and would have created a national example of training opportunities designed by the Aboriginal community; and

(ii) for failing to take positive steps towards reconciliation; and

(c) calls on the New South Wales Government to implement reconciliation programs in the town of Brewarrina, which is facing an apartheid education system and a growing divide between the local council and the Aboriginal community.

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

That the Senate notes that:

(a) it is 117 days since former Senator Parer resigned as a senator for the State of Queensland;

(b) the Queensland Parliament has confirmed a replacement for Senator Parer after much factional in-fighting and lethargy in the Liberal Party in Queensland;

(c) a new Australian record has been set in filling a casual vacancy in the Senate, eclipsing the previous record set in the passage of Senator Lightfoot to the chamber of 108 days; and

(d) the people of the State of Queensland have been denied their full Senate representation by the factional in-fighting of the Queensland Liberal Party during this time.

Withdrawal

Senator CHRIS EVANS (Western Australia) (9.32 a.m.)—I withdraw business of the Senate notice of motion No. 1 standing in my name for today.

BUSINESS

Government Business

Motion (by Senator Ian Campbell) agreed to:

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

No. 5–Therapeutic Goods Amendment Bill (No. 2) 2000;

No. 6–Pooled Development Funds Amendment Bill 1999;

No. 7–Medicare Levy Amendment (CPI Indexation) Bill 1999; and

No. 8–Customs Tariff Amendment Bill (No. 3) 1999.

General Business

Motion (by Senator Ian Campbell) agreed to:

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

(1) general business notice of motion no. 568 standing in the name of Senator Carr relating to the budget and Medicare rebates for magnetic resonance imaging services; and

(2) consideration of government documents.

NOTICES

Presentation

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

That the Senate expresses its very deep regret that Yianna Souleles was not able to be the first Australian to carry the Olympic Torch from Olympia.

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 5 June 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 5 June 2000.

General business notice of motion no. 552 standing in the name of Senator Stott Despoja for today, relating to Kosovar refugees, postponed till 5 June 2000.

General business notice of motion no. 562 standing in the name of Senator Allison for today, relating to the Albury-Wodonga bypass, postponed till 5 June 2000.

General business notice of motion no. 563 standing in the name of Senator Conroy for today, relating to the goods and services tax, postponed till 7 June 2000.

General business notice of motion no. 565 standing in the name of Senator Harris for today, proposing an order for the production of a document by the Minister representing the Minister for
Transport and Regional Services (Senator Ian Macdonald), postponed till 5 June 2000.

General business notice of motion no. 553 standing in the name of Senator Allison for today, relating to welfare services for at-risk school students, postponed till 5 June 2000.

COMMITTEES
Environment, Communications, Information Technology and the Arts
References Committee

Extension of time

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

That the time for the presentation of the report of the Environment, Communications, Information Technology and the Arts References Committee on the state of the environment of Gulf St Vincent be extended to 5 June 2000.

LOUD SHIRT DAY

Motion (by Senator Stott Despoja) agreed to:

That the Senate—

(a) notes that:

(i) 12 May 2000 is Loud Shirt Day, and

(ii) Loud Shirt Day aims to raise community awareness of hearing impairment;

(b) congratulates the Coral Barclay Centre for Children with Hearing Impairment on being awarded the Alexander Graham Bell Association for the Deaf Program of the Year 1999, for excellence in services rendered to deaf children and their families; and

(c) notes that this is the first time that a centre outside North America has received this award in its 100-year history.

COMMITTEES

Publications Committee

Report

Senator CALVERT (Tasmania) (9.36 a.m.)—On behalf of Senator Senator Lightfoot, I present the 14th report of the Publications Committee.

Ordered that the report be adopted.

YOUTH ALLOWANCE CONSOLIDATION BILL 1999

Consideration of House of Representatives Message

Message received from the House of Representatives acquainting the Senate that the House has not made amendment No. 1 requested by the Senate but has made an amendment in place thereof and requesting concurrence in the amendment made by the House, and has not made amendment No. 2 requested by the Senate.

Motion (by Senator Ian Campbell) agreed to:

That consideration of the message in committee of the whole be made an order of the day for the next day of sitting.

TELECOMMUNICATIONS (INTERCEPTION) LEGISLATION AMENDMENT BILL 2000

Report of Legal and Constitutional Legislation Committee

Senator CALVERT (Tasmania) (9.37 a.m.)—On behalf of Senator Payne I present the report of the Legal and Constitutional Legislation Committee on the provisions of the Telecommunications (Interception) Legislation Amendment Bill 2000 together with the Hansard record of the committee’s proceedings and submissions.

Ordered that the report be printed.

A NEW TAX SYSTEM (TRADE PRACTICES AMENDMENT) BILL 2000

Second Reading

Debate resumed from 10 May, on motion by Senator Newman:

That this bill be now read a second time.

Senator CONROY (Victoria) (9.38 a.m.)—This bill is simply an attempt to stifle discussion on the GST. It is simply about censorship. It is a crude attempt to intimidate and silence Australian businesses from speaking about the true effects of the GST. The less that can be said about the GST, the fewer the inequities, the fewer the inefficiencies, the fewer the government failures that will be revealed, the fewer the broken promises that will be exposed. On the face of it this bill is an attempt to strengthen the powers of the ACCC in ensuring that price ex-
exploitation does not happen. The bill seeks to amend the Trade Practices Act to insert into the GST price exploitation provisions a prohibition on misrepresentations as to the effect of the new tax system. But the effect of the bill is to silence critics of the GST, to put an end to the growing chorus that the government has failed to deliver the GST it promised. The GST the government has delivered is a complex and cumbersome tax, a tax which businesses are fighting to implement in time for 1 July, hoping it will not cause them to fall foul of the price exploitation provisions.

In this bill the government has adopted a particularly heavy-handed and inept approach. This view is echoed in a submission by Pricewaterhouse Coopers on behalf of the Australian Industry Group to the Economics Legislation Committee, which inquired into the provisions of this bill. The Australian Industry Group is one of Australia’s largest industry associations, being the organisation formed from the merger of the Australian Chamber of Manufactures and the Metal Trades Industry Association of Australia. I should declare for the public record that I was a former employee of the MTIA, just so that there is no suggestion that I am in any way influenced unduly by their views. The submission says:

The width and scope of the new provisions of the Bill relating to misleading and deceptive conduct and misrepresentations about the effect of the New Tax System raise serious concerns for industry organisations committed to assisting the business community in a proper and professional manner without risk of penalty or liability in an environment where the actions of the organisations are designed to help in a practical way, the transition to a new tax system.

The government is getting the implementation of the GST wrong, and now business is being told not to say so. But this is not surprising. As was revealed in the Senate inquiry into this bill, Professor Fels, the Chairman of the ACCC, revealed that the 10 per cent GST price cap has no legislative backing. Professor Fels admitted that there was nothing in the Trade Practices Act requiring that no price should increase by more than 10 per cent as a result of the new tax system changes. There is nothing to require 10 to mean 10 to mean 10. Further, despite the Minister for Financial Services and Regulation on 15 January 2000 saying he had directed the ACCC not to approve any business initiatives on the GST that may increase prices by more than 10 per cent, Professor Fels said that the ACCC had received no such direction.

This matter has been taken up in the other place, and the minister again has sought to back away and hide from his press release. I understand that it was a very difficult time for Mr Hockey in that January period. He was struggling with how much a bottle of coke was going to cost. And if the government accepts the proposed amendments that we have later on, under the amended act that we hope to get through he himself would have been guilty of false and misleading provisions in his description of the price of a bottle of coke. He himself would have been guilty, if we are successful in this chamber today, of breaching his own law. That is the extent to which this government is prepared to go to silence legitimate discussion on this bill. They are prepared to silence genuine attempts at discussion so that nobody is allowed to mention that the GST is a dog’s breakfast, that it is unravelling on them and that their purported attempts to misrepresent the outcomes of the GST will cause enormous grief in the broader community. But that is what this bill with these amendments is designed to stop the government getting away with.

The ACCC has received no such direction from either the Minister for Financial Services and Regulation or any other member of the government. Why has no such direction been issued? Why, you ask? Simply because it cannot be issued. Because if the government was fair dinkum in trying to convince the Australian community that 10 really was 10 really was 10, it could stand up today, move a further amendment to this bill and say that 10 really was 10. It is that simple. The government could end this debate. They could get Allan Fels off the hook and they could give the emperor some clothes. They simply have to move an amendment in the chamber today that says, ‘10 is 10 is 10’. I invite the government, I invite Senator.
Campbell, to stand up and move an amendment that says, ‘10 is 10 is 10’. You can end the debate today. Here is your chance, and we will take this up with Senator Kemp later in the debate.

This issue was poignantly pointed out in the submission by the Law Council of Australia, written by Professor Warren Pengilley. In fact Professor Pengilley poignantly pointed it out, just to assist the chamber. He said:

... the ACCC Guidelines say that no price increase more than 10 per cent. This conclusion resulted from an embarrassing public debate in which Minister Hockey eventually was forced, politically, to give this assurance. But it is not the law and the ACCC is misleading in its Guideline in saying that it is. If a corporation’s increased tax, purchase and compliance costs exceed 10 per cent, there is no reason at all, as the writer sees it, why prices cannot increase to cover these.

In making the claim that 10 means 10 means 10 the government, if it were a corporation engaged in trade and commerce, would have breached the provisions of this bill. Further, the ACCC pricing guidelines state that where firms have dual pricing the ACCC would expect prominent notices to be displayed indicating that ‘under the New Tax System some prices may fall and some prices may rise but nothing may rise by more than 10 per cent’. That is right—the government will not intervene in this situation to stop the ACCC engaging in a political propaganda exercise on the government’s behalf to mislead the Australian community and ordinary consumers about the effects of the ANTS package. This government is prepared to go so far in protecting its own political backside that it will assist the ACCC in engaging in false and misleading conduct. That is how far this government is prepared to go to ensure its own survival—to actively engage in false and misleading conduct.

This is no surprise, because we have seen the John and Wendy ads. We have seen how far the government have been prepared to go to deceive ordinary Australians by spending ordinary Australians’ money to run a false and misleading advertising campaign. Unfortunately, the government seem to have withdrawn that ad. Maybe they have finally woken up to the fact that those ads were false and misleading, maybe they decided to cut their losses, but the damage has been done. This government have shown that they are prepared to do anything and spend any amount of Australian taxpayers’ money to falsely mislead them about the effects of the ANTS package. As I have said, a corporation will be in breach of this bill if they display such a notice. The government are insisting on this type of notice and they would be found to be in breach of this bill if the laws applied to them and not just to trade and commerce.

As I said, Labor will be proposing an amendment to correct this anomaly. We will be moving an amendment that makes the government and its agencies subject to the same prohibitions and penalties against GST related misleading and deceptive conduct as this bill seeks to apply against business. The key point is: if you are correct in what you are saying—that is, that you are not falsely misleading people—you can support this provision; there is nothing to be afraid of from the perspective of the government and the ACCC in this provision. Surely the government should not be falsely misleading or conning the Australian public. Therefore you can accept the amendment. There is no reason why the government, if it is not engaged in misleading conduct, cannot accept these provisions. That is the challenge for the government today. If you have nothing to fear, if you are right and you are not misleading Australians, you can accept this amendment; but if you are wrong, if you have something to fear from this amendment, then you will vote us down. That is right—if you have nothing to fear, you can vote for it; but if you have something to fear, you will vote this down.

It was also interesting to note that last week it was revealed how the ACCC intends to police this supposed 10 per cent rule. In a doorstep interview on 2 May 2000, Professor Fels said that the compliance costs associated with the GST can be recovered. He stated:

They can be recovered, but they can’t be recovered by means of price rises in excess of 10 per cent. They can be recovered by other means at other times and so on, but not by putting up prices at the start by 10 per cent.
Professor Fels finally fessed up to the cosy little deal that he, the government and the business community have done—that is, that it is all right to put up prices later. Is Professor Fels saying that prices cannot increase by 10 per cent on 1 July, but that on 2 July that will be okay? Is Professor Fels now saying that business is to be permitted to stagger price increases over time or spread price increases over time so that prices may in total increase by more than 10 per cent? The deception by the government continues: is it one story for consumers and another story for business? Business and consumers are uncertain of the effects of the GST, and this bill has just added a potential fine of $10 million if they get those effects wrong.

This bill does not address the concerns of business. Mr Dick Warburton, the chairman of the Business Coalition for Tax Reform, said so on Monday. In a media statement dated 8 May 2000, Mr Warburton said:

Finally, with the full ramifications of the ACCC’s regime now becoming clear, there is an urgent need for far greater certainty and, critically, there is a need for greater legal protection against unwarranted and unproven accusations of price exploitation. The regime as it stands could be seen to infringe against fundamental principles of justice and it may leave innocent parties exposed to defamation with very little scope for redress.

The provisions in this bill are highly questionable additions to the powers of the ACCC. The ACCC already has the power to take action against corporations engaged in misleading and deceptive conduct. In part V of the Trade Practices Act, including sections 52 and 53(e), the ACCC has considerable power to take action against corporations engaged in misleading and deceptive conduct. The government has already relied on these powers in a number of matters, including Sydney bookshop Gleebooks. What is different in the new provisions that the government is proposing is that they come with an enormous sting in the tail—a fine of up to $10 million for a corporation or up to $500,000 for individuals.

To show the enormity of this sting, let me compare the fines with the maximum fine payable for a breach under sections 52 and 53 of the Trade Practices Act and for a breach of the provision under state and territory fair trading legislation. Under section 53 of the Trade Practices Act, the maximum penalty is $200,000 for a corporation and $40,000 in the case of an individual. The courts also have the discretion to award an injunction, damages or other orders under section 52. The court can order damages, an injunction or wide-ranging other orders including corrective advertising. The maximum penalty for a breach of the provision of the ACT, New South Wales, Northern Territory, South Australian or Western Australian fair trading legislation is $100,000 for a corporation and $20,000 for an individual. In Queensland, the maximum penalty allowed for a breach of part 3, division 1 of the Fair Trading Act—the equivalent of sections 51A to 60 of the Trade Practices Act—is $40,500. It goes on to Victoria and other states.

All of these penalties fade into insignificance compared with the $10 million fine proposed in this bill. This position is succinctly summarised again by Professor Pen-gilley. He states:

The Government says that, by these completely out of line penalties, it is ensuring that “Australian consumers are not being ripped off” ... The more cynical of us (of which this writer is one) see the proposed legislation as an attempt by the Government to harass individuals with penalty threats if they deviate from the Governmental Goods and Services Tax line at any particular time. There is no inherent difference between misleading conduct generally and misleading conduct in relation to the New Tax System. The consumer is the beneficiary of each prohibition. Equity demands that all be put on the same basis insofar as penalties are concerned.

Labor takes the protection of consumers very seriously, but the question has to be asked: why should misleading and deceptive conduct in relation to the GST attract a bigger fine than other misleading and deceptive conduct? It is because the government views the world through the distorted prism of its blind obsession with the GST. It knows it is unpopular and is going through a window-dressing exercise to try to make people feel more confident that they will not be ripped off.

Let me make the point in terms of the rip-off. If the government are concerned that punters are not to be ripped off in relation to
the GST, why will they not disclose the GST amount on receipts? Of course they will not. Labor will be moving an amendment to require the GST component to be printed on all receipts. If the ACCC want consumers to help them stop price exploitation, why will the government not allow a disclosure of the GST component on receipts? The answer is that they want to hide the GST. They want to hide the tax that they are so proud of. They want to stop consumers understanding what the amount of the tax is, what Peter Costello is pulling out of their other pocket every time consumers go into the supermarket or shop.

The government have promised that the inflationary impact of the GST will be small. The government want the Australian public to believe that prices will go up by only 1.9 per cent because of the GST and then only after 1 July. Remember that, Senator Faulkner? Remember the famous 1.9 per cent? That is all the GST is going to put prices up by.

Senator Faulkner—The big lie.

Senator CONROY—Exactly. But the Australian public knows that prices are going up now and will go up further after 1 July. No-one with any credibility believes that the inflationary impact will be only 1.9 per cent because of the GST and then only after 1 July. On Tuesday night, the government came clean, at least part of the way.

Senator Faulkner—Or cleaner.

Senator CONROY—That is right, it came cleaner. The budget papers revealed that in the first quarter after the GST is introduced inflation will hit 6¾ per cent—and that is on favourable assumptions. Many market commentators have already said that this is optimistic. Even before last night expectations of inflation were already increasing. Everyone knows that prices are going to go up now. Everyone knows that excuses are being used, but everyone knows that it is because people are trying to beat the GST. Higher expectations lead to higher inflation, which leads to higher interest rates. We have already seen the evidence of this in the last few months. The Reserve Bank raised rates yet again last week. People know that higher interest rates are eating up the income tax cuts that the government sold the electorate as compensation for the GST. If there is anything left after the interest rate increases, bracket creep will get it. It was also revealed in the budget on Tuesday night that estimates of taxation revenue show that the government will recoup the income tax cuts after the first year for the financial year of 2000-01. (Time expired)

Senator LUDWIG (Queensland) (9.58 a.m.)—I rise to speak on the so-called A New Tax System (Trade Practices Amendment) Bill 2000. This bill lets the cat out of the bag. The real issue of the GST is that bad. It is much worse than any other matter that involves misrepresentation. The bill sets out that misrepresentations involving the new tax system should be punished much more severely than other misrepresentations. No-one is saying that misrepresentations in themselves are permissible. We are saying that if there is going to be a rule of law it should be equitable, clear, concise and uniform.

The bill would also seek to consolidate policing of trade practices matters relating to the new tax system by the ACCC so that the effectiveness of the body can then be regulated by the amount of funding in order to adequately deal with all matters—which seems, in truth, a worthwhile aim. But I do recall, from experience in a previous occupation, that the department of labour inspectorate was run down federally by a coalition government. So its effectiveness in being able to carry out its assigned duties was reduced considerably. In that instance the state, Queensland, had to eventually pick up the slack. I will come to that point a little later. But one wonders whether the state might be the better place for this type of legislation, in any event. That has been highlighted by Queensland’s position. It seems that Queensland is wise to the federal government. The Queensland government may not amend its fair trading legislation to accord with the proposed code. It seems this position is predicated on two main objections: the proposed prohibited conduct is already captured by existing laws, and the Queensland Office of Fair Trading is better placed and better resourced to protect Queenslanders against misrepresentation relating to the new tax system than the ACCC.
The ACCC’s GST web site already makes it plain that under the Trade Practices Act, the Australian Securities and Investments Commission Act 1989 and the Fair Trading Act in Queensland—and acts in other states and territories—businesses are already obliged not to make misleading or deceptive price claims about the GST. The ACCC proudly announce on their web site that they are chasing down companies for alleged misleading conduct about the GST. I am sure the chamber has already heard mentioned the examples of the Meriton Apartments and, recently, Video Ezy. In the latter instance, the ACCC relied on sections 52 and 53(e) of the Trade Practices Act. In this debate, it is worth while highlighting what those sections talk about. Section 52, ‘Misleading or deceptive conduct’, states:

(1) A corporation shall not, in trade or commerce, engage in conduct that is misleading or deceptive or is likely to mislead or deceive.

(2) Nothing in the succeeding provisions of this Division shall be taken as limiting by implication the generality of subsection (1).

In addition, section 53A talks about ‘False representations and other misleading or offensive conduct in relation to land’. To ensure that the debate is clear, it begins:

(1) A corporation shall not, in trade or commerce, in connexion with the sale or grant, or the possible sale or grant, of an interest in land or in connexion with the promotion by any means of the sale or grant of an interest in land...

I will not go on to quote the rest of the provision. It is a very detailed and lengthy provision dealing with false representation and other misleading or offensive conduct in relation to land. But these two sections can be found in the Queensland fair trading legislation. See, for example, sections 38 and 40(g). To save time, I will not point out the similarities by going to those provisions and reading them. In section 52, the principal remedy for misleading and deceptive conduct by a person under Queensland fair trading legislation is damages. There are no fines or pecuniary penalties but, for a breach of 40(g)—which is the same as section 53(e) of the Trade Practices Act—there is a fine, and I am informed that the fine is set at $40,500. This applies across the board for all misrepresentations in relation to the price of goods and services. The fine for a person is similar to that of section 53(e) of the Trade Practices Act. This is now proposed to be substantially altered—but only for the GST.

It seems a little unfair, particularly for fair trading legislation. Any legislation should be introduced on a consistent basis so that people understand the law they have to abide by. Also, it seriously puts in question cooperative legislation schemes where states practically mirror federal legislation. These schemes work by cooperation between federal and state governments, not by unilateral acts to bolster bad policies like the GST. The Queensland Office of Fair Trading explains quite rightly that the power to investigate and prosecute for misrepresentation involves unincorporated entities, and the focus of the Queensland office will be on small businesses that fall within their area of interest. The ACCC can continue to focus on large corporations. The ACCC have not demonstrated, to my mind, their capacity to be able to handle the possible complaints from both urban and regional areas in Queensland. It is very clear that the real point is to punish any evil person very harshly if they misrepresent the pricing effects of the GST—more so than people who misrepresent other goods and services. Therefore, it is a fair conclusion that the GST is very bad.

Let me turn to the provisions of the Trade Practices Act 1974. It sought to be amended to prohibit conduct in connection with the supply of goods or services that falsely represent or mislead or deceive a person about the effects of the new tax system. However, the Trade Practices Act has already been amended, as I stated earlier, to do with problems that the introduction of the GST might bring. Part VB did this in two areas: prohibiting corporations from charging unreasonably high prices, which is the price exploitation legislation, for the supply of goods supplying the GST; and, secondly, giving the ACCC the power to monitor prices for a period. The idea about this legislation was to prevent profiteering on the tax changes either by failing to pass on cost reductions that result from the removal of the wholesale sales tax or by increasing the price of a good by
more than the actual price effect of the GST on an item.

The bill tries to extend the scope of the existing legislation to deal with misrepresentations about the effect of tax changes during the transition to the goods and services tax regime. It is very helpful to look at the clause to ensure that the debate covers the detail because, as many people tend to say, the devil is in the detail itself. We need to go to the actual provisions, otherwise it is easy to lose sight of the fact that we are talking about rather nebulous sounding provisions in a bill. We need to be able to look at the provisions and state accordingly that section 75AYA will be inserted as:

... a new provision to prohibit conduct, in connection with the supply of goods or services, that falsely represents, or misleads or deceives a person about, the effect of the New Tax System changes ... such conduct is subject to penalties of up to $10 million for a body corporate, and up to $500,000 for a person other than a body corporate.

Secondly, it seeks to ensure that:

The ACCC will also be able to seek injunctions to restrain conduct that is, or may be, in breach of the prohibition. The ACCC will be able to accept voluntary undertakings ...

A mirroring prohibition will be inserted into the state codes that replicates the Commonwealth price exploitation provisions, with some modifications such as referring to a ‘person’ rather than a ‘corporation’. The bill will also clarify:

... the operation of the access undertaking provisions in Part IIIA ... to make certain that the provisions ... fall within the Commonwealth’s legislative power, and to clarify the ACCC has the ability to ... exercise powers in relation to access undertakings.

Obviously, it is designed to deal with such things, as highlighted in some of the media, that the ACCC have been spreading about, like the Meriton Apartments matters. There the ACCC has advised us that they have instituted proceedings in the Federal Court in Sydney, alleging that Meriton Apartments and its agent misled consumers about the future value of the Summit Apartment properties in George Street, Sydney. The web site of the ACCC goes into some detail about that situation, and I refer people listening to the debate to those provisions.

However, apparently the present powers are not enough, and Professor Fels seems to want broader powers with penalties—not penalties in the usual sense but penalties that might also apply criminal provisions. Under the proposed amendments, a contravention of the new section 75AYA will, by section 76, attract penalties of up to $10 million for a corporation and $500,000 for a person. This is a very complex piece of proposed legislation. For my part, it seems that in truth the motive for the bill is to stifle discussion about when and by how much a price is going to be affected by the GST.

One wonders whether free speech is being trammelled under this provision. One wonders whether the effect of it will be to stifle a reasonable debate on price effects, the GST and other matters. Perhaps the minister with carriage of this piece of legislation can provide some clarity about whether or not, if you look at the raft of decisions, particularly in the High Court, which go back to the Australian Capital Television case and later decisions about free speech, it trammels on people’s rights to talk about these issues. The High Court has established over some time the scope of our Constitution to allow free speech, and one wonders whether this provision would survive any challenge. I do not wish to provide any scaremongering about it. I am sure—I said I am sure, but one would hope—that in truth the government has looked at this particular area and decided that it does not unduly trespass against people’s rights to talk about the GST and price effects.

The provisions I have highlighted are very harsh. The severe penalties involved seemed to be aimed at scaremongering. One wonders then whether the ACCC may offend its own proposed bill by stating amounts of penalties that some people may regard as being calculated to mislead or deceive people into believing that they will be subject to them.

It is a very broad section, and I want to pick up a very good point that the member for Barton raised in the House of Representatives. Put briefly, the operation and the success of the provision falls partly on the states picking up the state price exploitation re-
The government has got to be kidding if it believes that this bill will address these problems. It is trying to stifle the debate about the price effects of the GST, and part of the armoury of the ACCC is to depress these expectations that run out there. These amendments to bring about changes to the Trade Practices Act are a blunt weapon. The ACCC could not possibly have the staff. If I am wrong about that, perhaps they can inform me during this debate if they can undertake the scale of investigations that Professor Fels promises. I think the more likely answer is that the bill is simply a shocking example of the government trying to silence its critics of the GST.

What will we see next? Will it be a blank cheque to Professor Fels to do whatever it takes to paint the GST in a positive light and stifle all debate? Then it is likely to be unlawful for me to criticise the GST. One wonders when this matter will be put to bed. In fact, just pondering that thought, the introduction of this legislation might put me in that frame. Perhaps the minister can allay my concerns about that.

One interesting matter that has arisen is mentioned in a speech to the Australian Retailers Association at their first annual retail congress on 4 April 2000 on the role and function of the Australian Competition and Consumer Commission. In that speech, Professor Fels stated:

The changes to the tax system will result in a change in most prices.

He then went on:

... where prices do rise it should be by less than 10 per cent.

I highlight the word ‘should’. Professor Fels does not seem to have that much confidence that prices will accord to that. They did get an extra $15.5 million in the budget. (Time expired)

Senator SHERRY (Tasmania) (10.19 a.m.)—The A New Tax System (Trade Practices Amendment) Bill 2000 deals with amendments to the Trade Practices Act and it goes to a number of important issues. One of the matters that I draw the Senate’s attention to is that the legislation places a new provi-
sion, section 75AYA, into the Trade Practices Act 1974 that will:

... prohibit conduct, in connection with the supply of goods or services, that falsely represents, or misleads or deceives a person about, the effect of the New Tax System changes.

Contravention of this new section will lead to:

... penalties of up to $10 million for a body corporate, and up to $500,000 for a person other than a body corporate.

These amendments are also related to some particular problems that the implementation of the so-called new tax system has in respect of rents, and I will come to that issue a little later.

Reference to the new tax system in reality means reference to the price effects of the goods and services tax. This legislation really does highlight the general incompetence, ineptitude and false claims that have been made surrounding the goods and services tax. I will not go over the various false claims that have been made about the GST and its impact; they are well known. The Australian Labor Party have exposed numerous examples of false claims made in relation to the goods and services tax. This legislation also highlights the general incompetence of the Minister for Financial Services and Regulation, Mr Hockey, and I will refer to some grossly misleading statements that he has made.

Senator Cook—He’s made a couple of those.

Senator SHERRY—Yes, he has made a considerable number of misleading statements, as well as being generally incompetent. No-one can forget Minister Hockey’s attempts over the Christmas-New Year period to explain the impact of the GST when the Treasurer, Mr Costello, was on leave. I will return to that in some detail a little later.

The legislation that we are considering has been examined by two Senate committees. The implications of increases in rent were examined on Monday, 14 February, before the Senate Economics Legislation Committee, and Mr Spier, who appeared on behalf of the ACCC, was questioned on the issue of residential rents. Professor Fels was not there on that occasion, and that in itself is an issue of concern to the Labor opposition. But, in response to questions from Senator Conroy and me, Mr Spier made it very clear that the ACCC does not have the power to regulate residential rents charged by landlords; he made that very clear. Certainly the Labor opposition believes that, as a consequence of that startling admission at the Senate hearings on Monday, 14 February, and in partial response, the government has introduced the amendments being considered today.

But the government has introduced this legislation also in response to claims that the price of goods and services, in some areas at least, can increase by more than 10 per cent as a consequence of the GST. There was considerable public debate about this matter earlier this year—I think it was in January—and it is highlighted by the press release issued by the Minister for Financial Services and Regulation, Mr Hockey, on 15 January 2000. That press release, headed ‘Hockey directs ACCC on GST’, states:

The Minister for Financial Services Joe Hockey today directed the ACCC not to approve any business initiatives on the GST that may increase prices by more than 10%.

Then comes a quote from the minister:

“No prices will increase by more than 10% as a result of the GST—that is our policy and that is the law.

“Any rounding that increases prices beyond the GST of 10% is unacceptable. And companies that try to profit from the introduction of the GST will face fines of up to $10 million.”

I just emphasise to the Senate: this is the Minister for Financial Services and Regulation issuing a press release to the media and to the Australian public that he has directed the ACCC not to approve any business initiatives on the GST that may increase prices by more than 10 per cent. I will return to this press release a little later.

We now come to the Senate Economics Legislation Committee hearing of Monday, 1 May, where this legislation was examined in considerable detail. I might say that Monday, 1 May, is an auspicious date. Why is it an auspicious date? This is the eve of 2 May. Why is 2 May an auspicious date? Well, 2 May five years ago was the day on which the
then Leader of the Opposition, Mr Howard, issued a very famous press release. That press release, headed ‘Tax report is wrong’, states:

Suggestions in today’s Australian that I have left open the possibility of a GST are completely wrong.

A GST or anything resembling it is no longer Coalition policy.

Nor will it be policy at any time in the future.

It is completely off the political agenda in Australia.

Of course, this is the infamous ‘never ever’ promise made by the Prime Minister. It is interesting that our hearing took place on the eve of the fifth anniversary of the claim by the Prime Minister ‘never ever’ to introduce a GST in this country.

But let us get to the Senate committee hearings on Monday, 1 May. I think it is important to highlight to the Senate that the Labor opposition is moving an amendment in this place to ensure that government ministers and government bodies themselves can have action taken against them and be found guilty if they engage in misleading and deceptive conduct. This committee hearing did not get off to a particularly good start. The Labor opposition has been concerned and has requested for some time that Professor Fels himself, as head of the Australian Competition and Consumer Commission, present himself before Senate committees on a more regular basis.

Professor Fels did write to Mr Hallahan of the Senate Economics Committee on 28 April 2000. In that letter he stated:

I regret that I will be unable to attend the supplementary estimate hearings in coming weeks because of other commitments. However I am pleased to advise, in accordance with my normal practice for many, many years, senior staff of the ACCC will be able to attend and I am confident that they will be able to answer all questions.

He goes on.

In view of comments made by some Senate estimate committee members, I can advise that I expect to be available for the budget hearings which I understand will be later in the month. I would also like to state that the appearance will be my fifth or sixth appearance before a Senate committee in the April/May period and altogether I have appeared countless times before Senate and House committees over many years.

It was this comment that Professor Fels made about his appearance before a Senate committee in the April-May period that I have to take objection to and assert is false and misleading. That comment is Professor Fels himself engaging in false and misleading conduct. We did check. We checked the record to see how many estimate hearings Professor Fels had been to since 1995. Professor Fels’s letter clearly gives the impression, by referring to the April-May period, that he had been to estimates committee hearings. When we checked the records, he had not been to one estimates committee hearing since 1995 during this April-May period.

So Professor Fels himself—and we did raise this issue at the commencement of the hearings—had engaged, through writing this letter, in false and misleading conduct. No better does this as well as other examples highlight that government agencies and government ministers should be held accountable themselves for the claims they make with respect to these types of matters.

With respect to the legislation we are dealing with, we received a very important communication from the Law Council of Australia, written by Professor Pengilley, who is the Professor of Commercial Law at the University of Newcastle and, interestingly, a former commissioner of the Australian Trade Practices Commission. The letter was endorsed by the Law Council of Australia. I will not read all of the significant criticisms made, but I will refer to a couple of them. The most important is on page 5 of that correspondence where Professor Pengilley refers to the constantly purported claims by the ACCC and ministers of this government that they can enforce a price cap of 10 per cent. The letter says:

Similarly, the ACCC Guidelines say that no price may increase more than 10 per cent. This conclusion resulted from an embarrassing public debate in which Minister Hockey eventually was forced politically to give this assurance. But it is not the law and the ACCC is misleading in its Guideline in saying that it is. If a corporation’s increased tax, purchase and compliance costs exceed 10 per cent, there is no reason at all, as the
Of course, we had two important admissions at the committee hearing on Monday, 1 May by Professor Fels in relation to this matter. It was under intense questioning, and I note the firm and decisive performance by my colleague Senator Conroy. With respect to the issue of increasing prices by more than 10 per cent, Professor Fels finally had to admit that it was not law. He finally fessed up that, in fact, the guidelines issued by the ACCC could not be enforced in law—it was not in the law. There was also another important admission by Professor Fels about the so-called direction made by Minister Hockey in his infamous press release of 15 January this year. I just quickly refer to the transcript when Senator Conroy said:

Mr Hockey has been quoted—and I think everyone saw it at the time in January or February—as saying that he has directed you that no price is to increase by more than 10 per cent. Professor Fels, that is not accurate, is it?

Prof. Fels—He made a statement something like that.

Senator CONROY—He put out a press statement—I have it here somewhere—that he had directed you to that effect.

Prof. Fels—I think he made a press statement to that effect, yes.

Senator CONROY—that is not correct, is it? He has not directed you that no price is to increase?

Behind a bit of mumbling, the arm shuffling in front of the mouth and the glasses being sucked, Professor Fels said:

Not in terms of a direction under the Trade Practices Act, no.

Senator CONROY—He is required to put that in writing, isn’t he?

Prof. Fels—Yes.

Senator CONROY—And he has not put that in writing?

Again, it was fairly obvious that Professor Fels was very embarrassed at that meeting. Professor Fels replied no:

Senator CONROY—Has any other member of the government given you a directive that 10 per cent is the price limit?

Prof. Fels—No.
they could in fact claim that additional price later.

In effect, what Professor Fels is saying is that it is not okay to increase your prices because of the GST by more than 10 per cent on 1 July, but it is okay to increase your prices by more than 10 per cent so long as you do it later in the year. Presumably, if you have a justified price increase of 11 per cent, you put your prices up by 10 per cent on 1 July and you put your prices up by a further one per cent on 2 July. That is effectively what Professor Fels was advocating the following day in his attempt at damage control in respect of this issue of the 10 per cent price cap.

I cannot recall an instance of a piece of legislation that has so starkly highlighted the general incompetence of this government in its handling of the introduction of a 10 per cent goods and services tax. There have been numerous other examples in the media over the last few months, and time does not allow me to go into those. But we do know that a 10 per cent price cap is not enforceable in law. We do know that this government claimed it was. We do know that Minister Hockey claimed it was. We do know that Minister Hockey has made false claims about issuing a press release to that effect which Professor Fels honestly admitted he had never received and that it cannot be enforced in law. Minister Hockey should be held accountable, at least in this chamber, for his behaviour. (Time expired)

Senator COOK (Western Australia—Deputy Leader of the Opposition in the Senate) (10.39 a.m.)—The A New Tax System (Trade Practices Amendment) Bill 2000 relates to the new tax system. ‘A new tax system’ is government terminology to cover the introduction of the GST. In fact this bill relates to the GST. That is something which the government describes as tax reform but which most Australians see as a new tax imposing higher costs and charges on them, a flat tax that applies equally to the most wealthy person in Australia and to the poorest person in Australia and therefore is classically defined in economic textbooks as a regressive tax, not a progressive tax—it does not tax people according to their ability to pay it; it charges everyone exactly the same rate and therefore is regressive. It is a tax that increasingly Australians have begun to loathe and reject as elements of what is involved in this tax package manifest themselves more and more each day in the minds of the community as people begin to understand in greater detail what is involved.

Labor has fought valiantly in this chamber to prevent the introduction of the GST. Our policy position is to reject the GST. But in this chamber, in an unholy alliance between the government and the Australian Democrats, a vote was taken that imposes a GST. We resisted it. They had the numbers and there will be a GST by virtue of that unholy alliance between the Australian Democrats and the coalition government. Our position was, having lost the battle on the vote, that we would give the government the necessary support mechanisms and therefore vote for all the things that the government wanted that in the government’s view would ensure a smooth introduction of the GST, and we did that. For that reason, we will not oppose this bill today. That means that if there is a hiccup, a problem, a significant unintended consequence or what might be called by ordinary Australians a stuff-up about the GST, it will be all the government’s fault. They will not be able to say that the opposition interfered with their ability to impose this tax. We resisted it. We lost that battle, but we want to see that, if it is going to go ahead, the government’s idea of how they should handle it is supported and the people of Australia can then judge whether or not this is a fairly operating tax. For those reasons, this bill will not be opposed by us.

The government is seeking extra powers. I want to criticise those powers in a moment because I think they go close to gagging freedom of speech in Australia by trying to stop companies, despite their better judgment, from criticising the GST or debating the impact of price rises induced by the GST. But the Australian Labor Party wants to move some amendments. I know these have been foreshadowed by my colleague Senator Conroy, but let me explain what they will do. The first amendment would require that the ACCC, the watchdog organisation independ-
ent of government and charged with the responsibility of ensuring that there are no illegal price rises because of the GST, table its quarterly report in the parliament and that the chairperson of the ACCC, Professor Allan Fels, appear quarterly before the House of Representatives Standing Committee on Economics, Finance and Public Administration to report on progress. That is a small change. It has some considerable significance. It is proposed that Professor Fels receive quarterly a report on implementational problems with the GST. As it stands, that report would remain with Professor Fels. We think that report is vital information for monitoring the impact of the GST on the Australian community, and it should be a public document open to scrutiny and analysis and open to investigation and consideration of what in fact is happening. Therefore, it should be tabled in the parliament and Professor Fels, on behalf of the ACCC, should be available to answer questions about what is really happening in Australia as opposed to what government spokespeople want us to believe is occurring.

We are proposing another amendment to ensure that the GST be disclosed on the customer’s receipt. This legislation would make it illegal for a trading entity or an individual to claim that a price rise is caused by the GST if that price rise is greater than 10 per cent. There is a hefty fine on an individual of half a million dollars and on a corporate body of $10 million if they do that. I come back to the idea of using large and outrageously huge fines in a situation like this without the policing powers to investigate and detect the problem. There is a thimble and pea trick in public perceptions being worked here by the government, and the trick is to pretend it is doing something by announcing huge fines while not having the policing mechanism to do anything about discovering whether there are any crimes and whether anyone will pay the fines. It is a piece of public relations chicanery by the government to pretend that it is actually doing something in the community when, in fact, it is manifestly quiescent in clothing itself in the necessary resources to detect fraud or contravention.

We have long argued that a basic right of Australians is to know how much tax they are paying. Any wage and salary earner in this country receives on their group certificate, and receives monthly on their pay slips from their employer, the gross amount of their income, the amount deducted from that in tax and the net amount remaining. We all know how much income tax we pay. It is a small step to say that, when you have a goods and services tax, on the customer’s receipt there should be the price of the good, how much tax the individual taxpayer is paying in the purchase of that item and what the total amount is, so it is transparent and so we know what tax we pay when we purchase under this new regressive taxation system a good or a service that is subject to a tax.

The government has resisted this; it has resisted the right of the public to know. That information would be essential when a shopper trundles their supermarket trolley down an aisle looking at new prices after 1 July wondering, as they scratch their head, how much really that item has gone up or, if the government’s arguments are to be believed, gone down, and how much of the final price they are paying in taxation in real terms. The government says there are 18 million consumers out there who are safeguarding this law because they will report whether there is overcharging. How can they report it if they do not know the amount of tax they are paying and cannot therefore measure whether or not the prices are properly passing through the tax changes and properly representing the tax increases?

It is not as if this is a difficult proposition at all. I was recently in Europe: in Britain if you purchase a good, on the receipt you get at the checkout it shows you how much tax you pay; it is the same in Belgium and Switzerland; and, as I recall, it was the same in France and Germany. So why can’t it be the same in Australia? In short, what has this government got to hide that it prevents, by refusing to accept an amendment from the opposition, the amount of tax a taxpayer will have to pay under the GST from being shown on the receipt the taxpayer receives at the checkout? What is so reprehensible, in terms of consumer rights, that we are not able to
know—because this government keeps voting down our amendment—how much goods and services tax we pay when, as a matter of reasonable law, we all know how much tax we pay on our wages? Why is it different? So we will be moving an amendment on that matter to show on the checkout receipt the price of the good, the amount of tax and the final price a consumer must pay.

I might say in parentheses, Mr Acting Deputy President, that it is obvious why the government does not want this information to be known. It does not want this information known because, if people know how much the GST is going to cost them in real terms, it will put a lie to the oft-stated argument that many prices will in fact decline by large amounts. The people, some of whom may have supported a GST, will realise what a scam this is and what a fraud has been worked on them. There is a right for consumers to know, and this government continues to deny it.

We will also be moving an amendment which I think is rightly to be called the Joel Fitzgibbon amendment. Mr Fitzgibbon is the Labor Party shadow spokesman for small business. He has been a very active campaigner in the Australian community for the rights of small business and how those rights are being trampled in this government’s rush to impose a GST and impose on small business high compliance costs to meet the costs of imposing the GST—each small business now becomes a tax collector. He has been a strong advocate for small business in getting tax rulings from the tax commissioner so that the tax commissioner can tell small business what the law is supposed to mean, so they know what it is they have to comply with, something that the tax commissioner is notoriously slow about and, in many cases, has not provided a ruling, so there is no guidance at all.

The Fitzgibbon amendment that we would move today is an amendment which facilitates protection for small business tenants from unscrupulous landlords. Professor Fels, the head of the ACCC, the watchdog body in this case that will oversee the proper implementation of the GST, told a Senate hearing—and I was present in that Senate inquiry—that the ACCC does not have the power to regulate rents. There is some necessity to provide in this bill power for the ACCC to oversee that the behaviour by landlords—particularly towards small business clients but towards individual tenants as well—is in fact properly conducted. If the ACCC does not have the power—and that is the evidence by the chairman of the ACCC itself, Professor Fels—the parliament should give it the power. The parliament should ensure that it can do its job; and we will be moving an amendment along those lines too.

Finally, if I took the sense of what Senator Sherry was saying, there ought to be an expression of censure by this chamber against the finance minister, Mr Hockey. We all know the fumbling, bumbling way in which, when he was Acting Treasurer in January this year, he tried to explain why prices would not rise by more than 10 per cent. We all know the mess he got himself into. We know that many people in the business community are still uncertain as to what the government’s position is. We know that he actually misled the community when he talked about rounding down, in his press release and on camera in a television interview. It was an inept performance, one that adds to the massive confusion in corporate Australia as to what they are supposed to do on 1 July.

If the government cannot get it right at its most senior level, how can individual companies or individual people be expected to get it right? This is, after all, the government’s legislation. This is, after all, according to the Prime Minister, the biggest tax change in Australia in the last 50 years. This is, after all, in words that will come to hang around his neck like a dead albatross, ‘the greatest tax reform Australia has ever seen’. Wait for the hollow laugh from Australian consumers. The point here is that, if the government cannot explain its own legislation and if not knowing is not a defence at law reasonably, how can ordinary Australians be expected to know? Won’t many of them be prosecuted because they listened to Mr Hockey and were misled but will be told at the bar that not knowing is not an excuse and the law is
there? That places many people in jeopardy and, rightly, Mr Hockey should be censured.

I want to go to a couple of issues about this legislation. This legislation will impose a fine of up to half a million dollars on an individual and up to $10 million on a corporate entity if they do not comply with the provisions set out in the bill in terms of representing the impact of a GST accurately. This is an attempt at window-dressing by the government. I think that for this reason. The ACCC recently informed a Senate estimates committee that they have contractors surveying—and their word was ‘occasionally’—retail prices. There are, I have to say, over 350 people on contract surveying prices in 176 cities and towns. As far as petrol is concerned, there are approximately 450 people surveying 3,850 retail outlets. There is some price surveying going on. But there are only 74 staff Australia-wide specifically assigned to the GST. In the Northern Territory there is only one; in Tasmania there is just one person as well. Queensland scores the treble—it has actually two people overseeing price changes in the GST. South Australia does not do as well—it only has one. My own state of Western Australia has two people, in the largest state in the Commonwealth. In Victoria there are 17; in New South Wales there are two; at head office here in the Australian Capital Territory there are 19; and at a call centre there are 29.

Essentially, there is not the staff available to the government to properly survey whether or not there is price fixing undertaken when the GST is introduced. If you do not have the police in the field, you do not detect the crime. If you do not detect the crime, what does it matter how large the fines are? What we have is the government stumping the country, beating its breast and saying, ‘We will stop people from claiming GST price rises when in fact they are not, and we will slam them with huge fines.’ That sounds good but, in truth, without the infrastructure nothing much will happen—and having one person in the Northern Territory, one in Tasmania, two in Queensland, one in South Australia, two in WA, two in New South Wales and 17 in Victoria is not going to solve the problem.

What we have here is a piece of public relations window-dressing by the government: nothing real, everything sham, and nothing serious other than to try and win the public relations battle. This government is fated to lose the public relations battle. Shortly after 1 July, when the GST and the much touted tax cuts come in—which Mr Howard says will leave no Australian worse off but which we now know, from the inquiries of the Senate, will mean, at least with interest rates rises, that many Australians will in fact be a lot worse off—with all those things occurring, Australians will be able to see how much their grocery bill is and what the compensation is, and will then realise the compensation is inadequate. *(Time expired)*

Senator HUTCHINS (New South Wales) *(10.59 a.m.)*—I would like to speak this morning on the *A New Tax System (Trade Practices Amendment) Bill 2000*. While I was considering my contribution today I thought about the complexity of this legislation and how one might—as a small businessman, in particular—negotiate that labyrinth. I am reading at the moment a book called *The Surgeon of Crowthorne*. I was thinking about how one might comply with this legislation, and it seemed to me pretty apt when I came across a quote in a chapter headed ‘The Man Who Taught Latin to Cattle’. Dr Murray, who was the first editor of the *Oxford English Dictionary*, wrote to the British Museum in 1867 seeking a job with them. He outlined, with unabashed candour, what he thought were his prime qualities for employment by the British Museum. In writing to the museum, he said:

I have to state that Philology, both Comparative and special, has been my favourite pursuit during the whole of my life, and that I possess a general acquaintance with the languages & literature of the Aryan and Syro-Arabic classes—not indeed to say that I am familiar with all or nearly all of these, but that I possess that general lexical and structural knowledge which makes the intimate knowledge only a matter of a little application. With several I have a more intimate acquaintance as with the Romance tongues, Italian, French, Catalan, Spanish, Latin, & in a less degree Portuguese, Vaudois, Provencal and various dialects. In the Teutonic branch, I am tolerably familiar with Dutch (having at my place of business correspondence to read in Dutch, German, French & occa-
sionally other languages), Flemish, German, Danish. In Anglo-Saxon and Moeso-Gothic my studies have been much closer, I having prepared some works for publication upon these languages. I know a little of the Celtic, and am at present engaged with the Sclavonic, having obtained a useful knowledge of the Russian. In the Persian, Achaemenian Cuneiform, & Sanscrit branches, I know for the purposes of Comparative Philology. I have sufficient knowledge of Hebrew and Syriac to read at sight the Old Testament and Peshito; to a less degree I know Aramaic Arabic, Coptic and Phoenician to the point where it is left by Gene-
sius.

That, it seems to me, is the sort of length and breadth of knowledge in language—that Dr Murray was advertising himself as having—that you will need to negotiate the labyrinth of this GST. I point out that Dr Murray was, as I said, the first editor of the Oxford English Dictionary. One of the most valuable contributors to that dictionary was the man called the Surgeon of Crowthorne, Dr W.C. Minor, a criminal lunatic who spent most of his life in the Broadmoor asylum. Maybe it is unfair to Dr Minor and Dr Murray to com-
pare them with Professor Fels and the Treas-
urer. I will let you draw the conclusion as to
who Dr Minor and Dr Murray might be.

As many opposition speakers have said, this is a very unfair tax and it is open to ex-
ploration. I have had many inquiries to my office in Parramatta as to how businesses—particularly small businesses, unincorporated businesses and partnerships—will be called upon to comply with this legislation, because they are being hit from hill to dale as a result of the introduction of this new tax on 1 July. You may recall, Mr Acting Deputy President Campbell, that we were told time and time again by government spokesmen that this was to simplify the tax system. But you of all people would be well aware that this legislation that has been introduced contains the thickest, weightiest bits of paperwork that I think any of us have ever come across. This is not a simple tax system—not at all. This tax system will become more and more com-
plex and more and more open to exploitation. You only have to see how businesses are struggling to understand how they will comply, how they will avoid putting themselves in a position where they may be fined $50,000, $500,000 or $10 million. There are a lot of honest, hardworking Australians out there who do not want to put themselves in a position where they are not complying with this legislation and find themselves the sub-
ject of an Eliot Ness type raid by Professor Fels and his crew.

I am worried about the implementation of this new tax system. As I said, a lot of busi-
nesses, particularly in Western Sydney, are concerned that not only will they have to op-
erate with the new system but also a number of them will have to comply with govern-
ment regulations that they have never had to comply with before. You may be aware, Mr
Acting Deputy President, that under the old wholesale sales tax system only 75,000
places in Australia paid that form of taxation. But under the proposed legislation we will
have a situation where anywhere between 1.4
and 1.6 million premises or sites or persons
will be required to comply with the legisla-
tion that is to come out of the government. In estimates the other week we sought an expla-
nation from taxation officers concerning in
particular an area that I have some interest in—the diesel fuel rebate. Still, at this late
stage, industry does not know where and when journeys will commence and where and
when they will finish or where people will be able to make an application for the rebate and
where they will not—and it is only a few
weeks now until this brave new world in
terms of taxation will be implemented. As we
know, this brave new world has started to
crumble; I believe this system will as well.

The government has used all sorts of lan-
guage in the introduction of this new tax
system. It is quite Orwellian. There is some-
ingthing called a 'new tax system price exploi-
tation code'. I do not know if that is meant to encourage exploitation. I would have thought they might have called it 'new tax system price anti-exploitation code'. If there is a
code out there with that name, one would
assume it is for exploitation; one would also
assume that there must be one out there against exploitation. I am sure that is not
what the government sought to do—encour-
age people to exploit—but one would have to
come to that conclusion. Maybe the brains trusts that draw up the titles for these pieces of legislation might wish to revisit it.
Mr Acting Deputy President Campbell, I know, as I said to you earlier, that this has been very unwelcome in my state of New South Wales. I am concerned about whether this can be implemented properly but also whether it can be complied with by those businesses and the ACCC itself. In November of last year—on 11 November, of all dates—Mr Nick Ellis, the Director of Compliance/Enforcement for the ACCC said this: The Commission receives in excess of 60,000 complaints each year. Commission staff, Australia wide, number approximately 350 persons. These limited resources and budgetary constraints mean that the Commission is unable to pursue all matters that are brought to its attention.

I will just repeat that: 'the Commission is unable to pursue all matters that are brought to its attention.' So the watchdog cannot follow in all instances. Only the other night in the budget there was an additional $22 million set aside for the ACCC to pursue the compliance and enforcement of GST related matters—$15.5 million for this year and $6.5 million for the subsequent year. I wonder where that money is going to go. We heard what Senator Cook said earlier, that most of the staff of the ACCC, in this enforcement bracket area anyway, seem to be holed up here in Canberra. I wonder how much of that $22 million is going to go for some sort of media officer for Professor Fels—not that I think he needs one, but I think that, particularly after his appearances in the Senate estimates committee the other week, he may need a bit more training before he puts his head on the screen again. I am concerned that this fellow, who obviously thinks he is some sort of Eliot Ness, is trying to continue to exploit the publicity surrounding him, not his role. I think we have seen on a number of occasions over the past year where we could not seem to get Professor Fels to intervene on matters that directly affected the public but, if there is a headline there, then Headline Harry will be out there in front of it. He will have the melon stuck in front of the television advocating what he is ‘gunna’ do. We have seen on many occasions that is about it—‘gunna’ do this, and ‘gunna’ do that. We have not seen him do anything that has assisted the consumers in this country.

As I said, I am concerned about the implementation. I am concerned about a number of those firms that are being almost threatened with bankruptcy because they do not feel that they are going to be able to comply with this new legislation. As I say, you are going from 70,000 sites or premises in this country that pay wholesale sales tax at the moment to around 1.6 million. How can those people, who have never had to comply with a taxation regime like this before, be expected to be in line trying to comply with the legislation? As I say, I think that it is an invitation to bankrupt them if they willingly—or even unwillingly—do not comply with this legislation.

We have had also in relation to this a matter concerning the watchdog. We have seen with the compliance and the enforcement another problem, and that concerns the way that the legislation has attracted some legal comment. In the Financial Review earlier this year one of the heads of the Business Council of Australia said:

Some of the companies involved—that is, involved in the GST situation—have said they consider a High Court challenge to the federal government’s constitutional power to impose a price control regime.

That was said by Mr Buckingham, and it was said clearly in light of the fact that there are some grave doubts about whether the Commonwealth has legislative power to enforce these regimes on small businesses, partnerships or unincorporated bodies. I wonder also whether advertisers or media outlets will be subject to the scrutiny of the ACCC if they unwittingly advertise prices that are in addition to the 10 per cent that it is going to be imposed after 1 July. I am not sure that that has been fully explained.

But what we would say to the government is that the way to solve these difficulties, rather than have this window dressing, is to have the disclosure on the receipts. That is clear: just put it on the receipts. When you go into a shop and you buy something, there is the additional 10 per cent on the receipt. I am told that in places like Italy and so on they have a separate police force, called the finance police. If you sit down a cafe in Rome—which undoubtedly you, Mr Acting
Deputy President, have on occasion—you are required to hold a slip if you have bought a cafe latte. The finance police wander around with their shotguns or their machine guns and if you do not have your slip on you they take you away. That is the way the enforcement operates in Italy, I am told, and I think that is transparent and honest.

That is not what is going to happen here. The government are seeking to impose, particularly on small business, a regime that is unfair and unworkable for them. I think that they will punish you very much next time, because I have seen what they believe about you. They believe that you have abandoned them. They think they have been abandoned by their natural party. I went to an anti GST rally about caravan parks up at Port Macquarie the other week, and I heard speaker after speaker—conservative retired men and women—get up and say, ‘I voted for the coalition last time, but they have let me down. They have betrayed me. They are going to take away my money that I earned.’ That is what they did. You are going to get paid back badly, particularly in regional Australia.

**Senator Kemp**—I just want to make the point to the Acting Deputy President that he of course supports the GST, and we would like to hear what he said to the caravan park people—

**The ACTING DEPUTY PRESIDENT (Senator George Campbell)**—There is no point of order, Senator Kemp. That is not a point of order and you are making a mockery of this chamber.

**Senator HUTCHINS**—The only caravan park people that Senator Kemp has seen were probably on television or something like that. We have been up there talking to the people about this, we know how they feel and we know what they are going to do to you next time they get a chance to get at you.

I want to conclude on the point that I referred to earlier—that is, what I see as the possible legal difficulties the Commonwealth may have as a result of this legislation. The Commonwealth has the power to legislate with respect to corporations under section 51(xx) of the Australian Constitution. Clearly the parliament can construct a legislative framework designed to govern the behaviour of corporations under this head of legislative power. But the Commonwealth does not have this power with respect to businesses, particularly small businesses—because they are not incorporated, they do not fall within the terms of the Commonwealth’s legislative jurisdiction under the corporations power. Indeed one of the constitutional hurdles that the Hawke government found when it was grappling with the prices and income accord was this very lack of legislative competence with respect to the Commonwealth’s capacity to impose price controls.

It would seem to me that the freedom of trade provisions also serve to constrain the Commonwealth’s capacity to invoke the trade and commerce power under section 51(i) of the Constitution. Recent case law serves only to highlight the difficulties fraught with any attempt to legislate, and more particularly enforce, a regulatory regime which has effective coverage over all businesses, whether they are incorporated or not. The High Court’s decision in re Wakim has necessitated a reassessment of previously accepted regimes wherein the Commonwealth had stepped into the breach in regulating areas of business conduct relying upon various legislative tools of cross-vesting. This uncertainty has only been highlighted by the recent decision handed down by the High Court over a week ago in the case of the Queen v. Hughes. The upshot of this decision is twofold: firstly, the Commonwealth may not even have the constitutional power to enact laws that give the ACCC the power to regulate and enforce anti price exploitation measures and, secondly, even if it does have that power, there are clearly a number of fundamental difficulties associated with current cross-vesting arrangements which may, by way of logistical concerns, impede the enforcement of much of this legislation. There is a fine book by the American historian Barbara Tuckman called *The March of Folly*. I suggest that the government read it.

**Senator HOGG (Queensland)** (11.15 a.m.)—I rise in this debate on the new tax system out of particular concern about the legislation before us today. If one goes back,
the fact was that the GST was inherently an unfair tax system, no matter what one says.

Senator Kemp interjecting—
Senator HOGG—It shifted the tax burden from those who had the capacity to pay tax to those who did not have that capacity. I am glad to see Senator Kemp in the chamber because it is about time he woke up to some of the facts of life. There are real people out there who are going to be affected by this regime when it is put into place from 1 July this year. Of course there are many traders out there—there are many people—who are looking at this as being a window of opportunity to have the people of Australia pay more than they otherwise could or should under any other regime. That is the clear reality of what is going to happen. No matter what the government say they have put in place to survey the price changes that will take place under the GST, whatever is being done is inadequate indeed—totally inadequate.

We have a simple tax system which the government sold to the Australian people via a massive advertising campaign, the Community Education Information Program, in the lead-up to the last federal election. The people were sucked in—they bought it—and of course now find that they have a lemon, that lemon being the GST. People know in their heart of hearts that they are going to be subject to exploitation by those people who have the power to exploit them: the business people in Australia. Some of those business people will disguise it very well and others will not. The fundamental problem I have with this legislation is that, if people want to speak out about the exploitation, this legislation takes that opportunity away from them in effect because of the penalties that are envisaged within the act. When I saw this legislation on the table I particularly looked at what had taken place before the Senate committee. When I looked further I saw a very good submission there from Professor Pengilley. I know that prior to me speaking today some of my colleagues have quoted bits out of Professor Pengilley’s submission to the Senate inquiry. I want to look specifically at some of the statements that were made by Professor Pengilley in his submission to that inquiry because I think they get to the real nub of the problem—that is, that ordinary people in Australia are going to be exploited by the imposition of this taxation system. Professor Pengilley said:

Section 52 of the Trade Practices Act prohibits conduct in trade or commerce which misleads or deceives or is likely to mislead or deceive. It is a section worded in general terms and thus it was thought inappropriate to enforce it by way of criminal penalties. The section is enforced by the sanctions of damages, injunction or wide ranging ‘other orders’, including corrective advertising, which can made under the Trade Practices Act.

He is outlining in the submission the recourse that people have. He goes on:

The above will apply, it seems, unless you ... say naughty things about the Government’s New Tax System.

That is what this is about. It is about the fear that people are going to say naughty things about the government’s new tax system. It is about the fact that they feel they are being exploited and the fact that they feel the tax system is wrong. They have hanging over them a sword of Damocles which will impose a severe financial penalty upon them. In his submission Professor Pengilley goes on to say:

Perhaps such a provision can be tolerated to the extent that it is consistent with other provisions of the Trade Practices Act and in particular s.52 noted above.

That is why I quoted section 52. He rightly says that if it were consistent then maybe one could tolerate it. He also states:

Where it is not consistent with other provisions is that, uniquely in relation to misleading or deceptive conduct, the enforcement procedures are all of those set out above in relation to s.52 plus a maximum pecuniary per offence of $10 million in the case of a corporation and $500,000 in the case of an individual. No other misleading or deceptive conduct has any pecuniary penalty, let alone a $10 million one.

So why do we have this? As I said, we have a system which is inherently unfair, which shifts the tax burden and which people have not woken up to yet. They have been seduced by the advertising that has been put in place to sell it. When they wake up to what is going on, their recourse will be limited indeed. People who want to speak out against this
will find that they face major pecuniary costs per offence in accordance with this legislation. If that is not the intention of this, the government should withdraw it. As Professor Pengilley properly points out, there is no other misleading or deceptive conduct that has any similar pecuniary penalty. So why are we faced with this today? What have the government to fear? He then goes on:

Maximum penalties under s.53 are $200,000 for a corporation and $40,000 in the case of an individual plus injunction, damages and “other orders”. However, the new Bill will extract $10 million and $500,000 respectively if you say naughty things about the effect, or likely effect, of the Government's New Tax System.

He reinforces:

In no other part of the Trade Practices Act does the penalty for false representations exceed $200,000.

So what are the government about? Professor Pengilley says:

The penalties for error in relation to the Government’s New Tax System and the Goods and Services Tax (“GST”) are thus totally out of line with everything else in the Act.

He goes on:

The Government says that, by these completely out of line penalties, it is ensuring that—

then he quotes the House of Representatives Hansard—

“Australian consumers are not being ripped off”... The more cynical of us (of which this writer is one) see the proposed legislation as an attempt by the Government to harass individuals with penalty threats if they deviate from the Governmental Goods and Services Tax line at any particular time.

He lays it very clearly and succinctly before the committee and now properly before the parliament that people who are subject to exploitation and speak out against that exploitation suffer the real situation that they could face massive penalties for speaking out against a government initiative. If that is not the intention of the government, then why is this here when it is in no other part of the Trade Practices Act, as Professor Pengilley has rightly pointed out? One can only attribute some very devious motives to this on the part of the government. Whilst we have heard the government laud the introduction of their GST, we became aware the other night that there is a questionable surplus in the budget. It is a smoke and mirrors surplus, as people would no doubt have described it.

Senator George Campbell—it is a phoney surplus.

Senator HOGG—it is a phoney surplus, as Senator Campbell interjects. If that is the case and this government are working with smokes and mirrors—they are the conjurers—what are we looking at in the outyears? What will their recourse be? Their recourse will be to up the GST. There are phoney revenues—

Senator McGauran—it is not our decision. We do not up it. The states up it.

Senator Kemp—You are struggling.

Senator HOGG—I am not struggling at all, Senator Kemp. You know that your budget is predicated on a phoney surplus. You know that your recourse in years to come will be to up the GST. That will be the only recourse. We are not getting openness from the government. Openness and transparency are not there. Senator Conroy has acknowledged in the Senate that he will move an amendment to this bill seeking that the government include on receipts the amount of the GST. Let it be open. Let it be disclosed. Let it be there. But of course the government have rejected this before, and complicit in that have been the Democrats. They have been in it up to their eyeballs. Let the cost of the GST go on the receipt. It is a simple request that has been put time and time again by Labor in this debate. Let it be transparent. Let it be open.

Senator Sherry—if it’s not there, how do you determine it?

Senator HOGG—that is right! The government’s criticism of the wholesale sales tax over a long time was purely and simply that the wholesale sales tax was not a transparent tax—that you could not identify what the tax was worth and that it was hidden. Here we are, moving to a new regime, and we have a bill before us today which will effectively put the brakes on people speaking openly and freely about GST exploitation. So what are we to expect? If the government are sincere about this, let them accept the Labor amend-
ment to include the GST component of a good or a service on the receipt so that it is there for everyone to understand exactly what they are being charged. Let it be open; let it be transparent.

Senator Kemp—You’re struggling, Hoggy.

Senator HOGG—No, I am not struggling at all. You have rejected this on a number of occasions. You have imposed an unfair tax on the Australian people. They have the right to see that they are not being exploited under the new tax that you will introduce from 1 July. If your criticism of the wholesale sales tax was that it was not transparent and that it was a hidden tax, you should not allow the GST to be a hidden tax so that people are not able to assess its full impact on their lives. That is one of the things that the government are sincerely hoping for—that people will not be able to accurately assess the impact of the GST on their day-to-day living in the short term. They do not want it to happen. If it does happen, people who have to pay the tax—that is, lower income people in particular—will clearly come to the conclusion that the tax burden has been shifted to them. That is the unfair element of the GST: it has shifted the tax burden. People have not woken up to that yet, but they will undoubtedly come to that conclusion if people can challenge the fact that they are being exploited under the GST. What Professor Pen-gilley said nails this issue down. He said:

The more cynical of us ... see the proposed legislation as an attempt by the Government to harass individuals with penalty threats if they deviate from the Governmental Goods and Services Tax line at any particular time.

It is an attempt to quash free speech, and that is the other fundamental concern that I have with this issue.

The penalty regime does no service to the government in convincing the public that they are not being ripped off with the introduction of the GST. I understand Senator Conroy has foreshadowed that he will be moving an amendment requiring the ACCC to table a report in parliament, on a quarterly basis, on price exploitation so that it is openly and transparently before the parliament of Australia, which has the responsibility to oversee legislation and its introduction in this country, so that there can be proper scrutiny. That seems to me to be an eminently fair proposition on the part of Senator Conroy—that this parliament have the right to scrutinise whatever efforts are being made by the ACCC.

The ACCC is under resourced. In my state of Queensland, I understand the ACCC has two people contracted to look at the exploitation of prices, and there are 17 people in Victoria. The mind boggles! There are two people for the whole of the state of Queensland. They would not track anything down. It is a thinly veiled attempt to cover up the fact that something is not being done to assure the public at large that no exploitation is taking place.

Senator McGauran—So what’s your policy?

Senator HOGG—Our policy is quite clear: bring the legislation back. We will deal with it. But you have been complicit in this, Senator McGauran. This is something that I welcome. It will be touted loud and clear in my state that the National Party were complicit, along with the Democrats, in delivering the GST to the government. So one should clearly wear the hat if it fits, Senator McGauran. We are saying that there is no doubt that this legislation will curb people’s rights. People who wish to speak out against the exploitation that will occur under the GST legislation will feel threatened. There is no reason why this should be before us today. There should be openness; there should be transparency. You should pick up the recommendation of Senator Conroy’s amendment, firstly, requiring the ACCC to report to parliament and, secondly, picking up the very important issue of the disclosure of the GST on receipts. If you are sincere in saying that the Australian populace is not to be exploited, you do not need to bring in draconian legislation that is out of sync with the rest of the Trade Practices Act. You do not need to introduce it at all. The only thing you have not brought back is something akin to the Spanish Inquisition to punish those people.

Senator Kemp—Oh, Hoggy, you’re struggling!
Senator HOGG—That is the only thing you have not done, Senator Kemp.

Senator Kemp—Even Senator Sherry would be better than this.

Senator HOGG—Senator Kemp, if you are sincere in this—and we know you have difficulties on some occasions—pick up the issue of disclosure of GST on receipts. Let the Australian people have some faith in what you are doing. I am not struggling at all, Senator Kemp. You have imposed this, and you have to take the responsibility. You should redress the issue now, not by bringing in this horrendous piece of legislation—which threatens people who speak their minds on exploitation—but by absorbing the excellent amendments foreshadowed by my colleague Senator Conroy. That is indeed imperative.

Senator COONEY (Victoria) (11.38 a.m.)—Ned Kelly was a great Victorian and indeed a great Australian folk hero.

Senator Sherry—Who was?

Senator COONEY—Ned Kelly. He was born in Beveridge in Victoria and carried out his operations mainly in the north-east of Victoria. His parents were married in the St Francis church in Melbourne—a very eminent church down there. But he was hung on 11 November 1880 and, according to Manning Clark, Alfred Deakin was present as a reporter. Barry Jones says that is not correct and that Manning Clark was wrong on that. But, in any event, Alfred Deakin went on to become a very eminent Victorian, a very eminent Australian and a very eminent Prime Minister. When he was Prime Minister, he introduced, as everybody knows, the Australian Industries Preservation Act 1906-1907. That was the first act that was introduced, as far as I can see, that dealt with trade practices. Of course, there was a lot of precedent in America.

Senator McGauran—What has this got to do with Ned Kelly?

Senator COONEY—Didn’t you follow all that?

Senator McGauran—I am lost.

Senator COONEY—Stay lost; it is a safe position for you to be in. The idea behind Alfred Deakin’s legislation is the same idea that has been behind all legislation of a similar nature since then—that is, to arrange things so that people can operate in the market in a fair way and so that people do not, through power, whether economic power or any other power, suppress those with less power, so things are fair and everybody gets a fair go, as we would say in Australia. Sir Alfred Deakin had that very much in mind when he attempted to obtain that situation very early on in the history of Australia. Unfortunately, the High Court said that section 51(xx) of the Constitution did not support that particular legislation, so the idea of a trade practices act went out of people’s thinking for a while.

Sir Garfield Barwick brought it back as an idea when he became a member of parliament. He tried very hard to get a trade practices act up; he could not, but Mr Billy Snedden did. He got up the Trade Practices Act, which was then overruled by the Rocla Concrete Pipes case in 1971 mainly on technical grounds. But the decision in that encouraged the McMahon government to bring in the Restrictive Trade Practices Act 1971. In the end, the person who got the present Trade Practices Act under way and got the present system going was Lionel Murphy, and a lot of credit in this area must go to him. In fact, that act was challenged but the High Court upheld it—with the dissension of the Chief Justice, Sir Garfield Barwick. It was very interesting to see that the man who brought trade practices back as an idea in the 1950s and 1960s was the one judge that held out against the legislation that was introduced and passed under the guidance of Mr Lionel Murphy. That is the interesting background to this area.

What I want to illustrate is that the traditions and the history of the legislation we are considering today, the A New Tax System (Trade Practices Amendment) Bill 2000, go to those issues of preserving the market as it should be preserved, ensuring that people do not use economic power in an oppressive way and ensuring that everyone who wants to can set up in business and can go forward
without oppression. Given that, this present legislation is quite awkward. I think that the Trade Practices Act should deal with that idea of trade being conducted in a fair and free way. It is for that reason that I think provisions—this is an issue that has often been raised in this chamber from this side—dealing with secondary boycotts and dealing with actions against unions should certainly not be in this act because it deals with other matters; it does not deal with trade practices as they are understood. This is an even greater example of how the act has been amended in a way that does not fit in with the history of this legislation, from the first decade of Federation on, in various ways, and particularly since the 1950s. This does not deal with oppressive conduct, and it does not deal with keeping the marketplace free and open; it deals specifically with an issue that is to operate for only two years, as I understand it. Why is that done?

This is clearly a wrong use of this piece of legislation. It is done in a way that does not conform to history. It is aimed at limiting prices in a particular set of circumstances. As you know, Mr Acting Deputy President Watson, in 1973 there was a referendum conducted in this area in which the Whitlam government sought power over prices and wages. That was rejected. What has been said since, or even indeed before that time, by people on the conservative side of politics is that competition is the way to keep prices in order. If that is so, why do we have a piece of legislation here which is quite draconian in the way it operates?

I simply want to make the point—and perhaps we will return to this in the committee stage—that these are amendments that are very hard to understand, except in the terms that have been put forward already. The government is very apprehensive of how the goods and services tax will impact on the community and it wants to ensure that the blame, if there is to be any blame, goes elsewhere. This piece of legislation is aimed at deflecting criticism rather than at arranging things so that the marketplace operates as it should and so that people do not suffer oppression, as they should not. There has been a great struggle for people over the years, which culminated in Mr Lionel Murphy’s legislation which in the end brought forward a good way of dealing with things. If we as legislators introduce this sort of legislation into an act that has served a great purpose, we are devaluing the legislation that should operate.

Senator GEORGE CAMPBELL (New South Wales) (11.48 a.m.)—I do not wish to take up much of the time of the chamber in the second reading debate on the A New Tax System (Trade Practices Amendment) Bill 2000. I will reserve the comments that I have on the bill for the debate in the committee stage. However, on behalf of the opposition, I do want to move the following second reading amendment:

At the end of the motion, add “and that the Senate notes:

(a) the claim by the Minister for Financial Services (Mr Hockey) in press release number FSR/003, headed “Hockey directs ACCC on GST”, dated 15 January 2000, that “The Minister for Financial Services, Joe Hockey today directed the ACCC not to approve any business initiatives on the GST that may increase prices by more than 10%;

(b) the further statement in the same press release that “No price will increase by more than 10% as a result of the GST. That is our policy and that is the law;

(c) the clear admission by the Chair of the ACCC (Professor Fels) to the Senate Economics Legislation Committee on Monday, 1 May 2000, that neither Minister Hockey, nor any other government Minister had issued such a direction and that a 10% price cap is not set out in legislation; and

(d) that, Minister Hockey has grossly misled the Australian public and is accordingly censured by the Senate”.

I want to make a couple of brief points in relation to this matter. This press release was issued on 15 January. Minister Hockey was asked a number of questions on the matter in the other house on Monday during question time. At no stage did the minister take the opportunity during that period to explain why he made those comments or why he put out the press release. At no time has he endeavoured over that four-month period to explain
why he made such compelling statements in that press release of 15 January and, more importantly, why this government has been complicit in that deception since that date.

Not only has Minister Hockey not attempted to explain his actions of 15 January; neither has any other government minister from the Prime Minister down. Knowing full well that the information contained in the press release was incorrect, not one minister from the Prime Minister down sought at any stage over that period to rebuke Minister Hockey for those statements or in fact to expose the deception that had been practised on the Australian community by the issuing of that press release. It is appropriate that this Senate express its views in respect to that matter in particular.

Senator MURRAY (Western Australia) (11.51 a.m.)—The A New Tax System (Trade Practices Amendment) Bill 2000 is about misrepresentations in relation to the effect of tax changes under the new tax system. Last year this parliament passed amendments to the Trade Practices Act, inserting a new part VB into that act which, firstly, prohibits corporations charging unreasonably high prices for the supply of goods having regard to the new tax system changes and, secondly, empowers the ACCC to monitor prices for a period of one year before and two years after the implementation of the GST.

The legislation also introduced the new tax system price exploitation code. Because of constitutional limitations, all states and territories, except the ACT, have implemented a uniform new tax system price exploitation code. That state legislation essentially gives the ACCC the same powers and functions as those in part VB, but in respect of individuals rather than corporations. Clearly, the intention of that legislation is to prevent profiteering on the tax changes either by failing to pass on cost reductions that result from the removal of wholesale sales tax and other taxes or by increasing the price of a good by more than the actual price effect of the GST on an item. Most public attention has been on price but cost reductions are as important an issue.

I will turn to this bill, the A New Tax System (Trade Practices Amendment) Bill 2000. The bill seeks to extend the scope of the regulatory regime in part VB to cover misrepresentation about the effect of tax changes during the transition to the new tax system. The sorts of conduct which are the subject of concern and which the bill seeks to outlaw are claims that a consumer is required to pay an amount for the GST when, in fact, the obligation does not take effect until 1 July 2000 or advertisements which encourage consumers to buy goods or services now in order to beat the GST when prices may fall rather than rise under the new tax system. Under the amendments, a contravention of the new provision will attract a pecuniary penalty of up to $10 million for a corporation and up to $500,000 for an individual. These penalties are consistent with the existing penalties for price exploitation under part VB which, as I have said, have been agreed to by the states—Labor and coalition alike.

In the Senate Economics Legislation Committee hearings into this bill, the issue which arose was the size of the maximum penalties which could be imposed for a breach of the new provision. Professor Warren Pengilley from the University of Newcastle raised serious concerns about the inconsistency in penalties for ordinary misleading and deceptive conduct in relation to the new tax system—and ‘ordinary’ is the word he used. He suggested, ‘Equity demands that all be put on the same basis in so far as penalties are concerned.’

The ACCC’s response in relation to the extent of the penalties was that it had ‘always argued that the current penalties are too low and should be increased’. The representative of Treasury conceded that there is an issue in respect of the consistency of penalty levels. On that basis, the Democrats think it is appropriate for the government to give consideration to the current maximum penalties applying for breaches of section 53 of the act and to determine whether those penalties are adequate or whether they ought to be brought into line with the penalties which apply for a contravention of the provisions of this bill. In other words, the argument should not be to drop the penalties that are proposed by the bill but, in fact, to increase the penalties that
are in existence in the act. That is a far more important focus for the Senate, in my belief, which would give the ACCC increased clout and which has been conceded by Treasury and advocated by the ACCC.

The penalties set out in the Trade Practices Act are maximum penalties. The precise penalty that applies to each particular contravention is adjudged by a court based on, among other things, the gravity of the offence. You cannot argue in one bill that the courts should have the ability to determine these things on a reasonable basis and with judgment and discretion and then, when you reach this bill, argue that the courts will not be able to do that properly and effectively. Consistency demands that we should accept that courts would be able to adjudicate what is a reasonable mistake, what is reasonable to be considered under these provisions and whether the maximum penalty or some lesser penalty applies.

The nature and size of corporations and the types of conduct in which they can engage, particularly multinational corporations, mean that penalties must be sufficiently substantial to have a deterrent effect. It should not be the case that a very large corporation can decide to deliberately engage in unlawful conduct because it knows that, even if the maximum penalty is applied for the breach, the revenue it has derived as a result of the breach will exceed the amount of that maximum penalty. As an aside, it is my understanding that that is the reason why penalties were recently increased fivefold for aircraft departing Sydney airport during the curfew period. Penalties must be high enough to have a deterrent effect, and that is plainly the case with this bill.

I will just comment briefly on Labor’s amendments—and I will deal with them at a greater level during the debate. Labor’s separate itemisation of the GST on receipts approach is a rehash of previous amendments that it has put up, and I will comment on that yet again when we deal with it later. Legislating that the Chairman of the ACCC will appear before a House of Representatives standing committee is simply not necessary. Both houses have the right to subpoena. Both houses, if they wish, can make people appear before them. There is no reason whatsoever that we should have legislation for Professor Fels, members of the commission or its staff that enacts something which both houses already have the power to insist on. We do not support limiting the prohibition on misrepresentations to misrepresentations that occur for price exploitation alone, and we will comment on that. Also, we will be amending Labor’s amendment relating to applying these provisions to the government.

The other amendment that was read out by Senator George Campbell, which is a second reading amendment, attracted my attention until I heard the last phrase. Frankly, if the Labor Party were asking the government to ensure that it complies with the press release put out by Minister Hockey and saying that it should give a direction, if that were missing, to the ACCC, then the Australian Democrats would support that. But a motion of censure on that basis is just not sensible. Surely the question is really whether the ACCC have been given direction or not. Therefore, we think that Labor’s amendment is misfocused. The Australian Democrats will be supporting the bill and we look forward to the committee stage.

Senator IAN CAMPBELL (Western Australia—Parliamentary Secretary to the Minister for Communications, Information Technology and the Arts) (11.59 a.m.)—I thank honourable senators for their contributions to the debate on the A New Tax System (Trade Practices Amendment) Bill 2000. The government is particularly keen to have this legislation passed today. Clearly, the government, with the support of the Australian Democrats in this regard, is very, very keen to ensure that the legislative and regulatory framework that surrounds the introduction of the new tax system, particularly in relation to the provisions under the Trade Practices Act which relate to the introduction of the GST, sends a very loud signal to people that, if they seek to avoid or contravene the act, they will have very severe penalties applied to them. We make no apology whatsoever for bringing in very clear and increased penalties under this regime, and we believe it is very much in the interests of Australia and the
smooth introduction of a new tax system that this legislation be passed today.

We have had private discussions with the Australian Labor Party, who have made it clear that that will not happen, which we clearly regard as less than desirable. We have had another indication today that a part of the Australian Labor Party—that is, the CPSU—are taking action again within a section of the tax office to again try to stick a spanner in the wheel of a smooth introduction of the tax act, which I know would appal you more than most in this place, Mr Acting Deputy President Watson. So here again the Labor Party, the Labor movement generally, will do whatever it takes. They will ignore the interests of consumers. They will ignore the interests of small business people who want to get on with lodging their applications for Australian business numbers. They will do whatever it takes for their narrow, pathetic, political interests.

The further thing they have done is totally unprecedented in this place, on the advice I have been able to get in the short time since this pathetic, puerile and pious second reading amendment has been distributed and moved by Senator George Campbell. It is the first time in Australian Senate history that they have tried to censure a minister by way of a second reading amendment. That is on the advice I have been able to get today, and I am happy to stand corrected. This is a sad and sorry opposition who have no policies, who are effectively a one-trick pony—all they can do is bash the GST day in and day out. They tried bashing the surplus this week. They tried to change their political tack, they tried a new concept, and bashed the surplus. In fact, Mr Crean was so keen on bashing the surplus that he said he would spend it. These guys are so good at deficits and, after seeing a surplus, what did Mr Crean say on television the other night? In answer to the question, ‘What would you do with a surplus?’ he said, ‘We’d spend it.’ He was not sure what he would spend it on, but he said he would look around and see if he could find something to spend it on. He said, ‘We’ll invest it in the future of the nation.’ That’s a beauty! That is what Labor say when they see a surplus, ‘Let’s spend it as quick as we can and let’s get back into deficit. Let’s get those interest rates racking up.’

What have they done today? To delay, to confuse and to stop the trade practices amendments going in which will add to the protections for consumers in Australia, they have said, ‘Let’s censure Mr Hockey.’ Normally when you censure a minister—as you would know, Mr Acting Deputy President, because you have been here through a number of censure motions in your time—you allow there to be a proper debate on the censure, a structured debate where the minister can have his position defended. You would normally have discussions with the opposition parties, the government parties and the other parties in this place about how many speakers you might have. There would be arrangements put in place by the whip, but today we have come in here and, with about three minutes notice, they have said that we are going to have a censure motion. They will do anything to stop this coming through, including tagging on a censure motion to a pious second reading amendment. I do not know who is running the tactics on the other side, but whoever he is should be cross-examined, if not have their head examined, by more senior and more sensible people in the opposition.

To pull on a censure of a minister with less than 50 minutes to go in the time allocated for debate is one of the most gross violations of proper procedure. It is totally unprecedented in Senate history, as far as our records show. It absolutely shows how bereft the Australian Labor Party are not only of policy but also of tactical implementation of a debate. We want this bill through this place today. We want to ensure that consumers get the benefit of these significant protections, but the Australian Labor Party have made it clear now privately, and probably in a few minutes time publicly, that they do not want it through for the next three weeks. We would like it in place. We would like this scheme up and running. It could be today, if we could get it passed before a quarter to one, but these wreckers, these anarchists, on the other side of the chamber have made it clear that that will not take place. We will be opposing this stupid, pious, pathetic, puerile amendment,
and we will be supporting the second reading, of course.

Senator CONROY (Victoria) (12.06 p.m.)—by leave—Firstly, I indicated that, following discussions with the Australian Democrats on an amended second reading amendment, we are happy to support the amended amendment suggested by the Democrats on this issue.

Senator Ian Campbell—Are we going to see an amendment? May I find out whether Labor is withdrawing this puerile motion in the first instance, or are we going to have two second reading motions before us at once?

Senator MURRAY (Western Australia) (12.07 p.m.)—I indicate that the Democrats would wish to amend the opposition’s amendment to excise item (d) on 1803 and replace it with another (d)—and perhaps the parliamentary secretary might like to note it as I say it:

Omit item (d) on 1803 and substitute:

(d) calls on Minister Hockey to ensure that the ACCC has the powers necessary as per the minister’s press release.

Motion (by Senator George Campbell) proposed:

Omit paragraph (d), substitute:

(d) calls on Minister Hockey to ensure that the ACCC has the powers necessary as per the Minister’s press release.

Senator CONROY (Victoria) (12.08 p.m.)—by leave—If I can respond to a couple of Senator Ian Campbell’s earlier comments, it is no surprise to see this government so sensitive on this issue when it was so badly exposed last week. The government has tried to argue that states require two months before 1 July to implement this. But on the Treasurer’s own words we are only 53 days from 1 July—probably 50 or 50 days by now. So in actual fact we are inside the two months right now. The states have the power, which this government acknowledges, to vary the implementation date. So for this government to argue that we must have this because we have to get it in before the two months to give the states two months is a furphy. We are already inside the two months.

The opposition and the Democrats have cooperated with the government to rush through a Senate inquiry so that we could have the Senate committee report last Tuesday so we could begin the debate today. Notwithstanding the fact that we have cooperated at every stage of this bill, more and more evidence is coming forward about this bill and the difficulties inherent in this bill. For this government to be trying to suggest that we are trying to stop the passage of this bill is a complete and utter furphy and should be exposed as such. We are prepared to vote for this bill; we are not prepared to participate in a whitewash. We are prepared to legitimately examine this bill, and we have a series of amendments and a string of questions that this government has to answer. The revelations that came out in the Senate inquiry where Mr Fels exposed Minister Hockey, where Mr Fels exposed the government for being engaged in a propaganda exercise, deserve the time of this chamber. They deserve legitimate scrutiny.

We will not be bullied by this government. We will not be bullied into a whitewash. We will not be bullied into agreeing to not go through the legitimate process and legitimate scrutiny of this bill. I am looking forward to the committee stage because I have a series of questions to put to this government which we hope that this government will give us answers to. So for all the rantings and ravings from Senator Campbell on the other side of the chamber—

Senator Sherry—He didn’t defend Hockey.

Senator CONROY—Thank you, Senator Sherry. He did not defend Minister Hockey.

Senator Sherry—Not one word.

Senator Ian Campbell—You withdrew the censure motion, you fool.

The ACTING DEPUTY PRESIDENT (Senator Watson)—Order!

Senator CONROY—Thank you for taking charge there, Senator Watson. I appreciate that. We will not be bullied and intimidated by this government, which is desperate to cover the political lies that were exposed last week. This Senate will go through the committee process. We will go through the legitimate processes of this parliament, and we will examine the testimony of Mr Fels.
Senator Lightfoot—Professor Fels.

Senator CONROY—I stand corrected, Senator Lightfoot—Professor Fels. Thank you for that. We will legitimately scrutinise Professor Fels’s testimony and we will reconcile it with the government’s position. The suggestion that this is being deliberately delayed is a complete and utter further gag and further misleading of the Australian public. You should be ashamed of yourselves for continuing the thuggish tactics that you have been engaged in in trying to push this through and the thuggish tactics that you are engaged in today. You should be ashamed of yourselves.

Senator IAN CAMPBELL (Western Australia—Parliamentary Secretary to the Minister for Communications, Information Technology and the Arts) (12.12 p.m.)—I made it clear that we will not be supporting this motion, but I do congratulate calmer, more sensible minds than the Labor Party for bringing Senator Conroy into line and seeing the puerile and pathetic censure motion withdrawn almost within minutes of it being drafted.

Amendment agreed to.

Original question, as amended, resolved in the affirmative.

Bill read a second time.

In Committee

The bill.

Senator GEORGE CAMPBELL (New South Wales) (12.14 p.m.)—I wish to make a number of comments in relation to this bill which I was going to make in the second reading debate but, in order to facilitate the processes of this debate through the Senate, I deferred making those comments until the committee stage. I will comment on the second reading amendment. What I think is the most damning aspect of the second reading amendment is not the fact that Minister Hockey made this statement in a press release on 15 January, not the fact that he had done it after spending a couple of hours at Bondi Beach, enjoying the sun and perhaps suffering from sunstroke—

Senator Ian Campbell—I rise on a point of order. Senator George Campbell has been here for only a relatively short time. He has got up, and in the last minute he has said that he is about to make a second reading speech that he would have made—I do not quite know why he did not—and now he has gone on to say that he is going to discuss the second reading amendment, which we have actually just passed. I think perhaps he should be directed to, at least in some way, try to focus his remarks on the committee stage of this bill—not to make a second reading speech and certainly not to discuss an amendment which has already passed. If he wants to be a commentator on the Senate’s activities and the matters that are passed by the Senate, he could probably seek to get a job at the ABC or perhaps even in the sound booth where journalists comment.

The CHAIRMAN—Order! You are debating the issue now.

Senator GEORGE CAMPBELL—On the point of order, I have two points to make. In relation to my comments, I did not say at any stage that I was going to make a second reading speech. I said I was going to make some comments that I originally intended to make in the second reading stage of the bill, but I would make them in the context of the committee stage. I did not indicate that I was going to make a second reading speech. The second point is that the issue of debate in this bill is the central issue in the press release issued by Minister Hockey on 15 January. It went to the powers of the ACCC and whether or not, at law, they were able to do the sorts of things that Minister Hockey was claiming. It goes to the substance of what this bill is all about. I may have been here only a relatively short period of time, but I think I have picked up more about the procedure than Senator Ian Campbell has in the long time that he has been here.

The CHAIRMAN—Thank you. The question before the chair is that the bill stand as printed.

Senator GEORGE CAMPBELL—I draw attention to the point made in the press release by Minister Hockey on 15 January, which said that he had directed the ACCC not to approve any business initiatives on the GST that may increase prices by more than 10 per cent. As I indicated, I happened to see
him enjoying the sun at Bondi beach the day the press release was made, and maybe he was suffering from a bit too much heat when he issued the press release. What is more pertinent than what Minister Hockey said in the press release is that no-one in the government from 15 January until today has taken the opportunity to refute what the minister said in that press release. No-one has taken the opportunity to draw attention to the fact that he had not complied with the act in respect of that matter and that the law did not provide a capacity under the Trade Practices Act to put a price cap of 10 per cent on the application of the GST. That was admitted by Professor Fels, the Chairman of the ACCC, at a Senate legislation committee hearing on Monday of last week.

It has been attempted, in the process of this bill, to create employment opportunities through all of the mechanisms that will surround the application of the new tax system. For example, we are now going to create another police force. We had the dipstick police in respect of the diesel fuel rebate tax; we have now got the price police in respect of the 10 per cent on the GST; and we have the thought police in respect of the $360 million worth of advertising to sell the GST package. So we are creating police forces all around the country as key elements to deliver the government’s new tax system. We also saw, in conjunction with the new tax system, the abominable situation on Tuesday night with the government squandering a substantial surplus in order to buy public support for the GST. What is this trade practices amendment about? It is about simply trying to create the public facade that somehow or another we have a government body out there protecting the interests of consumers in terms of there being no price exploitation as a result of the operation of the new tax system.

What is the truth of the matter? When those of us who have participated in Senate legislation committee hearings on the new tax system over a period of some 18 months, and as late as last week in respect of this particular bill, asked the ACCC officers how many people were in place to monitor this, they gave us a list. I think there was one in Queensland, two in New South Wales and 17 in Victoria. We asked why there were 17 in Victoria and only two in New South Wales, and they said, ‘We happen to have a bigger office down there, so we have obviously got more bodies.’ We asked them why there were 19 in the ACT, and they said, ‘We’ve got our head office there, and so we’ve got more bodies there.’ But they have got only one in Tasmania and one in Western Australia, and they may have one or half of one in the Northern Territory. They have 30 or 40 people around the country designated to administer this act and to monitor the impact of prices right throughout the whole of our
I actually felt embarrassed for the ACCC officers who appeared before the Senate legislation committee: you have to be fair and say that, as public servants, they were trying to do a reasonable job in presenting the views of their masters. But it was very, very difficult. It was very difficult for them to be able to put up any defence in terms of what this government was doing or the credibility of the ACCC in respect of the administration of this tax system.

I thought there was damning evidence given to the committee. There were two aspects of the evidence put before the committee which are of major concern. One was the issues raised by the Australian Industry Group, I think, which went to the type of information that industry bodies may provide to their members. I know that that organisation has, for example, been holding seminars all around the country and has been getting in manufacturers from within the metal manufacturing area, the printing area and all the industry areas that it represents and has been trying, using the best of its officers, to explain as best it can how this dog's breakfast of a tax is going to impact upon the membership, whether that be small businesses, jobbing shops or big businesses like BHP or what have you. They have raised some real concerns about the way in which this trade practices amendment bill will be implemented.

Here you have industry bodies acting in good faith and trying to equip their members as best they can to deal with what is a very complex tax system now. I think that the last weigh-in was about 5½ kilos, and it may even be over that by this point in time—nowhere near as heavy, I might add, as the advertising that is going out in terms of trying to promote the new tax system: $360 million will buy you more than 5½ kilos of paper, in terms of promoting it. Nevertheless, it is very substantial. They are concerned that they could be put in a position of actually being prosecuted under the provisions of this new amendment and facing fines of anywhere up to $10 million. From what I have read of their submission, I think they have made it clear that they will be withdrawing from that sort of activity; that they are not going to put themselves as an organisation in a position where they can be confronted with those types of fines. That is going to be substantially to the disadvantage of those companies that are members of that industry organisation. That is a matter of some grave concern. They proposed some amendments to the committee which, on a quick reading, I cannot see that the government has picked up to try and deal with that particular issue.

The second and most damning submission that I have seen in respect of this was by Warren Pengilley. Dr Pengilley is the Sparke Helmore Professor of Commercial Law at the University of Newcastle. His paper was headed ‘The New Tax System (Trade Practices Amendment) Bill introduced on 16 March 2000 should be scuttled. It is unconscionable.’ Dr Pengilley goes on to argue that in fact what is being sought to be done cannot be done in respect of this bill. In fact, he argues that it is unconstitutional. He goes on to say at one particular point:

The GST has been very controversial. It is hardly clear law. Public disagreement between various Ministers and the ACCC itself have been a feature of what it really means. Many people still do not know what the law is or how to comply with it. Freedom to give independent advice without fear of $500,000 if this advice is ‘wrong’ (which may well mean, in this context, advice with which the ACCC does not agree), is the linchpin of business being able to know what the legislation means and what to do to comply with it.

More importantly, he says ‘The ACCC should live by the same rules and not be misleading in its Guidelines.’ Then he goes on to set out in a very comprehensive form the areas within the guidelines that he believes to be misleading.

It is also true that I note in respect of the bill that it seeks to impose penalties if a corporation in trade or commerce makes false or misleading comments on the likely effects of a GST. I notice that it did not include individuals and it did not include government ministers or politicians. If it had, and had prosecuted it, then you would have to say that the surplus would have been substantially more than it was in Tuesday night’s budget, and a lot of that would have come
from government ministers who had been out promoting the new tax system. Government ministers have been out there, trying to sell this dog’s breakfast of a tax. The reality is that there are not going to be—and we all know it—substantial prosecutions as a result of the introduction of this bill, nor through the activities of the ACCC, because there are not the resources available to the ACCC to be able to carry out the management of the introduction of this new tax system in the way in which the government are seeking to portray that they will be able to do.

Its action here in terms of the role of the ACCC is simply to use the fear tactic to put a scare across a whole range of people involved in the business community that somehow or other, in the dead of night or early in the morning, somebody in a black robe with a black hat or a black bandanna on will come knocking on your door and say, ‘The price police are here. We want to have a look at your operations. We want to make sure you’re not exploiting the application of the GST—that you’re not making more than 10 per cent, that you haven’t put your goods up by more than 10 per cent as a result of the introduction of the new tax,’ without taking into account all the other factors that are associated with it which may in fact force prices up by more than 10 per cent, which has been admitted by Professor Fels himself. He said, ‘Don’t do it in the initial stages, but you can do it over time. It’s fine to recover your compliance costs over time, but just don’t do it in the initial stages because it might embarrass this government. (Time expired)

Senator COONEY (Victoria) (12.30 p.m.)—I want to ask a question of the parliamentary secretary. I have got the amendment here. On page 3 you deal with 75AYA, and say:

A corporation must not, in trade or commerce ...

Then, on page 6, you have another 75AYA, which says:

A person must not, in trade or commerce ...

Could you clarify why you have changed the expression—I might have an old copy—and which section is in fact 75AYA? My other question is about 76B, subsections 4 and 5, on page 5. It deals with the issue of imposing both a civil penalty and a criminal penalty. The civil penalty was introduced as an alternative to a criminal penalty. It just seems to me to be a bit rough that now, some years later, after the civil penalty idea was introduced, you are bringing back a situation where you hit people with both a civil and a criminal penalty. That really is double jeopardy, given the history of civil penalties.

Senator IAN CAMPBELL (Western Australia—Parliamentary Secretary to the Minister for Communications, Information Technology and the Arts) (12.32 p.m.)—Thank you, Senator Cooney, for your questions. Firstly, in relation to the 75AYA matters you raise, one of the ones that you referred to—I am not sure of the sequence, but it will answer your question—is a schedule that is to be inserted in the state codes because, as you know, this bill seeks to provide a regime for the states and this applies to the codes. The other one inserts the provisions into the act. In relation to the penalties that you are talking about, I am informed that they are actually in line with and consistent with the penalty regime within the price exploitation provisions of the act.

Senator COONEY (Victoria) (12.33 p.m.)—How long has that been the situation? Haven’t we got any concept of double jeopardy? I know, strictly speaking, it is not double jeopardy, but in reality it is. The state can use a person rather than a corporation, but what I am worried about is why you would have one regime run by the Commonwealth which deals with the corporations in a particular way and the states running the same regime that goes further than a corporation—to people. Again, isn’t there a double jeopardy there: that the state can hit the corporations and then the Commonwealth can hit the corporations as well, so you have the situation where corporations are hit twice, even small businesspeople; whereas because of the fact that the Commonwealth cannot hit an individual, then the individual is subject to only one regime. But what are we doing about the situation where corporations can be punished both under Commonwealth law and state law?
Senator IAN CAMPBELL (Western Australia—Parliamentary Secretary to the Minister for Communications, Information Technology and the Arts) (12.34 p.m.)—My advice is that it is not a double jeopardy for a corporation that is within a state—they cannot get hit by state and by federal legislation. They cannot get hit twice. These measures are actually complementary as opposed to being one on top of the other. I think that is the main point that was raised. Your other question was about when these criminal and civil penalties came in. They came in in July last year in the ANTS package.

Senator COONEY (Victoria) (12.35 p.m.)—It just seems to me to be very rugged stuff to set a precedent in the ANTS legislation against people and corporations when it does not really encourage people—in any event that is it. When you say in 75AYA in the schedule on page 6 that ‘a person must not, in trade or commerce’, I cannot see how that cannot include both a corporation and a natural person—in fact, that is what I was told yesterday.

Senator IAN CAMPBELL (Western Australia—Parliamentary Secretary to the Minister for Communications, Information Technology and the Arts) (12.36 p.m.)—I make the point that in the debate on this—it is a very important matter that was raised in some committee meetings last week, or whenever they met, and I had to go on radio in Perth to debate it, take talkback calls on it and answer questions from commentators about it—the government has always made it very clear, and we do not apologise for it, that we want a regime that is particularly strong here. I think it goes for a period of two years during the implementation phase. We make no apology for the fact that we are bringing in a severe penalty regime for those people who might seek to use the GST and tax system changes to exploit consumers.

I do not think people who are opposing what we are doing can have it both ways. You cannot say, ‘Look, Mr Fels doesn’t really have enough power to stop prices going over 10 per cent, or he doesn’t have any real power, or he doesn’t have any power all,’ and then literally in the same breath—or at least in the next breath—say that these penalties are harsh. We know they are harsh. They are extremely harsh, because we want to give an assurance to the people that we are putting in place a tax system that will replace a whole range of existing embedded taxes, wholesale sales taxes, which have applied in this country for decades, that certainly cascade through the pricing of our products and particularly our exports. They apply at the wholesale level. If you are going about business and you have got to buy these wholesale goods to then make further goods or services you have already paid those taxes. If you are a hardware store, for example, you have got to pay the wholesale sales taxes at the wholesale level. You might have electric drills and wheelbarrows and all those sorts of things sitting on your shelves or in your shop for months and months, and you are funding that wholesale sales tax out of your overdraft.

We are bringing in a system that means that the small business person gets all of those taxes back. If they are paying GST on their petrol, they get all that back. So they are getting all of these cost reductions. We want to make sure that we are not only relying on the competitive forces that take place. The hardware area is a very good example, an incredibly competitive marketplace. I think all of us, whether we like the GST or not, would expect that, say, in the hardware sector or in the supermarket sector you will find competitive forces ensuring that the proprietors of those stores—be they corporations or individuals—will pass on all of the savings that accrue because of the abolition of Labor’s wholesale sales taxes.

It will occur in the computer industry. Labor currently have a 22 per cent tax on computers and modems and everything to do with getting into the information economy. Labor, in their great wisdom, thought it was a good idea to put nearly 22 per cent tax on those items. The computer industry is a—

Senator Conroy—Prices are going to go up under the GST. Don’t you know that?

Senator IAN CAMPBELL—By way of interjection Senator Conroy says the price of computers is going to go up. The industry actually says in all of the publications that I have read—and I read IT publications almost endlessly throughout my waking hours; and I
suspect even in my subconscious when I am asleep I am reading IT stuff—the prices will go down between eight and 12 per cent because of this tax policy. The government is proud of that. We are very keen to see Australia being a leading part of the information economy, a world leader in this area. We think reducing the price of computers and modems to get people online is an enormously sensible policy and increasing people’s access to the computer age.

So we think, Senator Cooney, that competition in many respects will reduce prices, but we are not prepared to rely on that. We are bringing in a very strict, very powerful regime to ensure that if anyone seeks to exploit the implementation of the new tax system—to not reduce their prices enough or raise prices too much—the government and the ACCC will come down on them like an absolute ton of bricks, with huge penalties and investigative powers. We make no apology for that. I am happy to go on any radio station or TV station around Australia and ensure that people understand that.

It is just a great shame that Labor were not able to give us enough cooperation to see this bill through the parliament today. It could have been put in place over the next few weeks, but it is now going to be delayed. We have now got to nearly the end of government business for today, other than the non-controversial timeslot, which begins in a few minutes. As there are some other so-called housekeeping items that we might like to deal with, could I now move that we report progress.

Senator COONEY (Victoria) (12.41 p.m.)—I just want to say something about this double jeopardy.

The TEMPORARY CHAIRMAN (Senator Sherry)—As long as it is less than 30 seconds, Senator Cooney, because we have got some other matters.

Senator COONEY—It will be. The ideal of the civil penalty was to replace the criminal penalty. I can see that this bill has introduced what always happens in these areas of punishment. This has set a precedent that you are now going to punish people both criminally and civilly. You have set off what I think is a very bad trend, particularly in the area of Corporations Law, where what you want to do is encourage people to take risks. This is a straight example of where you are going to set an agenda that goes right against that. It is setting a very dangerous precedent.

Progress reported.

Motion (by Senator Ian Campbell) agreed to:

That the committee have leave to sit again on the next day of sitting.

A NEW TAX SYSTEM (FRINGE BENEFITS) BILL 2000

Consideration of House of Representatives Message

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

Third Reading

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

WORKPLACE RELATIONS AMENDMENT BILL 2000

Referral to Committee

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

Subject to the Workplace Relations Amendment Bill 2000 being introduced into the House of Representatives this day, the provisions of the bill be referred to the Employment, Workplace Relations, Small Business and Education Legislation Committee for inquiry and report on 5 June 2000.

BUSINESS

Government Business

Motion (by Senator Ian Campbell) agreed to:

That consideration of government business order of the day No. 6, Pooled Development Funds Amendment Bill 1999, be postponed until the next day of sitting.

THERAPEUTIC GOODS AMENDMENT BILL (No. 2) 2000

Second Reading

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

That this bill be now read a second time.
Senator TAMBLING (Northern Territory—Parliamentary Secretary to the Minister for Health and Aged Care) (12.44 p.m.)—
It is pleasing to note that this bill obviously enjoys the support of the Senate. While this bill makes a number of changes to the Therapeutic Goods Act 1989, it inserts new offences for the importation, manufacture, exportation and supply of counterfeit therapeutic goods; clarifies the operation of an existing offence in section 21 of the act; and inserts an additional ground for cancelling therapeutic goods from the Australian Register of Therapeutic Goods. The effect of this cancellation is to remove a sponsor’s right to import, export, manufacture and supply therapeutic goods for use by humans. These are important provisions, and I am pleased to note the support of the Senate.

Question resolved in the affirmative.

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

MEDICARE LEVY AMENDMENT (CPI INDEXATION) BILL 1999
Second Reading
Debate resumed from 9 May, on motion by Senator Ian Campbell:

Senator PATTERSON (Victoria—Parliamentary Secretary to the Minister for Immigration and Multicultural Affairs and Parliamentary Secretary to the Minister for Foreign Affairs) (12.46 p.m.)—This bill provides for an exemption from the Medicare levy for low income individuals and families. An exemption from liability for the Medicare levy surcharge is also provided by reference to the low income threshold. The bill will amend the Medicare Levy Act 1986 and A New Tax System (Medicare Levy Surcharge—Fringe Benefits) Act 1999 and provide for increases in the thresholds for individuals, married couples and sole parents. For example, the threshold for individuals is to be increased from $13,389 to $13,550 and the threshold for couples with no children is to be increased from $22,594 to $22,865. As a result of the increases in the thresholds, the bill will also increase the upper level of shading-in of the Medicare levy for individuals. The increases are in line with the increases in the consumer price index. I extend my appreciation to members of the opposition, the Democrats and the Independents. In discussions outside of the chamber they have indicated that they will support this bill. I commend the bill to the Senate.

Question resolved in the affirmative.

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

CUSTOMS TARIFF AMENDMENT BILL (No. 3) 1999
Second Reading
Debate resumed from 12 April, on motion by Senator Ian Campbell:

Senator PATTERSON (Victoria—Parliamentary Secretary to the Minister for Immigration and Multicultural Affairs and Parliamentary Secretary to the Minister for Foreign Affairs) (12.49 p.m.)—I would like to thank honourable senators for their consideration of this bill. The fact that nobody has spoken on it does not indicate that there has not been keen interest in it. I thank honourable senators for their cooperation, and commend the bill to the Senate.

Question resolved in the affirmative.

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

Sitting suspended from 12.50 p.m. to 2.00 p.m.

QUESTIONS WITHOUT NOTICE
Goods and Services Tax: Strata Titles
Senator FORSHAW (2.00 p.m.)—My question is directed to Senator Kemp, the Assistant Treasurer.

Senator Abetz—What a wimp!

Senator FORSHAW—Yes, I know. Why should we ask this guy a question when we will not get an answer? But we will give it another go. Can the minister confirm that residents of apartments with strata titles who contribute levies which amount to more than $50,000 a year will have to pay an additional 10 per cent on their levies, while residents in smaller apartment blocks, where the total
levies amount to less than $50,000, will not have to pay the additional 10 per cent? Can the minister confirm that? Why is the government discriminating against people living in buildings with many apartments?

Senator KEMP—I always try to help the Labor Party with answers to questions. They never listen. One of the astonishing things is that the Labor Party stand up and try to attack the GST in the chamber. It may come as a surprise to some of the public to know that the Labor Party have signed on to the GST. Mr Beazley has confirmed that the Labor Party will be going to the next election with the GST as part of their package. So an issue which we can easily debate after question time in relation to the good senator’s question is: does he propose to change the current arrangements for strata titles? The senator is trying to make a political point and pretending to people that somehow the Labor Party have not signed on to this system lock, stock and barrel. They have. So we are going to listen. My colleague Senator Knowles is keeping a massive list on this issue of the areas for roll-back where Labor senators have stood up and queried aspects of the GST. We may well put this down on the roll-back.

Senator Forshaw—So Senator Knowles has already conceded we’re going to win the next election!

Senator KEMP—The senator calls out, ‘We’re going to win!’ We heard that last time, Senator, and we happen to be over here and you are over there. In relation to the specifics of the question, individuals, partnerships, companies, trusts and other entities undertaking an enterprise are required to register in the GST system if their annual turnover is $50,000 or more. An entity with an annual turnover below this threshold does not have to register but can choose to register—in fact, may well choose to register. If such an entity elects not to register, it does not have to charge GST on its supplies, and it will not be entitled to claim input credits. Whether owners of strata titled units rented out will be considered as carrying on an enterprise may well have to be determined on a case by case basis. The point of the matter is that the general principle for the registration level is $50,000. If the Labor Party has a different registration level, this is big news. Let me say to this chamber that, if the Labor Party proposes to change the registration level, this is big news. Senator Forshaw, if you get up and ask a supplementary question, I think the public would be very interested to know whether, under the ALP GST policy, you propose to change the registration level. The principles that we have outlined are very clear indeed.

Senator FORSHAW—Madam President, I ask a supplementary question. I was pleased to hear, during the minister’s attempt at an answer, that Senator Knowles is compiling a list of questions. She is no doubt practising for the day when she is in opposition. Minister, where is the fairness in taxing residents of apartment blocks in accordance with the number of apartments in the blocks? Does the minister agree that this is a totally arbitrary distinction to make? Will he take steps to rectify this anomaly?

Senator KEMP—Senator, I have given you the general principles on when you are required to register for the GST.

Senator Faulkner—You don’t know, do you?

Senator KEMP—The question was whether that is fair, Senator Faulkner.

Senator Forshaw—The question is: do you think it’s fair?

Senator KEMP—We have put down our principles. If you do not think that is fair, that is a matter for Labor Party policy. If you change the registration level, that is big news. I point out to the chamber that Senator Forshaw stood up. He does not think the current level of registration is fair. When we take note of the answer today, we will debate this point. He has raised quite an important principle.

Employment: Rural and Regional Australia

Senator TIERNEY (2.05 p.m.)—My question is to the Special Minister of State and Minister representing the Minister for Education, Training and Youth Affairs, Senator Ellison. Will the minister inform the Senate of the employment figures that have just come out, including the number of young people now employed? How will the Howard
government’s policy initiatives in the budget further help people in rural and regional Australia and promote jobs, apprenticeships and vocational training?

Senator ELLISON—I thank Senator Tierney for a most important question and acknowledge his interest in the area of training and education generally. At the outset there is very good news today for all Australians in the job figures. We have the unemployment rate falling to 6.8 per cent, both seasonally adjusted and trend figures—well on target for the 6¼ per cent unemployment that we predicted in our budget. That means there are some nine million Australians in employment. In fact, in the month of April some 37,000 Australians found jobs.

But what is even more heartening is the situation in relation to teenage employment. We saw that teenage employment rose by 6,900, bringing the unemployment rate for teenagers to 21.5 per cent, which is the lowest youth unemployment rate since 1990; the lowest youth unemployment rate in 10 years. It is a far cry from the unemployment rates we saw under Labor: an unemployment rate of 6.8 per cent compared with Labor’s 11 per cent.

The question also related to training and opportunities for people in regional and rural Australia. For a start, we have committed $2 billion for the New Apprenticeship Scheme. We have over 250,000 people in training and, of course, included in that number are people in training in regional Australia. This is a far cry from 1996 when we came to government when there were 146,000 people in training. We have taken it to over a quarter of a million. And of that quarter of a million Australians in training, 70 per cent are younger than 24 years of age. That means there are training opportunities for young people in Australia and, of course, for young people in regional Australia—a far cry from when we took over government from Labor when vocational training and apprenticeships were at an all-time low.

We have also announced the extension of the youth allowance. We have announced that the discount on farm and business assets will be increased to 75 per cent, up from 50 per cent. This will give a greater opportunity for young Australians in regional Australia to access the youth allowance. Of course, under the new tax system the youth allowance goes up by four per cent—a far cry from what it was under Labor. In fact, there were no opportunities under Labor for young Australians. What you saw were high unemployment rates for young Australians and no training opportunities. Today we have record numbers of young people in training. We also have a decrease in youth unemployment rates.

This spells good news for young Australians. It spells good news for all Australians. These unemployment figures did not happen by accident. They have been reduced by good fiscal management of the economy that provides jobs for Australians, especially young Australians. This budget is good news for all Australians, especially young ones and people in rural and regional Australia. It is a far cry from the lack of opportunity that existed when Labor was in power.

Telstra: Market Value

Senator CONROY (2.09 p.m.)—My question is addressed to the Assistant Treasurer, Senator Kemp. Just how much money did the Treasurer cost the mums and dads shareholders in Telstra when he said: When I’m doing a Budget I write out to Telstra, I say what’s the dividend going to be … When the message came back from Telstra and the Reserve Bank it was bad news. Very bad news. Didn’t Telstra’s market value drop $1.07 billion as a direct result of this clear message by the Commonwealth Treasurer and didn’t Telstra’s finance director today describe these comments as ‘not helpful’? Was the Treasurer forced by the Prime Minister or Senator Alston to recant this statement with these weasel words:

It doesn’t mean that I have any information which is not available to the market and it doesn’t mean that anybody should think that the dividend won’t be other than in accordance with what Telstra has said because Telstra has the information and not me.

Senator KEMP—Let me suggest to you that the shareholders of Telstra and indeed the public of Australia will be asking questions about the hopeless Labor policy in relation to Telstra. That is where the questions
will be directed. We believe that it is important that we proceed with the full sale of Telstra. Labor opposes that. I think people will draw their own conclusions about the effect that that is having. Senator Conroy has jumped to his feet and has made a whole host of claims, as he always does—many of them untrue and many of them based on misinterpretation.

**Senator Conroy**—Was it you, Richard? Did you tell him?

**Senator Kemp**—Senator Conroy, would you mind listening to the answer?

**Senator Conroy**—Would you mind giving people an answer?

**Senator Kemp**—You have asked the question. Would you mind tuning in because I am giving you the answer. I am pleased to report to Senator Conroy that virtually the same question was asked of the Treasurer in the other place. Senator Conroy, I therefore refer you to the answer that the Treasurer gave to your question in the other place.

**Senator Conroy**—Madam President, I ask a supplementary question. Was the Treasurer merely winging it when he made the original statement or did he think he was speaking to Alan Greenspan? Isn’t his later retraction a repeat of his interest rate bungle with Alan Greenspan in the US?

**Senator Kemp**—The Treasurer has delivered to Australians, in cooperation with the rest of the government, one of the great growth economies of the world. He has delivered low interest rates to Australian home owners—we all remember the 17 per cent under Labor. The Treasurer has made a tremendous effort to pay off the massive debt that was left to us by the Labor Party. The Treasurer has presided over the last four budgets with surpluses, unlike history under the Labor Party. I do not think the Treasurer has anything to apologise to you for, Senator Conroy. I think, frankly, the Treasurer would treat those sorts of comments from Senator Conroy with absolute contempt.

**Employment: Science and Innovation**

**Senator Chapman** (2.13 p.m.)—My question is directed to the Minister for Industry, Science and Resources. Given Minister Ellison’s very welcome reference a few moments ago to today’s excellent employment figures showing that nearly nine million Australians are now working, will the minister explain how this year’s budget will promote further job creation by supporting science and innovation?

**Senator Minchin**—I thank Senator Chapman for his very pertinent question. I think there is common ground in this parliament on the importance of science and innovation to Australia’s future. As a government, we are delivering on our commitment to innovation in a number of innovative ways—that is, the Innovation Investment Funds, the Commercialising Emerging Technologies program, R&D Start and other such programs. We had the successful innovation summit in February, we have an innovation action agenda to be released later this year and the Chief Scientist is conducting a review of our total science capability.

This year’s budget continues to deliver assistance for innovation. This afternoon I will be tabling the science and innovation budget statement. That statement will show that total spending on science and innovation will increase by $167 million to a total of $4.5 billion, which is a real increase of 1.1 per cent following a real increase last year of 1.6 per cent. That $4.5 billion is a record level of expenditure on science and innovation for any federal government, higher than any amount ever spent under the Labor government. The highlight of this year’s statement is a 14 per cent increase in the current financial year in the take-up of the R&D tax concession. In this financial year, support through the tax concession will rise by some $68 million to $553 million, and next year it will increase by a further $47 million to $600 million. This means that business is investing an extra $500 million in R&D this year. Total government support for IR&D and innovation in the business sector will grow to about $850 million, a real increase of two per cent.

One of the real highlights of the budget is an additional $30 million for our biotechnology strategy—which provides a framework for this very important and significant new Australian industry—on top of the $250 million we supply annually for biotech-
nology research and the establishment last year of Biotechnology Australia. The record of this government in science and innovation is profound and one which we can all be proud of. What do we have from the other side? Tonight Mr Beazley will get up and give his reply to the budget, and no doubt he will rave on and on and on about the knowledge nation. He seems to think he can win the next election by talking endlessly and relentlessly about the knowledge nation—

Senator Alston—A two-word policy.

Senator MINCHIN—As my acting leader says, it is a two-word policy, which must be to the great despair of his researchers and his political advisers. If he thinks he can win an election by running around talking about the knowledge nation, he is guaranteed to lose the next election. Tonight he may even repeat Mr McMullan’s very hollow promise of a target for business expenditure on R&D by 2010. The trouble is that we never hear from anyone on the other side any new policies on innovation. We just have all the usual empty rhetoric and no policies whatsoever.

It reminds us of the last election when the Labor Party set a target of five per cent unemployment, but there was not one policy to reduce unemployment. Their policy on R&D is all over the place. Mr McMullan continually attacks the reduction in the tax concession, which Labor forced on us by their huge deficits, but they refuse to commit to increasing it. Mr Beazley actually had the gall to say only recently that, under Labor, the tax concession would be removed from traditional industries like mining and manufacturing. Then Mr Latham actually came out and said that the tax concession should go altogether. So the opposition have nothing but empty rhetoric on the knowledge nation and targets—no idea of policies, no clear policies and different messages from every different spokesman. The Labor Party are a joke.

Minister for Health and Aged Care: MRI Scanners

Senator CHRIS EVANS (2.18 p.m.)—My question is directed to Senator Herron in his capacity as Minister representing the Minister for Health and Aged Care. Can the minister confirm that, after months of investigation and having interviewed 135 people connected to the MRI scam in sworn statements, the Auditor-General was unable to clear the minister for health of the charge that he leaked information prior to the May 1998 budget? Isn’t it a fact that after this extensive investigation the Auditor has stated:

On the balance of probabilities, when the views of all participants are considered, whatever was said or done at the meeting of 6 May 1998 seems to have had some influence on the following surge in orders for machines ...

Given that, on the sworn evidence of the doctors at the meeting, the minister himself raised the issue of the treatment of machines on order at the time, shouldn’t he take personal responsibility for the order of 33 machines that occurred in the following six days? Shouldn’t he take personal responsibility for the loss of taxpayers’ money?

Senator HERRON—I thank Senator Evans for the question because the key words were ‘seems’ and ‘may’. The Auditor-General’s report entitled Magnetic resonance imaging services: Effectiveness and probity of the policy development processes and implementation—which I am happy to quote from—has on page 30, item 76, one key sentence which Senator Evans conveniently left out of the question. But that is no more than you would expect from the Labor Party. Senator Evans has done it before. Senator Evans will remember how he attacked me over the 7.30 Report one time and left key words out of the question. Well, he has done it again. These are the key words which are at the very nub of this question from Senator Evans. I quote:

All participants agree that the Minister did not discuss what measures would be in the Budget.

I repeat:

All participants—no idea of policies, no clear policies and different messages from every different spokesman. The Labor Party are a joke.
were 18 units. Now there are a total of 66 units available to the Australian public; we have taken it from 18 to 66. Importantly, there are 17 in rural and regional areas that did not exist before.

Many people are not aware that MRI scanning is a new modality which takes X-rays of soft tissues. It is important in the diagnosis of brain cancers, spinal tumours, muscle tumours and those sorts of things. It is an important modality. What do we hear from the Labor Party? The Labor Party are trying to allege that there was some leak beforehand.

The other interesting point in the import of Senator Evans’s question is that he is saying that the people who were there who are alleging this sort of thing are the very people who have benefited from the ordering of these machines. Through you, Madam President, is Senator Evans supporting the allegations of the people who are benefiting from ordering the machines? That is the second important question: who benefited from this? Not the minister; the minister did not benefit from ordering machines. These machines cost up to $3 million each.

So I am delighted to know now that the Labor Party are supporting the provision of MRI scanning. That is the first point. The second point is that now they are taking the side of those who have benefited from the ordering of the machines. That is a very interesting concept. They are not supporting the Australian taxpayers who have to fund the rebates for these machines. They are trying to score some political point of no moment. I repeat again that the Auditor-General said:

All participants agree that the Minister did not discuss what measures would be in the Budget.

Senator HERRON—I think it should be fairly evident from the Auditor-General’s report that there is no reason for anybody to resign—none whatsoever. The Auditor-General’s report has categorically stated:

All participants agree that the Minister did not discuss what measures would be in the Budget.

That would be the only reason to call for a resignation. Why would one bother taking that supplementary question seriously? If there were anything in it, there would be some factual evidence to back it up. There is none. The minister will not resign.

Budget 2000-01: Equity in Education

Senator ALLISON (2.24 p.m.)—My question is to the Minister representing the Minister for Education, Training and Youth Affairs. I refer to the fact that Commonwealth funding for non-government schools will increase at twice the rate of funding for government schools over the next four years. Minister, why is there nothing for government schools in your budget? What did Dr Kemp mean when he said, ‘This windfall is to redress funding inequities’? Isn’t it the case that money spent on students in private schools is, on average, twice that spent on students in government schools? And, Minister, when will we have a budget which will address this kind of inequity?

Senator ELLISON—The situation is that funding for government schools is increased by 21 per cent in this budget, and that is a great increase indeed. What we have in relation to non-government schools is an increase which is related to the SES funding model. It is a new way of funding the non-government sector where the needier schools will receive the most funding—and no-one would argue with that. In fact, it has been welcomed across the country.

Senator Carr interjecting—

Senator ELLISON—As Senator Carr would know, this is a fairer way of funding the non-government sector.

The PRESIDENT—Senator Carr, this is not your place to be asking questions.
Senator ELLISON—What Senator Carr will not admit is that we are giving those schools in the non-government sector a better chance, based on the socio-economic background of the parents who send their children to those schools. We believe in choice. We are a government that has promoted choice for Australian parents. We believe in a strong non-government school sector, and we believe in a strong non-government school sector. The increase in funding to the non-government sector is because of the new SES funding model and because there will be extra funding needed for those needy schools.

This is all about providing education across-the-board to all Australians. I repeat: we have increased funding for the government sector by 21 per cent. We have seen programs across the country for all students which have benefited young Australians. We have seen expenditure on literacy and numeracy and national benchmarks for numeracy—something which the New South Wales teachers union and the New South Wales teachers could well take note of because, as Senator Carr knows, they would rather go on strike than teach children things like literacy and numeracy. We want to deliver outcomes to all Australian students, whether they go to a non-government school or a government school.

Senator ALLISON—Madam President, I ask a supplementary question. Will the minister acknowledge that this 21 per cent is, in fact, only five per cent each year over the next four years? Will he also acknowledge that that will barely cover indexation and inflation, and that is all that it is designed to do? Minister, I ask: when will your government deal with the real shortage of resources for government schools and the severe teacher shortages, particularly in mathematics, science and technology, in country as well as in urban areas?

Senator ELLISON—We have already announced—and we did that in the lead-up to the last election—the professional assistance that we would offer to teachers, and this was welcomed across the country. We have forecast increased expenditure in the government school sector. We stand on our record that the Howard government has been an education government. We have increased expenditure for the government and non-government sectors, and we have increased it over the levels that Labor spent on education—there is no question about that.

Minister for Health and Aged Care: Magnetic Resonance Imaging

Senator COOK (2.27 p.m.)—My question is addressed to Senator Herron representing the Minister for Health and Aged Care. Is the minister aware of the minister for health’s comments last night on the 7.30 Report where he stated that the radiologists he was negotiating with had abused his trust? If, as the minister claims, he gave no indication of what was going to happen in the 1998 budget, then how could the radiologists have abused his trust? Doesn’t an abuse of trust imply that information was given by the minister to the radiologists? How can the minister for health blame the radiologists for taking advantage of information gained through the negotiations while still claiming that no information was given to them?

Senator HERRON—It is like all thriller novels that you read. You have to ask yourself: who benefits out of this? It is like leaks from party rooms. It is like everything in politics: who benefits out of this? I put to Senator Cook: who benefits out of what occurred? The radiologists, didn’t they? Even Senator Cook would say it is the radiologists. Who benefits out of this? I am not saying that anything untoward has occurred.

Opposition senators interjecting—

The PRESIDENT—Order! There is far too much shouting in the chamber.

Senator HERRON—But the bottom line is: who benefits? The radiologists benefit. There is no benefit to the minister for health. Who loses the benefit? The taxpayer. Here we have Senator Cook now supporting the beneficiaries of what occurred; that is point No. 1. Point No. 2 is that the Auditor-General’s report on page 85, at 23.2, said this:

... when considered alongside the differing recollections of what happened at Task Force meetings, it is a reasonable judgement that negotiation and consultation with the College and open debate about supply controls probably created an envi-
environment where some participants may have deduced, or become aware, that the Commonwealth was giving consideration to inclusion of machines on order.

Senator Quirke—Is that correct?

Senator HERRON—Yes, that is correct. That is in the report.

Senator Chris Evans—You've denied that for two years.

The PRESIDENT—Order! Senator Evans, there is an appropriate time to debate this matter, and shouting across the chamber is disorderly.

Senator HERRON—At paragraph 2.33 it says:

... there were no informal discussions between the Minister and College representatives on the MRI proposal. Further, there is no evidence that the Minister had any discussions between 6 May and Budget day with any parties outside of government with respect to MRI supply measures.

Do the Labor Party accept the judgment of the referee or not? They are not prepared to accept the judgment of the Auditor-General. That is the Auditor-General's report. I will go back one further to paragraph 2.27, which says:

All College members who attended the meeting of 6 May 1998 agree that the Minister did not reveal Budget measures.

End of story. Obviously the minister had to have negotiations with the college representatives. That has been done all along. It was done previously in the reduction of pathology rebates. One of the great successes of the current minister is keeping the lid on the expensive investigations that are being done in relation to pathology in particular and now in relation to radiology. Under the Labor Party it was ballooning out. If anything was dramatic, it was the ballooning cost of both pathology and radiology investigations in this country, at the same time stopping rural and regional people from having access to MRI scanning—a vital point of investigation, restricting it to the 18 teaching hospitals. We have increased that number to 66. We have made those investigations possible so people do not have to come from great distances to have these investigations done. That is truly a success story, and we are very proud of it.

Senator COOK—Madam President, I ask a supplementary question. I note the minister debated the matter rather than actually answering the question put, so let me try to ask the question again. Can the minister confirm that the Auditor-General concluded that the negotiations in which the minister for health participated 'created an environment where some participants may have deduced, or become aware' of the budget measure? Why will the minister for health not accept responsibility for the scan scam now? Why is he now blaming the radiologists when they could not have acted improperly without first gaining information about the May 1998 budget from the minister?

Senator HERRON—I wonder why we answer questions in question time. The other point that I would make is that these supplementary are prepared before the original question is asked. Senator Cook just read out as part of his supplementary question the same words that I read out to him in answer to his first question. What is the point of it all when I have already given him that answer? These are the words that I quoted to him and, in his supplementary question, he has repeated the same words.

As I have said, the bottom line is that we have provided that service. Of course interpretations occur. Madam President, you and I could have attended some meeting, you could say that X and Y said so and so and I could say, 'No, they didn't,' and then we talk to each other. Of course it is possible to get some misinterpretation of what occurred, but the bottom line is that the Auditor-General's report has said that everybody who attended the meeting on 6 May agree the minister did not reveal the budget measures. (Time expired)

Families: Youth Allowance

Senator HARRADINE (2.34 p.m.)—My question is directed to the Minister representing the Minister for Family and Community Services. The introduction of the youth allowance was of great benefit to many families, but is the government considering doing anything to remedy an anomaly that has arisen whereby there is an adverse effect on lower to middle income families with four or more children when the oldest child turns
16? For example, for a one-income family with four children where the income is $36,000 per year, the family is, on balance, $75 per fortnight worse off when the eldest child turns 16 and the youth allowance is applied. Does the government feel that it is fair to penalise such a family at a time when there is no change in their income or circumstances and they are faced with higher secondary school costs?

Senator HERRON—I thank Senator Harradine for the question. I know that there is nobody more qualified perhaps than Senator Harradine and me to be interested in families in this parliament, and I note his continuing interest in families.

Senator Carr interjecting—

Senator HERRON—It is about time Senator Carr caught up. Instead of interjecting, he could do better things with his time. The government is doing a lot for families, as Senator Harradine acknowledged, and I am delighted that that is so. The government has a proud record of creating the economic environment that enables families to function effectively for their own wellbeing and that of the community. As Senator Harradine has quite rightly pointed out, under the new family assistance arrangements, payments will be increased, taper rates will be reduced, the income test will be eased and the assets test will be abolished. This means that more people will become eligible for assistance for the first time and an extra $2.4 billion will be paid annually to Australian families. Under the family tax benefit, eligible families will receive an increase in assistance of at least $140 a year for each dependent child. I have to declare an interest, Madam President, as I have grandchildren in that category.

The introduction of youth allowance was a significant improvement over the existing collection of payments to young people and introduced a more generous income test and for the first time made available rent assistance to students at a total cost of $254 million over four years. Senator Harradine has brought to our attention the case that he set out, but any reduction is not related to the new tax system or the introduction of youth allowance; it is as a result of the interaction between the current family allowance and youth allowance income tests. In relation to the issue that Senator Harradine has raised, the government has already undertaken to carefully consider the issues raised in the interim welfare report.

Minister for Health and Aged Care: MRI Scanners

Senator FAULKNER (2.37 p.m.)—My question is directed to Senator Herron, the Minister representing the Minister for Health and Aged Care. Is the minister aware that Dr Wooldridge has claimed in relation to the Auditor-General’s MIR report: ‘I have been shown to act with great propriety. I have been shown not to be negligent’? Minister, where does the Auditor-General say in his report that Dr Wooldridge has acted ‘with great propriety’? Where does that appear in the Auditor-General’s report?

Senator HERRON—I thank Senator Faulkner for the question. Senator Faulkner has been the great originator of inquiries over the years. You remember, Madam President, that Senator Faulkner established an inquiry into the Natural Heritage Trust, the GST information campaign, and another inquiry into the Federation Fund—and got nowhere. Now he has a report into magnetic resonance imaging—nowhere. Four times and you’re out, Senator Faulkner—you should resign. He has now had four inquiries and got nowhere. I think it is a fair interpretation for Dr Wooldridge to say that there is no impropriety. That is a fair interpretation.

Senator Faulkner—So it is an interpretation now, is it?

The PRESIDENT—Order! Senator, you have asked the question.

Senator HERRON—The MRI report by the Auditor-General says, amongst other things, that there was no leak of the material regarding the budget—none whatsoever. If that is so—and I take it that Senator Faulkner accepts that—if that is in the report and the minister is cleared, then I would regard that as showing that he acted with great propriety. It is in the report. All seven people who were there said that there was no leak of budget material. That is acting with propriety. He did not leak any material. So, Senator Faulkner, have another inquiry, if you like. If you want
another inquiry, it will be the fifth time—five-zero.

Senator FAULKNER—Madam President, I ask a supplementary question. Firstly, will the minister acknowledge that the Auditor-General’s report into the MRI was in fact called by Dr Wooldridge under political pressure? Secondly, will he acknowledge that Dr Wooldridge’s consistent claims that he has acted with the highest probity are nothing other than barefaced lies?

Senator Herron—I ask Senator Faulkner to withdraw.

The PRESIDENT—Order! I have not called you, Senator Herron. That part of the question should be withdrawn, Senator Faulkner.

Senator FAULKNER—Madam President, if he will not accept ‘barefaced lie’, a ‘barefaced untruth’ that Dr Wooldridge—

Senator Heffernan—Withdraw!

Senator FAULKNER—I have withdrawn ‘barefaced lie’ and I have replaced it with ‘barefaced untruth’.

Senator Alston—On a point of order: that is simply not good enough. It is quite clear that Senator Faulkner thinks he can play word games. He is not in any shape or form withdrawing his assertion, which is quite contrary to standing orders, and you ought to tell him to delete that part of the question completely.

The PRESIDENT—It is my view that the change of words does not change what has been said and I think that ought to be withdrawn from the question.

Senator FAULKNER—If that is the case, Madam President, I accept your ruling and change the words to ‘Dr Wooldridge has deliberately misled the Australian people.’

The PRESIDENT—that is casting aspersions on a member of the other chamber and that should not be included in the question either.

Senator Alston—it is quite clear that Senator Faulkner does not know the difference between truth and lies, Madam President.

Senator FAULKNER—I’m not Dr Wooldridge.
words that ought not to be used. Senator Herron.

Senator FAULKNER—Madam President—

Government senators interjecting—

The PRESIDENT—Senator Faulkner says that he has not completed his question.

Senator Ian Macdonald—You’re giving him another go.

The PRESIDENT—I am not giving him another go to ask the question. He has 16 seconds left and he claims not to have finished asking the question.

Senator FAULKNER—I ask the minister: isn’t it true that when Dr Wooldridge says that the Auditor-General has found that he has acted with the highest probity he has misled the Australian public?

Senator HERRON—I was sitting quietly here listening, and I really thought I should read from my prescription book. I was thinking that perhaps treatment was needed, but then I thought, no, it is 10 out of 10 for overacting. The answer to Senator Faulkner’s question is that Dr Wooldridge did not mislead the Australian public.

Budget 2000-01: Timor Tax

Senator MASON (2.45 p.m.)—My question is to the Acting Leader of the Government in the Senate, Senator Alston. In Tuesday’s budget, the government abolished the one-off 12-month Timor tax because it is no longer needed in order to maintain the budget in surplus. Is the minister aware of any recent calls for higher taxes, including the imposition of more ‘Timor-like’ taxes? Does the government support these calls?

Senator ALSTON—That is an excellent question because it goes right to the nub of the issue that we are debating. We announced that we proposed to introduce a Timor levy last year because we were concerned that the budget might otherwise be in deficit. When we discovered that it would not be, we quite properly, in conjunction with our obligations to the Australian people, up-front said that we would no longer pursue it. That of course has caused enormous angst in the Labor Party because they love taxes. They cannot understand how we could possibly have scrapped such a nice looking little tax, which no doubt would have served as a convenient fig leaf for the showering of confetti around all the interest groups over the next couple of years, and which it could have increased from time to time, like the Medicare levy.

We understand that the Australian people do not like unnecessary taxes, and this one was quite unnecessary. But Mr Beazley expressed great surprise yesterday on ABC radio; he could not understand why this tax had been removed. Do you know what he said today? Talk about a hopeless recidivist—he said, ‘You could have cut taxes a little less.’ In other words, he thinks that we have over-compensated the Australian public. This is very serious stuff because the opposition have a very bad track record. They promised not to put up the Medicare levy—12 months later, up she goes. What did they do with all those wholesale taxes they increased by $14 billion? There was not a cent of compensation. What did they do with all those things that were l-a-w law? They went out the window, thanks to the help of Mrs Kernot, of course. Just as important as that appalling track record is their vision statement. Their vision statement really consists of more taxes here, finding more revenue whenever we can and simply not wanting to rule out a whole new series of taxes.

On the Sunday program this year, we have had a couple of very serious single vehicle collisions. One of them involved a VW in terms of the ministerial hierarchy: you will remember that Mr Melham was run over by a Laurie! The much more serious accident, which involved a semitrailer in ministerial hierarchy terms, was what occurred to Mr Beazley. Do you remember what happened when Mr Beazley went on the Sunday program? He was asked, ‘Do you absolutely rule out raising income tax cuts to pay for a GST rollback?’ His answer, ‘Well ...’ So Laurie said, ‘Because this will raise income tax.’ Mr Beazley answered, ‘All ... what I will say is this, Laurie.’ Laurie seems to be one of these security blankets you throw out. It is really a plea for mercy: ‘Leave me alone, Laurie, I’m Labor.’ Laurie asked, ‘So ... you’re not ruling out an increase in income tax?’ Mr Beazley answered, ‘We ... look, Peter Costello has
come out with that particular canard.’ Laurie said, ‘He will get away with it, if it’s a canard, won’t he?’ He did get away with it because it is not a canard. Mr Beazley on about 27 occasions in two days simply refused to rule out increased taxation.

That is the stark difference between the parties. That is the fundamental lesson from this budget. We do not support the trade unions calling for increased taxes, like the National Tertiary Education Union did today. They came out and said voters would be happy to see higher taxes. Mr Beazley will have his chance on Thursday night to walk away from the unions——

Senator Faulkner——That is today.

Senator ALSTON——Today—that is dead right. So it is closer than we thought. Mr Beazley has a mere matter of hours to walk away from the trade union movement for the first time in four years. He will have his chance to say that the unions are wrong and voters do not actually like higher taxes, but of course we know that Labor does. *(Time expired)*

Minister for Health and Aged Care:

MRI Scanners

Senator CHRIS EVANS (2.50 p.m.)—My question is directed to Senator Herron in his capacity as representing the Minister for Health and Aged Care. Can the minister confirm that the Auditor-General found that the documentation relating to the MRI 1998 budget measure was inadequate, resulting in a lack of proper accountability? Isn’t it a fact that no record of any of the meetings with radiologists was found and that there were no written briefings to the minister for health in the weeks leading up to the budget? Can the minister confirm that, among the papers he finally tabled yesterday on this issue, there were only two items in the nine weeks leading up to the budget on 12 May 1998: a letter to the PM on 5 May and an internal note on 6 May? Is it government policy that such significant measures are progressed entirely by word of mouth or was this the result of Dr Wooldridge’s personal intervention and his staggering incompetence?

Senator HERRON——Senator Evans is trying to score some cheap political points about a report, Madam President, which—I will just check for you—is 153 pages long. He scoured through it to find something that may be able to develop a political point. The reality of the matter is that this document, which I urge anybody interested to get a copy of to read, goes through in detail the investigations that went on and the consultation that occurred with a whole number of bodies that investigated the problem that we were left with when we came into government of lack of access to MRI scanning, with only 16 units throughout the country. The Australian Health Technology Advisory Committee, one such body, which was the main body involved in this process, was asked to discuss with the department how people could get access to MRI machines, how many MRI machine should be provided and should there be public funding for refunds for people accessing MRI scans.

Senator Conroy——You don’t really believe it, do you?

Senator HERRON——Senator Conroy, I accept the interjection ‘Does the public really believe this?’

Senator Conroy——No; I said ‘you’.

Senator HERRON——Do I really believe it? Yes, I certainly really believe it, because I have been aware of this for some time and I have read the Auditor-General’s report.

Senator Chris Evans—I rise on a point of order. It goes to relevance. I asked the minister whether he could confirm that there were no minutes, no record of any of the meetings. He has not addressed any of those issues. The fact is that there is not one record of what occurred at any of the negotiations. Can he confirm that?

The PRESIDENT——There is no point of order.

Senator HERRON——The crucial meeting is what Senator Evans is referring to, and that was the meeting on 6 May, and there were none. That is on the public record. I do not know why this question keeps getting repeated. It was asked at the estimates committee and the same answer was given then. I have given the same answer this afternoon. There were no minutes taken of that meeting. That was the whole purpose of the inquiry of
the Auditor-General: to find out from people what occurred. And all participants agree that the minister did not discuss what measures would be in the budget—full stop. That is the import—end of story; a clean bill of health on this. Senator Evans has been dredging this, and the Labor Party is dragging it on. What is the Labor Party policy in relation to MRI scanning?

Senator Faulkner—Honesty.

Senator HERRON—What is it in relation to delivery of services to people out there? Senator Faulkner has interjected ‘Honesty.’ We agree. We are honest. We have been completely honest. We have had yet another inquiry, and Senator Faulkner has four inquiries now with other matters and found nothing. The important aspect of this is that MRI services are now available throughout Australia. We have 66 units now that are providing services throughout Australia and we have 17 of them in non-metropolitan areas. That is a major bonus. That is what people want to hear out in the community, not some mickey mouse question from Senator Evans as to whether there has been probity. There has been total probity, as proven by the Auditor-General’s report.

Senator Faulkner—It has not proven that at all.

Senator HERRON—Senator Faulkner says that it has not proven that. Has he read the report, the whole 153 pages of it?

Senator Faulkner—Yes.

Senator HERRON—He was the one that accused the minister of lying. I would not do that. I would not say that about Senator Evans, but when he had said he had read the 153 pages! I want to put it on the record that Senator Faulkner has read the whole 153 pages. I would ask Senator Faulkner what it says at 4.43 on page 113.

The PRESIDENT—Senator Herron, it not the time to ask questions of Senator Faulkner.

Senator CHRISt EVANS—It is quite clear who has and has not read this report. Can you confirm, Minister, that there are no minutes of any of the meetings where it was determined to negotiate with the radiologists the details of this budget measure, and that the only evidence we have from the minister in the Auditor-General’s report is that he says, ‘I can’t say I didn’t make a comment’ and that he used the ‘I don’t recall’ defence, and that there is not one minute to prove his case? Can you confirm that there were no records kept of these negotiations? Why weren’t there any records kept?

Senator HERRON—I understand that Senator Evans is from Western Australia and I would think that, of anybody here in the chamber, he should know about the Carmen Lawrence defence. The answers to his questions are all on the public record. They have all been trawled over numerous times within the estimates committee.

Dairy Industry: Deregulation

Senator WOODLEY (2.57 p.m.)—My question is addressed in to the Minister representing the Minister for Agriculture, Fisheries and Forestry, Senator Alston. Is the minister aware of the announcement by Bonlac in Victoria that they are to reduce the amount of production of manufactured milk for export because of the low price being obtained in global markets? Is the minister also aware that the main reason given by the government for supporting dairy deregulation was to expand the export market for milk products? Will the government reconsider its support for deregulation, given the financial difficulties being experienced by Bonlac, the closure of a number of Bonlac factories and the loss of employment for many Bonlac workers?

Senator ALSTON—As I understood Senator Woodley’s question, it was this: am I aware that Bonlac has decided to reduce the export of manufactured goods because of low prices in global markets? If that is the case, they are responding appropriately. We are not in control of global markets. Quite clearly, they have to take the price that they can get. That is always the difficulty that you have if you are an agricultural producer. That is not a basis for government intervention—

Senator Schacht—Oh!

Senator ALSTON—I see: it is, is it? So, if global markets turn against you, that is what those tax increases are for, is it? You start throwing money at everything you can
find that you would like to prop up, because you think they should get a bit more and so you give them an export subsidy. Do not worry that the World Trade Organisation does not countenance that anymore. Away you go! You just splash the money around. Perhaps Senator Woodley, who is slightly more literate in these matters, might like to have a word to Senator Schacht and they can sort out their answer and work out what sort of subsidy they are in favour of, and we will look forward to the policy announcement in due course.

Senator WOODLEY—I thank the minister for his answer, but he was saved by an interjection, I would say, on that occasion. Minister, the problem with export markets is that they also, in this particular commodity, are pulling down the price for farmers in the domestic market. Is the government going to reconsider the deregulation of the domestic market because of the cost to farmers in Australia?

Senator ALSTON—It is too long since I did economics A, but I can certainly remember being told that if prices went up in a particular market then that was good news for sellers and suppliers, and if prices went down that was bad news, unless you could increase your volume. If you are somehow suggesting that because prices have gone down in world markets that is the basis for domestic government intervention, then I do not know why you would ever contemplate any form of restructuring or rearrangement of the sector. You would simply say that you want to control the prices that they ought to get. You would have some sort of government scheme to confiscate the properties and sell them at whatever price you thought was appropriate. I am afraid that is a long way away from the markets that we operate in. Madam President, I ask that further questions be placed on the Notice Paper.

PRIVILEGE

The PRESIDENT (3.00 p.m.)—Senator Gibson, the Deputy Chair of the Economics References Committee, by letter dated 6 April 2000, has raised a matter of privilege under standing order 81. The matter is an unauthorised disclosure of evidence taken in camera by the committee. Press reports indicate that Senator Murphy, a member of the committee, disclosed that a particular witness gave evidence to the committee in camera. Senator Gibson’s letter indicates that Senator Murphy has confirmed that he made such a disclosure. Senator Murphy, by letter dated 11 April 2000, has set out the circumstances of the disclosure.

The resolution of the Senate of 20 June 1996, adopting recommendations of the Privileges Committee, requires committees to take certain steps in relation to unauthorised disclosures of committee evidence or documents. The committee has substantially, but not completely, conformed with these requirements. The Senate’s resolution also provides that nothing in the resolution affects the right of a senator to raise a matter of privilege under standing order 81. I therefore regard the matter as having been duly raised.

I am required to determine, having regard to certain criteria, whether a motion to refer the matter to the Privileges Committee should have precedence. Past decisions of the Senate and the Privileges Committee indicate that the disclosure of in camera committee evidence is a matter which is always taken extremely seriously and which meets the criteria which I am required to consider. It may be thought that there is no point in referring the matter to the Privileges Committee because there is nothing for the committee to inquire into, in that a senator has conceded that he made the unauthorised disclosure. The Senate may well consider, however, that the Privileges Committee should be called upon formally to find the fact and the circumstances of the unauthorised disclosure and to advise the Senate on what action, if any, should be taken. I therefore give precedence to a motion to refer the matter to the Privileges Committee. It will be for the Senate to determine whether the referral should occur. I table the letters from Senator Gibson and Senator Murphy.

Because the Senate will adjourn today for a period of more than one week, under standing order 81(7) Senator Gibson may now move a motion to refer the matter to the Privileges Committee.

Motion (by Senator Calvert, at the request of Senator Gibson)— proposed:
That the following matter be referred to the Committee of Privileges:

Having regard to the material presented to the Senate by the President on 11 May 2000, whether there was an unauthorised disclosure of in camera proceedings of the Economics References Committee, and, if so, whether any contempt was committed and whether any action should be taken by the Senate in consequence.

**Senator MURPHY (Tasmania) (3.03 p.m.)**—This is a response to the motion proposed by Senator Gibson. The issue that arose related to the Senate Economics References Committee inquiry into the operations of the Australian Taxation Office. What happened at the time was that we did take a lot of in camera evidence, and there were some reports in the media with regard to the arrest of one witness that actually appeared before the committee. The circumstances were that the journalist that I spoke to was writing a story which was inaccurate and would have reflected on a particular public officer in a very serious and incorrect way. What I said to the journalist that led to the identification of some in camera evidence—and I have acknowledged that in my letter to you, Madam President—was to prevent that possible reflection on that very senior public servant.

Having said that, I would also like to say that Senator Gibson, other government members and the Democrat member of the committee subsequently asked me to put out a statement with regard to events that took place and evidence that was received in camera. That statement was to identify in camera evidence, and its purpose was to to correct a position that had been, in the view of the committee, incorrectly stated. That in camera evidence is contained in a statement which was issued—I am sorry I cannot say the date, but not that long ago—and which in effect identified further in camera evidence.

I am not quite sure what Senator Gibson’s intentions are, but I found it interesting that, when the government felt that a public officer, a senior public servant, had been misrepresented in the press, they saw fit to encourage me to put out a statement that disclosed in camera evidence. I did so because I felt it appropriate, and I would do so again.

Question resolved in the affirmative.

**Senator MURRAY (Western Australia) (3.07 p.m.)**—by leave—I appreciate the courtesy of the Senate in allowing me to make a short statement about my loud no in the vote on the motion. Very briefly, the committee, of which I was a member—and I must declare that interest—had known about the Petroulias affair, as it now is, way before it became a public issue. I think we first heard about it in the last quarter of last year. I must say that with my experience of Senate committees I was gratified to discover there was at least one committee where the Labor members, the coalition members and the Democrat member kept their mouths shut. However, this matter did appear in the media, and the chair was forced to react to questions to him. I was obviously not present during the discourse, but in my experience his actions thereafter have been at all times to protect the integrity of the committee, the integrity of the committee members and the integrity of the tax officer, without interfering with the natural justice required for the former tax officer. In this instance, my judgment is that the chair affected should not be asked to go the Privileges Committee. He has confirmed—

**Senator Alston**—Madam President, I raise a point of order. I am reluctant to intervene, but Senator Murray simply asked for leave to speak to his loud no, which I took to mean he wanted to make some procedural point. What he is now doing is speaking to the motion. He could have done that; he chose not to. The purpose of referring the matter to the Privileges Committee—in line with your ruling, Madam President—was so that the matter can be properly considered there. I understand why Senator Murray might want to put some things on the record at this point, but he will have an opportunity, and so will all others at that later stage. So I ask you, Madam President, to rule that Senator Murray is out of order, because he is going well beyond the basis on which he was granted leave to speak.

**Senator Faulkner**—Madam President, on the point of order, my view has been pretty consistent on these issues: that at the end of the day these matters are better dealt with in committees than in the Senate at this point.
That is why I did not vote no on the motion standing in the name of Senator Gibson which was before the chair. I might say, Madam President, I was not aware that you were going to make a statement. I do not believe anyone in the opposition was made aware that a matter of privilege would be raised after question time today. That is another matter.

Senator Alston—Senator Murphy was.

Senator Faulkner—I do not believe Senator Murphy was aware. But that is another issue. In this instance the opposition—

Honourable senators interjecting—

The PRESIDENT—Order! Senators should not be calling out to each other across the chamber.

Honourable senators interjecting—

Senator Faulkner—That is not a substantive point. That is not the point I making. I just make clear that the opposition—

Honourable senators interjecting—

The PRESIDENT—Order! Senators will come to order.

Senator Faulkner—On the point of order raised by Senator Alston, the opposition did not oppose the reference of this matter to the Privileges Committee. I happen to believe it is the proper function of the Privileges Committee to deal with such matters. I also believe it is proper for the Senate to examine this issue on receipt of a report from the Privileges Committee. And although I think it is competent for Senator Murray, if he is given leave, to make a statement in the chamber, I think those general principles which the opposition applied in this instance by not voting against the referral are worthy of serious consideration by all senators.

Senator MURRAY—To the point of order; my remark was explanatory. The Democrats would also never oppose a committee reference; I just did not think it was necessary.

ANSWERS TO QUESTIONS WITHOUT NOTICE

Question No. 1252

Senator ALLISON (Victoria) (3.13 p.m.)—Pursuant to standing order 74(5) I ask the Minister representing the Minister for Aged Care why an answer has not been provided to my question on notice No. 1252, which I asked on 18 August 1999.

Senator Herron—I would have to ask the Minister for Aged Care to reply to Senator Allison’s request, because I do not have anything here with me in reply to that question.

Senator ALLISON—I move:

That the Senate take note of the minister’s failure to provide either an answer or an explanation. The fact of the matter is that I referred this question to the minister’s office earlier today. Given that the answer is almost 12 months overdue, I regard it as being incumbent on the minister to have some form of explanation for not having answered the question. That question was about a very important matter. It was about the findings of SANE Australia’s national survey of services for older Australians with a mental illness. My question was:

(1) What, if any, action is the Government taking to address the following findings of SANE Australia’s National Survey of Services for Older Australians with a Mental Illness 1999: (a) negative attitudes towards older people with a mental illness, particularly those found within some mental health services; (b) the lack of policy and funding aimed at the special needs of people growing older with a mental illness, as distinct from those with dementia; (c) the urgent need for improved community and in-patient mental health services targeted at people growing older with a mental illness including improved liaison with psychogeriatric, dual disability and other specialists, general aged care services, general practitioners and staff at hospitals and nursing homes; (d) medication issues for older Australians with mental illness including the prescription of traditional antipsychotic medications at high doses which are infrequently reviewed; (e) too few disability support services available for older Australians with mental illness; (f) large numbers of older people with mental illness who are inappropriately ‘warehoused’ in hostel and boarding houses; (g) the lack of decent supported accommodation for older people with a mental illness; (h) the lack of support and training for general practitioners who are the main providers of clinical care for older people with a mental illness; (i) home and community care services which do not have the resources to meet the needs of older people with a mental illness; and (j) inadequate
training for staff in general aged care services, hostels and nursing homes working with people growing older with mental illness.

Will the Government work towards extending those successful existing programs which focus on supporting older people with a mental illness in the community.

These are urgent matters, and it was incumbent on the minister to respond to that question a long time ago—in fact, in September of last year. Instead of that we are now in May and the question is still not answered. In spite of my giving notice, the minister has come to the chamber without any sort of explanation as to why the question has not been answered.

**Senator CHRIS EVANS (Western Australia)** (3.16 p.m.)—I wish to make a few remarks on the issue that Senator Allison has raised to support her concerns about the delays from the office of the Minister for Aged Care in responding to questions on notice. This is not an isolated case. In my office we have had a number of questions on notice that have experienced the same sorts of delays as Senator Allison has raised. This is an important issue being raised in the Senate today, because it is interesting that generally the slowness of the response is related to the political sensitivity of the question. I think it is appalling that the minister has failed to respond to questions on notice and to questions asked at estimates. The delay has been months and months. The most classic example of this is the question that we asked on notice about surprise inspections of nursing homes. It took us months and months to get an answer to a question about whether or not surprise inspections had been carried out in nursing homes. Finally, the evidence came forward that in fact there had been no surprise inspections, contrary to what the minister had been saying in the House of Representatives.

I want to put it on record that Senator Herron has in general been very good at assisting in trying to get answers. I also want to put it on record that in terms of the questions that I have pursued at estimates the department has indicated that on most occasions the answers have in fact been provided to the minister’s office in reasonable time and have not been processed through the minister’s office and delivered to senators. So the delay seems to be in the office of the Minister for Aged Care—or the Minister for Age, as she is sometimes known these days. It is a very serious problem. Although Senator Herron has an office in the minister’s office—in Minister Bishop’s reluctance to answer questions placed on notice or asked at estimates that highlight her inadequacies in the portfolio. That is not acceptable. I think we need to get a better response. I felt it important that I support Senator Allison’s concerns because, as I know Senator Herron will vouch, I have had to raise with him on a number of occasions the lateness of responses given. We need to try to address that. We pursued this at estimates quite strongly, and I recommend that you look at the Hansard, Senator Allison, in terms of the answers from the department about where the delays are and when they have returned questions to the minister’s office. It makes interesting reading, and I think it highlights the problem. I therefore want to join Senator Allison in making my concerns known and in suggesting that we have to get a much better performance out of the Minister for Aged Care in responding to these questions.

**Senator HERRON (Queensland—Minister for Aboriginal and Torres Strait Islander Affairs)** (3.19 p.m.)—I thank Senator Evans and Senator Allison for their statements. I think it is important to note that there are reasons behind certain delays. By way of illustration, I know in my own portfolio that to produce an accurate answer to a question—because the answers have to be accurate as they are on the public record and there can be no fudging of the responses to the questions—the detail has to be gone into very carefully. For example, in my portfolio, if a question is asked about a particular community organisation, it goes through the local regional council, then to the state office and finally to the national office. It then has to go through that chain while the veracity of the answer is checked before again going back through that chain. Ultimately the answer is then provided to the question. Often that process takes weeks, if not months. That is one reason for delay.
The second reason for delay is that sometimes the detail required to answer questions is quite extensive and there are often a number of questions asked, so again that takes an inordinate amount of time. In many cases these questions affect different departments and different portfolios, so that is a further cause for delay. The final point I would make is that sometimes the number of questions directed to a particular portfolio results in a delay. I speak more particularly here of the health portfolio rather than the aged care portfolio—although aged care, as Senator Allison and Senator Evans recognise, has been under public scrutiny for most of this year, if not for a lot of last year. So I think there are reasons for this occurring. All ministers like to get these questions out of the way and responded to, because it is the entitlement of the opposition and the Australian public to get answers to those questions as expeditiously as possible.

In relation to the question that Senator Allison brought up, one of the reasons that I was unable to bring the answer forward to the Senate this afternoon—and as I understand it, Senator Allison kindly faxed a copy of this particular question to the minister’s office asking if she could have an answer to it and pointing out that an answer had been months in forthcoming—is that the minister and the department did not have time to produce it by this afternoon, but they will address the question as expeditiously as possible. That is why I responded in the way that I did. I will get back to the Senate as soon as possible in response to the question that she has just raised.

Question resolved in the affirmative.

Question No. 2102

Senator ALLISON (Victoria) (3.23 p.m.)—Pursuant to standing order No. 74(5), I ask the Minister representing the Minister for Health and Aged Care for an explanation as to why an answer has not been provided to my question on notice No. 2102, which I asked on 9 March 2000.

Senator HERRON (Queensland—Minister for Aboriginal and Torres Strait Islander Affairs) (3.24 p.m.)—I do not have a response to that, other than that I will approach the minister and see whether I can get a response as soon as possible.

Senator ALLISON (Victoria) (3.24 p.m.)—I move:

That the Senate take note of the Minister’s failure to provide either an answer or an explanation. Again, this question was faxed through to the Minister for Health and Aged Care in advance today. It is not a question which has been outstanding for nine months like the previous one. However, it is about the same subject, and that is people with mental illness. It was again a SANE report entitled People living with psychotic illness: an Australian study 1997-98. I think it is fair to say that people with a mental illness and SANE Australia could argue that this government shows little concern for people with mental illness when we cannot even get a simple response from the government to some very critical issues. My question was, firstly:

When will the Federal Government respond to the report...

That should be a relatively simple matter to answer, even if it is not in the next short while. I also asked:

Will the Government implement the eight key recommendations for action...

Again, that is a very important question for the Senate to take note of. I also asked:

(b) has the Government set a time line for the implementation of this action; (c) how will the
Government access the results of its action; and (d) what are the cost implications of the recommendations ... If the Government does not plan on implementing the eight key recommendations, what action does it plan to take to address the issues raised.

We hear very little in this chamber about people with mental illness. I raise these matters from time to time, but I rarely hear anything from the government in terms of initiatives, and the last budget again had nothing in it for people with mental illness. These are urgent matters. I say to the minister that I wish he would treat this matter with some seriousness and respond to this report, which has some very important findings and recommendations. I look forward to Minister Herron discussing this issue with the Minister for Health and Aged Care, and I look forward to getting an answer expeditiously. I will keep raising this matter in the Senate until an answer is provided.

Question resolved in the affirmative.

ANSWERS TO QUESTIONS WITHOUT NOTICE

Telstra: Market Value

Senator MARK BISHOP (Western Australia) (3.27 p.m.)—I move:

That the Senate take note of the answer given by the Assistant Treasurer (Senator Kemp), to a question without notice asked by Senator Conroy today, relating to the 2001-01 budget and Telstra.

We have the unedifying spectacle of the Treasurer delivering his fifth budget after 10 years of sustained growth doing his level best to destroy his own budget and incidentally attack and harm a company 51 per cent owned by the government and 49 per cent owned by various private interests. The budget surplus, as we know, is phoney enough when based upon the sale of licences related to the use of thin air, when only a month ago the government refused to disclose figures for non-asset sales on the grounds that it might affect auction results if indicative figures were disclosed.

To avoid criticism of that backdown, the Treasurer deliberately and with malevolence attacked a leading telco capitalised at $50 billion or $60 billion on the Australian Stock Exchange. This attack comes in the public knowledge that the government has partially privatised Telstra on two occasions and has given an undertaking to further privatise Telstra only after a full public inquiry into service levels. In that context, the Australian Treasurer attacked Telstra by shooting off some comments about Telstra’s dividend payout capacity and next year’s expected dividends. Immediately, the markets reacted by slashing capitalisation by $1 billion and more than $500 million each from the government share and that of private sector interests.

Look at what the budget papers say on this issue. The budget papers refer to lower Commonwealth dividend receipts from some government business enterprises and lower dividends from the Reserve Bank—nothing else. There is no specific mention of Telstra, no oblique reference to Telstra and no implied criticism of Telstra. In fact, it is clear that the Treasurer and the government have had knowledge of advanced dividends and special dividend payments because it has been in previous budget papers and on the public record for the last 2½ years.

The Treasurer, behaving grossly unfairly in attempting to distract attention from his phoney spectrum sale surplus by attacking Telstra, then refuses to take calls from Telstra executives, ostensibly on the grounds it would be pre-budget comment. The Treasurer refuses to talk to Telstra and encourages the market to wreck and lower the price of an asset owned by some two million Australians. In the final analysis, the Treasurer attacks Telstra, harms the assets of two million Australians and reduces the value of long-term investments held by institutions, both domestic and foreign. Telstra has to defend its own company in the marketplace by going public. Telstra denies it delivered any bad news at all to the government. It was Mr Costello who told reporters that Telstra had delivered ‘very bad news’ on future dividend payments. What was Telstra’s public response? Telstra said, and I quote the Australian Financial Review:

[His comments] were not helpful from the perspective they could be construed that the company was performing badly ... We didn’t give Costello bad news at all.
So there we have the facts in full. We have a phoney budget surplus from the Treasurer. We have an attack by the press, who understood this immediately, on the government. The strategy of the Treasurer is to deflect the tension by creating an alternative news story. That alternative story misrepresents the facts and harms the government asset and two million Australians. Telstra immediately attempts to gain a retraction. The Treasurer, for reasons unknown, refuses to take the calls from the relevant executives of Telstra. Telstra then denies giving any bad news to the government. What a weird and wonderful exercise we have been subject to this week for no apparent reason. We have a real sale, in due course, giving us a current phoney budget, the government gets attacked on that and the Treasurer, to deflect this criticism from his own actions, makes up the story that Telstra has given him bad news. (Time expired)

Senator ALSTON (Victoria—Minister for Communications, Information Technology and the Arts) (3.32 p.m.)—I am a bit disappointed. I would not have expected Senator Bishop to go over the top in the way that he has. I suppose he is under instructions from his WA colleague, and he has to get in there and show solidarity. But it is a very grubby attack. It is not one that he would for a moment contemplate making outside the parliament, makes up the story that Telstra has given him bad news. (Time expired)

Senator ALSTON—Senator Conroy—Senator ALSTON (Victoria—Minister for Communications, Information Technology and the Arts) (3.32 p.m.)—I am a bit disappointed. I would not have expected Senator Bishop to go over the top in the way that he has. I suppose he is under instructions from his WA colleague, and he has to get in there and show solidarity. But it is a very grubby attack. It is not one that he would for a moment contemplate making outside the parliament, because he knows where he would end up.

Senator Conroy—Oh, come on!

Senator ALSTON—If you do not believe me, just try it. The facts are that Mr Costello acted with absolute propriety at all stages, had no inside information and did not accuse Telstra of anything at all. The suggestion is that somehow something that was said caused him to wreck the market price of Telstra. If you look at what happened yesterday, the share price of Telstra fell 9c—it has fallen for seven consecutive days—the share price of Optus fell 35c and Hutchison went down 38c. Are you going to blame the Treasurer for that? Of course not. It is an absolute nonsense. So let us look at the facts. The Treasurer’s comments that the Commonwealth dividend would be lower for the financial year ending 2001 are attributable to the fact that no special dividend has been planned for the next financial year, and the Commonwealth shareholding has decreased from 66.6 per cent to 50.1 per cent—and we all know why that is and why it ought to go further. Mr Costello, with the responsibility to maximise non-tax revenue, was simply pointing out that he was disappointed that he would not get as much money as he would like from the RBA and Telstra. Fortunately, we have what you choose to characterise as ‘thin air’ revenue.

Senator Mark Bishop interjecting—

Senator ALSTON—I know where you get that term from. It comes from a book written by one of Tony Blair’s advisers. Presumably, Mr Beazley believes most of what Mr Blair says. He ought to at least take a bit of advice from him and not roll over to the unions every day of the week. But just to be perfectly clear, as far as Mr Stanhope is concerned, my understanding is that no attempt was made to contact the Treasurer. The remarks attributed to Mr Stanhope in the paper this morning are therefore incorrect. It is quite wrong to say that Mr Costello’s remarks were not helpful. I read other reports indicating that fund managers had had it explained to them by Telstra that there may have been some misunderstanding but the facts were that Mr Costello thought it was bad news for the budget that he was not going to get the special dividend he got last year.

Senator Mark Bishop—Are you saying that Stanhope lied?

Senator ALSTON—I am simply saying that the press report suggesting that the Treasurer refused to take calls from Mr Stanhope is absolutely incorrect.

Senator Mark Bishop—That’s what it says in the paper.

Senator ALSTON—No, it is not in the paper. It does not say that at all.

Senator Mark Bishop—Page 1, Australian Financial Review.

Senator ALSTON—No, it did not say that he had refused to take calls. It said something like, ‘Mr Stanhope claimed that he had been unable to see the Treasurer.’
Senator Mark Bishop—It says ‘attempts to discuss the matter with the Treasurer yesterday morning had been fruitless’.

Senator ALSTON—Yes, that is right. That is not refusing to take calls. Either of those constructions is wrong. If Mr Stanhope was talking to someone at the office, so be it. But he certainly was not attempting to speak to Mr Costello. Mr Costello had no knowledge of Mr Stanhope wanting to contact him. But why should Mr Stanhope be wanting to contact him? There is no basis at all. Other Telstra executives understood the facts of life. You want to wilfully misrepresent those facts. The facts are that he was simply expressing understandable disappointment that we were not going to get the special dividend this year. If you really want to know what might be affecting Telstra’s performance, just look at what Moody’s and Standard and Poor’s had to say. They pointed the finger right at you lot, and this is going to be a massive credibility issue for you come the next election.

Senator CONROY (Victoria) (3.37 p.m.)—That was absolutely pathetic from the government. Senator Alston has to stand up in here and continue the smokescreen. What happened in that budget lockup was that the government were in panic: their surplus, their strategy, was in tatters and the Treasurer needed some cover. What did he decide to do with no regard whatsoever for the ordinary shareholders in Telstra? He decides to trash the Telstra management. We have had Mr Stanhope quoted as saying in the papers today:

I don’t know what the Treasurer was thinking. All I know is that the words used could be construed as saying that the business was not performing well.

We have seen the front-page headline of the Financial Review: ‘Telstra takes on Costello’. We have the Australian headed ‘Telstra in damage control’ and we have Mr Westfield’s article headed ‘Costello shoots from lip at telco’ which stated:

Peter Costello’s Budget night gaffe suggesting Telstra’s dividend outlook was “bad news, very bad news” has only compounded the selling pressure ...

We have a government in panic that is prepared to do and say anything to cover up its budget strategy that is in tatters. We have had calls for urgent strategy talks. Institutional investors are pushing for urgent talks with Telstra on the back of the incompetence and deceit of this Treasurer. I would like to be able to stand before you today and tell you that it is not the first time that this Treasurer has sent stock markets running. We only have to go back a couple of years when Peter Costello, in his newly appointed position as Treasurer—

Senator Heffernan—Madam Deputy President, I raise a point of order.

Senator CONROY—My God, he is on his feet—a round of applause for Senator Heffernan.

Senator Carr interjecting—

The DEPUTY PRESIDENT—Order! Senator Conroy and Senator Carr and anybody else who is interjecting, please cease.

Senator Heffernan—Madam Deputy President, I ask Senator Conroy to withdraw the remarks about the deceit of the Treasurer.

The DEPUTY PRESIDENT—If you said that the Treasurer was deceitful, Senator Conroy, you should withdraw, please.

Senator CONROY—I withdraw.

Senator Ferguson—Show a bit of respect.

The DEPUTY PRESIDENT—Senator Ferguson, you know interjecting is disorderly and it is even more so when you are not in your place. I will have some silence from you and your colleague. If you wish to speak, put your name on the speakers list.

Senator CONROY—I think Senator Heffernan should issue a statement that that is the fourth time in two to three years he has stood on his feet and spoken in parliament. It deserves a birthday cake and a press release.

Senator Calvert interjecting—

The DEPUTY PRESIDENT—He is speaking; he has the call. Order! Senator Calvert, I am aware of frivolous points of order and I would urge caution.

Senator CONROY—As I was saying before I was so eloquently interrupted by Senator Heffernan, it is not the first time that
this Treasurer has displayed extraordinary indiscretions by making revealing comments that have sent markets spinning. A couple of years ago he was over in the US and had his first briefing with Dr Greenspan, one of the most influential and powerful bankers in the world. What did Mr Costello do? He came out of his private briefing, where he was given confidential information about the economy, the views of the Reserve Bank equivalent in America, and he said in a press conference:

He—

that is Dr Greenspan—

indicated to me that he saw no threats to inflation down the track ... I don't think there is any expectation at the moment that rates are going to rise.

This was at a time of extraordinary sensitivity. What happened on the back of Mr Costello's injudicious leaking and grandstanding on the world stage? The US stock market surged to record levels and the Japanese bond market surged to record levels.

So it is not the first time that the Treasurer has been prepared to use his position, use his influence, to cause havoc on the markets. Telstra are suffering because of this government's attempts to cover up and mislead ordinary Australians about the state of the budget. This is a government that has been prepared to engage in shonky accounting practices to try to pretend it is still in surplus and to try to cover up for the fact that this budget is in deficit, and the government knows it. While government senators on the other side sit there laughing, they are supporting a man that is prepared to do anything he needs to do to cover for his own embarrassment.

The Treasurer was caught out when the PM leaked the Timor story and he was lamenting on the radio: 'I just wish it had still been a story we could have used, because it would have surprised and been sexy for the markets.' Who leaked it to cover it up? He is pointing the finger at the Prime Minister. It is the Prime Minister that has left the Treasurer with no clothes on budget night. What does the Treasurer do to try to cover for that? He trashes the Telstra stock price, which is worth a billion dollars to ordinary Australian mums and dads. (Time expired)

Senator CHAPMAN (South Australia) (3.43 p.m.)—The Australian people certainly know from bitter experience two things about Labor: firstly, you cannot trust them with the nation's finances; and, secondly, you cannot trust Labor on tax. That has certainly been reinforced by the limp attack we have seen from the Labor opposition on this year's Liberal-National Party government budget, which again has been engendered in this chamber today. We have just heard Senator Conroy and earlier we heard opposition senators talking about the so-called phoney surplus in this year's budget.

Senator Calvert—It was Senator Mark Bishop.

Senator CHAPMAN—That is right; it was Senator Bishop—the forgettable Senator Bishop, obviously, because I could not remember his name for a moment. This simply reinforces the fact that you cannot trust Labor with the nation's finances. It reinforces the fact that they do not understand basic accounting principles.

The mobile phone radio spectrum, which Labor refers to as being part of this so-called phoney budget and phoney surplus, is being licensed by the federal government. It is not being sold; it is being licensed. Through that licence, it will provide a source of revenue to the government which in effect is a repeatable source of revenue because the licence goes only for a certain number of years and then the licence has to be renewed and the licence fee is paid again. So this is a repeatable source of revenue for years into the future. Under proper accounting principles, as has been well established by the Treasurer, it should be part of the budget revenue and go into the budget bottom line.

We need only compare that with the way in which the Labor Party in government treated other items which certainly should not have gone into the bottom line of the budget. I refer particularly to their sale of assets as distinct from their licensing of radio spectrum. They put the proceeds of the sale of those assets, like Qantas and the Commonwealth Bank, into the budget bottom line and
then proceeded to spend what they gained from the sale of those assets in that particular budget in the year of receipt of the funds. What happened was that, once spent, that capital was gone forever and the next year, to keep up that level of spending, the Labor government had to borrow extensively. That is why we saw, in Labor’s period in office, the government’s indebtedness go from $16 billion to $96 billion. There was an increase of $80 billion in the debt during the life of the Labor government, purely because they did not understand financial management and proper accounting principles and, therefore, they treated receipts from assets as annual revenue rather than as a capital item. They did not use it to pay off the debt. In fact, they used it as annual revenue and, as a result of that, we had this massive increase in debt during the life of the Labor government. Of course, most of it was wasted spending which did not generate any benefit for the Australian community.

As I said, in contrast to that, the radio spectrum is a renewable source of revenue. Of this government’s activities with regard to the sale of assets, I will cite the issue of Telstra. All of the money from Telstra has been used for capital purposes, principally to pay off a large swag of that massive debt inherited from the Labor government but also for the capital purpose of rehabilitating our environment. So that is quite a dramatic contrast between this government and the Labor government—that is, the sale of assets as distinct from licensing of radio spectrum.

The other attack we heard from the two senators this afternoon was with regard to the damage to Telstra that they allege had been done because of comments by the Treasurer. As Minister Alston showed a few moments ago, the decline in Telstra’s price has been consistent in recent days—it was not simply as a consequence of a one-off comment by the Treasurer—and it also is consistent with the fall in price of other telecommunications service providers over the same period, such as Optus.

Anyone who knows the situation with regard to Telstra knows that the major damage that is being done to Telstra is again being done by the Labor opposition because of their refusal to accept the full privatisation of Telstra and their refusal to allow the Australian people to have direct ownership of the remaining 50.1 per cent of Telstra which would benefit Telstra’s future and the future of all Australians. Telstra is hamstrung most by that decision of the Labor opposition.

(Time expired).

Senator QUIRKE (South Australia) (3.48 p.m.)—I think I ought to start by pointing out to Senator Chapman that the Australian people already own Telstra. It is not a case of selling it to them. It is not a case of saying, ‘We’re going to flog it off to them at whatever price we can get for it.’ They actually already own it: I correct myself, they used to own it but they do not any more. In fact, they own only 50.1 per cent.

Senator Chapman interjecting—

The DEPUTY PRESIDENT—Order! Senator Chapman, you have had your chance to speak.

Senator QUIRKE—Senator Chapman is a well-known rude individual. I sat patiently listening to his drivel for five minutes and I suggest he do the same for me. But if he wants to interject, that is fine and we will deal with him as it goes.

Normally I would start this speech today by not correcting Senator Chapman, because I have got only five minutes. I would actually start by taking a moment’s silence. I would take a moment’s silence for all of those poor punters out there who believed this crowd when they said, ‘This is the road to El Dorado; what you do is you buy the next tranche of Telstra. We baited the hook very well with the first tranche, but the next tranche is where the real money is. Go and get in there, then we will sell you some more.’

What has happened, unfortunately, is that that asset owned by 18.6 million people in this country became an asset increasingly owned by fewer and fewer and fewer. Sadly, because of the Treasurer, they got burnt yesterday—and they got burnt very badly. That is what the moment of silence is about, because those mums and dads that those on the other side trumpet about who bought Telstra believed all the hype—and what happened?
They bought the asset, and it is going down and down.

Just to make sure of it, the Treasurer gave us one of his specials, because this man has lots of form on this. When he was the new Treasurer, off he toddled to the United States and he was feted over there. In fact, he got an appointment to see Alan Greenspan. I bet Dr Greenspan was somewhat sorry that happened afterwards, because, when the Treasurer came out of the meeting, he blurted all the sensitive private information that was given to him, and that caused all sorts of problems. In fact, he did the same yesterday. Just so there is no argument about this, I want to quote exactly what the Treasurer said. This is what came out at the press conference as reported in the paper:

“When I’m doing a Budget,” Mr Costello said, “I write out to Telstra and I say, ‘What is the dividend going to be?’ I write out to the Reserve Bank and ask, ‘What is the dividend going to be?’

“When the message came back from the Reserve Bank and Telstra, it was bad news, very bad news.”

I do not know what the argument is about here today from the other side. That is a quote straight from the Treasurer. I heard a comment made over the floor of the Senate that perhaps if people were to go outside and make these sorts of statements, they would be sued. I am waiting for the writs to turn up to all of those reporters who wrote this stuff in the media, because this looks straight up and down here. Obviously Mr Costello must not have said it. If he did not say it, why aren’t the writs being served? We all know that Mr Costello did say it. We have plenty of witnesses to the fact that he did say it.

The other issue that has come up here this afternoon is about Telstra. We have been told that Telstra basically oscillated between certain states, one of which was incompetent management—and that is the real reason why the shares are going down. We had Senator Alston here making some comments about Telstra management. I would say to Senator Alston that he also should not go outside and say that. I just want to quote from what Mr Stanhope from Telstra said. I think this will make it pretty crystal clear. The journalist asked Mr Stanhope:

You do not need these complications from your key shareholder though, do you?

In answer, Mr Stanhope said:

Well the words, as they were reported, were not helpful, no. But that’s why we were quick to respond by lodging a statement at the Stock Exchange to reaffirm our business performance position.

I think that speaks for itself. (Time expired)

Question resolved in the affirmative.

FUEL SALES GRANTS BILL 2000
PRODUCT GRANTS AND BENEFITS ADMINISTRATION BILL 2000
FUEL SALES GRANTS (CONSEQUENTIAL AMENDMENTS) BILL 2000

First Reading

Bills received from the House of Representatives.

Motion (by Senator Heffernan) agreed to:

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

Bills read a first time.

Second Reading

Senator HEFFERNAN (New South Wales—Parliamentary Secretary to Cabinet) (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—

Fuel Sales Grants Bill 2000

In the ANTS Tax Reform policy document, the Government recognised that by reducing excise on petroleum fuels at the time the GST is introduced, the price to consumers of petrol and diesel need not rise.

The Government acknowledges, however, that consumers generally face higher fuel prices in rural and remote areas. By this Bill the Government proposes a grant on fuel sales that will help to address the divergence in fuel prices between metropolitan and regional areas.

Grants will be paid to fuel retailers for sales to end users that are made in eligible locations after 30 June this year. Grants will be paid at a higher rate
for sales made in locations that are remote from major urban centres. Eligible locations and the rate of grants to be paid are to be prescribed in regulations.

Further details about the entitlement criteria and how to apply for payments under the scheme will be provided in advance of the implementation before 1 July 2000. The scheme will provide for advances to be made against grant entitlements. These will address cash flow concerns.

Fuel prices will be monitored in the lead up to 1 July 2000 and fuel retailers will be expected to pass on to consumers the benefit of the fuel sales grant.

This Bill, the Fuel Sales Grants Bill, is one of 3 Bills that are required to implement the Fuel Sales Grants scheme. Together with regulations contemplated by the Bill, it will confer the entitlement to the grant on eligible claimants.

The provisions of the Fuel Sales Grants Bill are to commence from Royal Assent. The Government anticipates that the Bills will be enacted well before 1 July 2000 so as to avoid any undue delay in implementing the scheme.

Full details of the measures in the Bill are contained in the explanatory memorandum.

I commend the Bill and present the explanatory memorandum.

**Product Grants and Benefits Administration Bill 2000**

This Bill, the Product Grants and Benefits Administration Bill, is the second of a package of 3 Bills that are required to implement the Fuel Sales Grants scheme.

This Bill will provide a standardised administrative framework for grants and benefits administered by the Commissioner of Taxation. It provides for matters such as:

- the registration of claimants;
- the claiming and assessment grants;
- the making of advance payments;
- the record-keeping obligations of claimants; and
- measures to promote compliance with the grants and benefits law.

The provisions in this Bill are to commence from Royal Assent.

Full details of the measures in the Bill are contained in the already presented explanatory memorandum.

I commend the Bill.

**Fuels Sales Grants (Consequential Amendments) Bill 2000**

This Bill, the Fuel Sales Grants (Consequential Amendments) Bill, is the third of the package of 3 Bills that are required to implement the Fuel Sales Grants scheme.

This Bill will amend the *Taxation Administration Act* 1953 to ensure that the provisions which apply generally to Acts administered by the Commissioner of Taxation will apply appropriately to the new grants and benefits laws. These provisions include those relating to prosecutions and offences, the general interest charge, and the collection and recovery of tax-related liabilities.

The provisions of this Bill are to commence at the same time as those in the Fuel Sales Grants Bill.

Full details of the measures in the Bill are contained in the already presented explanatory memorandum.

I commend the Bill.

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

**COMMITTEES**

**Migration Committee**

**Report: Government Response**

Senator HEFFERNAN (New South Wales—Parliamentary Secretary to Cabinet) (3.55 p.m.)—I present the government’s response to the report of the Joint Standing Committee on Migration entitled *Going for gold: Immigration entry arrangements for the Olympic and Paralympic Games*, and I seek leave to incorporate the document in *Hansard*.

Leave granted.

*The document read as follows—*
GOVERNMENT RESPONSE TO THE JOINT STANDING COMMITTEE ON MIGRATION’S REPORT ON IMMIGRATION ENTRY ARRANGEMENTS FOR THE OLYMPIC AND PARALYMPIC GAMES – “GOING FOR GOLD”

JSCM RECOMMENDATION

**GOVERNMENT RESPONSE**

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<th>Recommendation</th>
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<td>1. DIMA should ensure that special arrangements made for the Olympic Family are extended to the Paralympic Family.</td>
<td>Agreed. DIMA is ensuring that special arrangements apply equally to both Olympic and Paralympic Family Members. SOCOC are handling entry and accreditation arrangements on behalf of SPOC for the Paralympic Games and Paralympic Family Members will receive the same level of service from DIMA as their Olympic counterparts.</td>
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<td>2. The Committee recommends that the MOU be finalised as a matter of urgency.</td>
<td>Agreed. The MOU was signed on 7 December 1999.</td>
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<td>3. The Committee recommends that the finalised MOU be sent to the Committee for further assessment.</td>
<td>Agreed. The MOU was sent to the JSCM on 24 December 1999.</td>
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<td>4 The Committee recommends that SOCOG promote the advantages to accredited Family Members of the early submission of applications, and encourages Family Members to submit their applications for accreditation early.</td>
<td>Agreed. SOCOG advises that it supports the Committee’s recommendations and is working closely with the Commonwealth’s border control agencies to ensure that arrival, processing and exit arrangements ensure the smooth and timely movement of Olympic and Paralympic Family Members. DIMA is using its overseas network to work with National Olympic and Paralympic Committees to educate them and to assist the smooth travel of Family Members.</td>
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<td>5. The Committee recommends that the proposed Entry Response Team (ERT) be formed as a matter of urgency to enable full and proper training and testing, to ensure that the ERT will be able to perform its duties efficiently.</td>
<td>Agreed. Training of Immigration Inspectors, including ERT members, is underway.</td>
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<td>6 The Committee recommends that consideration be given to allowing airlines carrying large numbers of Family Members access to the Village on day of departure.</td>
<td>Agreed. SOCOG advises that it supports the Committee’s recommendations and is working closely with the Commonwealth’s border control agencies to ensure that arrival, processing and exit arrangements ensure the smooth and timely movement of Olympic and Paralympic Family Members.</td>
</tr>
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<td>7. The Committee recommends that consideration be given by the border control authorities to the provision of dedicated border clearance arrangements for Family Members, possibly through off-site processing.</td>
<td>Agreed. The Australian Customs Service (Customs) supports the Committee’s recommendation and advises that dedicated Olympic and Paralympic Family processing lanes will be established at the Outwards Control points at Sydney Airport. Consideration is being given to processing OFMs, travelling on dedicated charter flights, at off-site locations including the Athletes Village and certain hotels and floating hotels. Consideration is also being given to dedicated processing arrangements for Athletes Village residents. SACL advises that it supports the recommendation and that it will also examine temporary dedicated OFM (Olympic and Paralympic Family Member) processing points in the Terminal Building with discrete airside access.</td>
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| **8. The Committee recommends that DIMA as the Coordinator of the VIC web-site:** | **Agreed.**
| --- | --- |
| • include translations of the abridged booklet on the website as they become available, and  
• consult with SOCOG with a view to reviving the hyperlink from the official Games site to the relevant government sites. | Translations into French, Spanish and German have been available on the site for some time and other languages will be added as they become available.  
The hyperlink has been restored. |
| **9. The Committee recommends that, as a matter of urgency, DFAT examine the potential embarrassment if a large number of visa applications from any country is refused, and work with DIMA on reducing this potential.** | **Agreed.**
| | DFAT and DIMA support this recommendation. DFAT is working closely with DIMA to manage the efficient processing of visa applications, especially in countries where refusal rates are currently higher than average. Should there be evidence at an early stage of an unusually high rate of refusal for any country, DFAT and DIMA would manage these on a case by case basis, taking into account the reasons for rejection. Many of Australia’s overseas posts are pursuing a strategy of working with National Olympic and Paralympic committees, tour operators and other interested parties to raise awareness of entry and visa procedures and to encourage early lodgement of applications where this is appropriate. |
| **10. The Committee recommends that an independent review analyse the effect of the visa application fee on applications and the effect on Australia’s image as a potential tourist destination.** | **Disagreed.**
| | DIMA is not aware of any empirical evidence to substantiate the claim that the visa application fee has any effect on Australia’s potential as a tourist destination. Over 85% of all tourists enter Australia on a free ETA and growth in non-ETA markets has remained strong over the past two years. Visa application fees for visitors from non-ETA countries are broadly in line with those charged by most of our tourism competitors. |
| **11. The Committee recommends that the number of countries eligible for ETA be expanded.** | **Agreed in principle.**
| | ETA arrangements which were introduced in Singapore in September 1996 are now available to passport holders from 31 countries and locations including the majority of Australia’s high volume, low risk tourist source areas: Japan, USA, UK, several Western European countries, Hong Kong and Taiwan.  
More than 5 million ETAs have been issued to date and they are widely available. Over 70 airlines participate in the ETA system and ETAs are available from more than 50,000 external service providers. Holders of ETA-eligible passports are not required to apply for ETAs in their country of citizenship.  
Over 85% of all visitors and short term business travellers to Australia choose to obtain an ETA rather than a traditional label visa. In countries where the national passport is an ETA-eligible passport over 95% of travellers obtain an ETA rather than a label visa.  
ETA now covers all high volume tourist markets, and is now in its consolidation phase. Other tourist markets may become suitable for ETA in the future. |
| **12. The Committee recommends that DIMA monitor the current practice among agents issuing ETAs to determine the proportion charging and the amounts charged by the various agencies.** | **Disagreed.**
| | Fees for ETA processing charged by external service providers are not subject to Australian Government regulation or control and any attempt by Government to “monitor” agents would be seen by the industry as an unwelcome intrusion into their business.  
Access to the Electronic Travel Authority System is provided free of charge by the Australian Government to ETA external service providers (which
### 13. The Committee recommends that, prior to and during the Games, DIMA and DFAT publicise their willingness to assist the unaccredited media.

**Agreed.**

DIMA is committed to providing a high level of service to all media outlets including the unaccredited media and is:

- Working closely with the whole-of-Government media strategy being implemented by PM&C
- Allowing unaccredited media representatives to enter under business ETA or business visa arrangements;
- Providing Posts with information to meet the needs of unaccredited media.

DFAT advises that it recognises the importance of providing high quality information, efficient advice and services to all overseas media interests in Australia for the Games. To service increased media interest in Australia DFAT has introduced several new services, including:

- Expansion of DFAT’s International Media Centre in Sydney to service the increasing number of overseas media visitors with program support and information.
- A dedicated Internet website to service media interest in Australia with online information about major policy areas including indigenous issues, economic settings and social cohesiveness within cultural diversity.
- Establishment of a joint venture Sydney Media Centre for overseas reporters not accredited by SOCOG providing a centralised service for non-game issues.
- Promotion of services to media visitors through DFAT’s overseas posts networks using Sydney 2000 countdown events and directly servicing key media contacts with information on available services.

SACL plan to establish welcome desks for unaccredited media, one in each international arrivals pier at Sydney Airport.

### 14. The Committee recommends that with respect to API, DIMA and ACS:

- assess the level of its use prior to the Games period;
- pursue expanded access by airlines to simplify and further streamline passenger processing;
- and liaise with the relevant airlines for more extensive promotion of the API system, awareness of the “Express” card, and its relevance to the arrivals streaming.

**Agreed.**

Border agencies received API for 35% of all passengers arriving in Australia for the 12 months to 30 June 1999. The figure for departing passengers for the same period was 6.4%.

A steering committee chaired by DIMA and including Customs has been established to achieve maximum uptake and implementation of APP/API thereby providing a greater level of Advance Passenger Information to the border agencies. Currently four airlines provide API data. Customs and DIMA are vigorously marketing the APP system to all major airlines and have developed mutually beneficial agreements for airlines to consider – which include the requirement for the carriers to promote the use of the “express” card and its benefits to arrivals processing.

The Australian Government has approached over 50 major international airlines to establish formal agreements (in the form of a Memorandum of Understanding) around the implementation of APP to assist achievement of the mutual goal of border integrity and passenger facilitation.

### 15. The Committee recommends that border authorities undertake specific early testing of computer performance in situations approaching predicted levels and duration of demand.

**Agreed.**

The Australian Customs Service advise that prior to implementation of the new Customs’ Passenger Analysis Clearance and Evaluation System (PACE), production load testing was run in a simulated environment. During this time the system was subjected to predicted Olympic volume loads without any significant degradation in performance. In addition the system was tested at 10% and 20% above the predicted Olympic volumes with the same results. With the PACE system implemented, capacity planning is
being undertaken based on recorded production loads and utilisation to confirm the results found during the pre-production testing.

DIMA’s Electronic Travel Authority System (ETAS), implemented in 1996, is designed to handle at least nine million visitors a year – double the number of international tourists expected to visit Australia in 2000 and would be able to process the additional visitors to Australia over the Olympic period.

16. The Committee recommends that, to provide a surge capacity for the Games period, the border authorities consider offering short-term employment to appropriately qualified and/or experienced former officers.

Agreed.

Border agencies have commenced training programs and are putting other strategies in place which will provide adequate staffing to cover all contingencies during the period of the Games. This may involve some redeployment of existing resources. Contingency planning will take into account the likely need to consider using former officers.

17. The Committee recommends that assistance to non-English speaking visitors be enhanced with increased multilingual and graphic signage.

Agreed.

The Sydney Airports Corporation Ltd (SACL) supports the recommendation. SACL advise that as part of the Sydney Airport 2000 International Terminal redevelopment project all directional, regulatory and international signage is being upgraded or replaced. This will include the extensive use of internationally accepted pictograms and enhanced use of dynamic signage.

An airport signage master plan has been prepared and will provide a logical migration of signage from the car park through to the aircraft and from the aircraft to ground transportation. Multilingual signage can be displayed on the dynamic signage monitors.

At Games time this signage will be supplemented with SOCOG’s way finding signage in the official International Olympic Committee languages for the Sydney 2000 Games, English and French. SACL’s Gold Ambassadors providing hospitality services within the International Terminal’s controlled areas will be able to offer a range of linguistic services. They will also be backed up by SOCOG’s telephone multilingual services.

18. The Committee recommends that the Department of the Prime Minister and Cabinet, as the coordinator of Olympic and Paralympic responsibilities, pursue the issue of minimising land-side congestion at Sydney.

Disagreed.

PM&C advise that responsibility for landside congestion at Sydney Airport rests with SACL and the New South Wales Government. The Committee’s recommendation has been conveyed to SACL. SACL comments that significant infrastructure improvements at Sydney Airport will enhance the flow of people in all areas at Games time. “Meet and greet” arrangements for Family members will be done in such a way as not to impede the flow of non-Games traffic.

19. The Committee recommends that the border authorities consider the implementation of all methods to ease congestion at the departure checking lines, such as a single line/multiple queuing system for departing passengers.

Agreed.

Border agencies, SACL and Games organising committees are considering several initiatives designed to ease congestion at the departure point. These include off-airport processing and check-in in particular circumstances; outwards processing at airside bus lounges; and various options designed to streamline processing at the outwards control point – including dedicated Olympic passenger lanes and consideration of alternatives to the current queuing arrangements.

20. The Committee recommends that there should be 24-hour on-site coverage by Australian ALOs at the hub airports of Bangkok and Singapore.

Disagreed.

At present there is no need for 24 hour coverage by an Australian ALO at either of these airports since the Australian bound traffic does not operate from these airports evenly over the 24 hour period.

In recognition of the importance of both Singapore and Bangkok airports, an additional ALO has been placed at both airports to maximise the period of coverage for Australian bound flights. The additional resources were as a result of the recommendations of the Prime Minister’s Coastal Surveillance Task Force. Whilst there are now two ALOs at both airports (and also
Kuala Lumpur), these resources do not provide for 24 hour, seven days a week coverage. However, as outlined above this is not required given current flight departure patterns.

21. The Committee recommends that DIMA should not, as a matter of policy, rely on the assistance of ALOs from other countries to monitor travellers to Australia and assist check-in staff. Prior to the Games, DIMA should ensure that it has adequate migration coverage at key hub overseas airports.

Disagreed.

International people smuggling impacts on several countries including Australia, Canada, the United States, United Kingdom and several European and Scandinavian countries. In order to combat people smuggling, there is a high degree of international, inter-agency cooperation and information sharing. A means of maximising the effectiveness of resources at airports across the globe is to work in close cooperation with ALOs from other countries and this allows coverage of Australian flights where there is insufficient justification for a full time Australian ALO.

Australia also performs interception work relating to improperly documented travellers on behalf of other countries and Australian ALOs intercept many such passengers flying to destinations other than Australia. The number of Australia bound interceptions may determine the requirement for the presence of an ALO, but when an ALO is present at an airport, airlines tend to take advantage of their expertise and experience for all flights.

Senator BARTLETT (Queensland) (3.55 p.m.)—by leave—I move:

That the Senate take note of the response.

I seek leave to continue my remarks later.
Leave granted; debate adjourned.

DOCUments

Auditor-General’s Reports

The DEPUTY PRESIDENT—In accordance with the provisions of the Auditor-General’s Act 1997, I present the following report of the Auditor-General: Report No. 43 of 1999-2000—Performance Audit—Planning and Monitoring for Cost Effective Service Delivery—Staffing and Funding Arrangements: Centrelink.

Senator O’BRIEN (Tasmania) (3.56 p.m.)—by leave—I move:

That the Senate take note of the document.

I seek leave to continue my remarks later.
Leave granted; debate adjourned.

Mandatory Sentencing Laws

The DEPUTY PRESIDENT—I present a response from the Human Rights and Equal Opportunity Commission to a resolution of the Senate of 13 April 2000, requesting the commission to inquire into and report on the mandatory sentencing laws in the Northern Territory and Western Australia.

Tabling

The following documents were tabled by Senator Heffernan:

Centrelink—Social security compliance activity in Centrelink—Report—July to December 1999, including a statement by the Minister for Community Services (Mr Truss).

Estimates of proposed expenditure for 2000-01—Portfolio budget statements—Foreign Affairs and Trade portfolio (Revised).

Science and technology budget statement 2000-01.

COMMITTEES

Membership

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

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

That senators be discharged from and appointed to committees as follows:

Australian Security Intelligence Organisation—Joint Statutory Committee—

Appointed: Senator Sandy Macdonald
Discharged: Senator Boswell

Economics Legislation Committee—

Substitute member: Senator Mason to replace Senator Chapman on 2 June 2000 for the consideration of the 2000-01 estimates
Environment, Communications, Information Technology and the Arts Legislation Committee—

Substitute member: Senator Hutchins to replace Senator Bolkus for the consideration of the provisions of the Broadcasting Services Amendment (Digital Television and Datacasting) Bill 2000 and the provisions of the Telecommunications (Consumer Protection and Service Standards) Amendment Bill (No. 1) 2000

Finance and Public Administration Legislation Committee—

Appointed: Senator Calvert

Foreign Affairs, Defence and Trade Legislation Committee—

Substitute member: Senator McGauran to replace Senator Sandy Macdonald from 3.30 pm on 1 June 2000 till adjournment on 2 June 2000 for the consideration of the 2000-01 estimates

Rural and Regional Affairs and Transport Legislation Committee—

Substitute member: Senator O’Brien to replace Senator Forshaw for matters relating to transport and for the consideration of the 2000-01 estimates.

MEDICARE: MRI REBATES

Senator CHRIS EVANS (Western Australia) (3.58 p.m.)—At the request of Senator Carr, I move:

That the Senate notes the failure of the Minister for Health and Aged Care (Dr Wooldridge) to protect the budget process in relation to the provision of Medicare rebates for magnetic resonance imaging services.

I wish to concentrate on this issue of magnetic resonance imaging services and the report of the Auditor-General into those matters tabled yesterday. As Senator Faulkner made clear today, and as Senator Herron was not able to understand, this was a report commissioned by Minister Wooldridge, the minister for health, in response to the growing pressure about his failure to properly investigate the circumstances surrounding the 1998 budget decision to extend Medicare rebates to these magnetic resonance imaging machines. The pressure had been brought about by the Labor opposition pursuing concerns raised by members of the profession, members of the public and others involved that there had been a leak in the budget decision and that certain radiologists and other associated persons had gained a commercial advantage and had purchased MRI machines because they knew that the budget would announce Medicare rebates for the use of those machines.

The implication was not just that there was a commercial advantage to those radiologists but that the Commonwealth taxpayer would be liable because the budget decision stated that all machines on order prior to budget night would be eligible for Medicare rebates. That meant that up to $1½ million of taxpayers’ funds would be available to support the cost of those MRI machines that were subject to the budget decision. So there was a huge advantage in people getting in on the budget decision. If you got your MRI machine as one of those approved on budget night as being on order or in use before then, you were eligible for up to $1½ million a year but, if you missed out, you did not get any of those rebates. From a commercial point of view, you obviously wanted to be in the know, you wanted to make sure that your machine, or any machine you were hoping to order, was in fact eligible for Medicare rebates.

The fact is—and the Auditor-General’s report proves this—a number of people knew. They knew that the 12 May budget would contain a budget decision to extend Medicare rebates not only to the existing private machines but also to all machines on order. That is why in the four working days leading up to the budget 33 MRI machines were ordered. You might say, ‘What’s 33?’ These machines cost $3 million. These are $3 million purchases. So, for people to go out and decide to buy 33 of them, they are making a huge financial commitment. The only way you would make that sort of commitment in those sorts of numbers, given that in the previous 20 years we had only had 50 or so come into country, is because you knew you would be eligible for Medicare rebates.

So 33 orders went in in the four working days leading up to the budget. It just so happens that those four working days followed a meeting that the minister had on 6 May with the College of Radiologists. There was not
much activity before 6 May but, after 6 May, everybody got in for their chop, everybody knew. The minister has for two years denied that there was any leak. He has flatly denied it. He changed his defence when the Auditor-General’s report came out. He has been singing a different tune in the last couple of days. He has ridiculed the opposition for suggesting there was a leak. He has described it as preposterous that there was any such leak. The Auditor-General does not see it that way. The Auditor-General says there was a leak. The Auditor-General says that, as a result of that meeting, people knew what was in the budget. If you want further proof, look at their activity. They went out and bought big because they knew of the budget decision.

In the last few days Senator Knowles, the minister and others have grabbed onto the one or two lines in the Auditor-General’s report that they think might be the best defence against the charge. But the reality is that the conclusions of the report, the totality of the report, the whole context of the report, say that something happened on 6 May when the minister met the radiologists that led them to make those huge financial decisions. They told their mates and they all got in to take advantage of the budget decision. They did not order them the day after the budget; they ordered them in the four days between meeting with the minister and the budget decision. The minister was in denial for two years about this.

Let us look at the behaviour of the parties. First of all, if you examine the radiologists’ behaviour, they went out and bought. To me, that implies they knew something, and that is confirmed by the Auditor-General’s report. Let us look at the minister’s behaviour. He went into denial. He refused to accept there was a problem for two years. It was not until October 1999 that he finally took the rebate off them. By then, even he had to accept that there had been a massive fraud on the Commonwealth, that the Commonwealth was losing money hand over fist for machines that he did not want.

**Senator Knowles**—How many wrong MRIs have been done? How much money has been lost?

**Senator CHRIS EVANS**—At least $6 million has been lost, by the minister’s own estimates.

**Senator Knowles**—Where?

**Senator CHRIS EVANS**—According to the minister, there has been a $6 million overspend on MRIs. Senator Knowles, you can have your go, but I quote you the minister’s figures, and I think it is a vast underestimation.

**Senator Knowles**—That is wrong.

**Senator CHRIS EVANS**—If you think the minister lied, take it up with him, but he said that there has been a $6 million overspend on MRIs.

**Senator Knowles**—What MRI has been proven to be wrong? Not one.

**The ACTING DEPUTY PRESIDENT** (Senator George Campbell)—Order! Senator Knowles!

**Senator CHRIS EVANS**—But the clear message is that the minister refused to act. He did not take action to remove the rebate until October 1999. Even I figured it out and asked the question in February, ‘Surely, if all these machines are coming in over and above what you planned and the whole thing is obviously out of control, why don’t you take the rebate away?’ You did not have to be a genius to figure it out, but he refused. He held off and held off, hoping that the problem would go away, refusing to accept that the problem existed. But, in October 1999, even he had to admit the bleeding of the Commonwealth taxpayer had to be stemmed and he removed the rebate. These machines are no longer eligible for Medicare rebates because he knew the scam had been perpetrated on the Commonwealth. But until yesterday he denied there was a leak.

If you look at the reaction of the department, you get further indication of what occurred. The department did not have an investigation into the budget leak. They did not bother to find out whether or not there had been a leak. They took no steps to investigate the concerns that were raised with them, by members of the profession and by members of the public who wrote to them, who phoned them, who raised complaints, who alerted the opposition. There was no budget leak inves-
I know that in other departments, if a minor indiscretion occurs—someone using email improperly or something—the tracker dogs are called in, the police are called in, telephones are tapped, major investigations occur. We have a major fraud on the Commonwealth and the department did not institute a proper investigation into the leaks. Why? Because they knew who leaked it. You cannot have an investigation into your own minister. You cannot investigate your own minister because he is your boss. They knew who leaked it. They know who was at the 6 May meeting. It was the minister, one bureaucrat—Ms Penny Rogers—and a former staffer of the minister. They know who was at the meeting, so they knew who had to leak it because he was the only one there. They only got the tick off on 5 May. That is when they finally knew they had the tick off, that the deal could be done.

Yesterday, after seeking this information for months and months and getting a return to order passed by the Senate, we finally got the other key document. The Auditor-General’s report is one key document. The other key document is the only written record of the negotiations taking place with the radiologists. Minister Herron finally came clean with the key document yesterday. We have been after this with a return to order of the Senate since October. They would not hand it over. They used every public privilege defence known to mankind and some they made up to try to deny us getting this information. But when they knew bad news day hit yesterday, suddenly the documents were available. The minister said, ‘We might as well get it all out on one day, so I will make them available.’ This is the bloke who released the first report on Christmas Eve, who released the second report at 5 p.m. on Thursday before Good Friday and who releases this one on the day after the budget. It seems to me that the minister did not want us to know. He did not want the public to know what was going on. The trifecta of release dates shows you that the minister has been involved in a cover-up to prevent the public knowing what has happened. The document we got yesterday in addition to the Auditor-General’s report is very interesting.

The department negotiated for months with the radiologists about a very important budget measure—about the supply of radiological services and about capping those services and it was a major initiative of the minister to put it into the budget. There is not a file note about it. You cannot find one file note about it. The department did not keep any records. Here you have the Department of Health and Aged Care, one of the major departments of the Commonwealth bureaucracy, and they did not keep a note. There is not a file note, there is not a minute, there is not a scrap of paper—there is nothing. Funny, isn’t it? Here you have a bureaucracy who are known for generating paper—anyone who applies for a benefit from Centrelink gets deluged with paper—but, no, the department have not got a file note about these meetings. They had meetings where they negotiated with the College of Radiologists month after month—not one minute kept. You wonder how they finally got to a final document. It must have just come out of thin air because there is not one file note. There is not one piece of evidence.

But yesterday they finally came up with one piece of paper that reflected these months of negotiations about an important budget measure and that was a note to the minister and his advisers about the direction for a meeting with the Royal Australasian College of Radiologists on 6 May. It is a very important document. It lists the participants. The purpose of the meeting was to finalise the negotiations. This was a deal between the radiologists and the government. They gave something; they got something. The deal was that the radiologists agreed to a cap on the services and in return the minister would provide Medicare rebates—a very sensitive negotiation, a bit of give and take. But the key to the supply side measure was how many machines would be eligible for Medicare rebates. The minister would have us believe that the radiologists signed up to this deal after months of negotiations not knowing what the government was going to deliver. They had been negotiating for months. The minister went along to a meeting which he said was to shake hands on the deal. He admits it was to finalise the deal. He is on the record as saying that it was to finalise the
deal. So they went along to the meeting. But his defence is: ‘Yes, we finalised the deal, but I didn’t tell them what our side of the bargain was. I didn’t tell them that.’

I do not know how naive or stupid people are supposed to think the radiologists are, but I do not know of negotiations where when you finalise a deal one party is not told what they get out of the deal and you do not actually sign off on both sides of the agreement. The minister would have us believe, in his defence, that the radiologists signed up to their side of the bargain and he did not tell them his, he did not tell them what they were going to get back in return. These radiologists are jolly good chaps, aren’t they? They are jolly good chaps. They sign up to this, agreeing to cap their potential income not knowing what the minister is going to do in terms of the Medicare rebate system, not knowing whether the machines they have on order are eligible for Medicare rebates. What jolly good chaps! Well, I do not believe it for a minute. I believe that the minister went along, as his note says, to finalise the deal. And when you finalise the deal and shake hands on the deal, as he says, you agree on what the basic terms of that deal are. You might not have all the detail, but you agree on the basic terms.

The basic term that the minister delivered was that all machines on order up to budget night would be eligible for Medicare rebates. That is what they were told. That was what they signed off on. That was the deal. And the notes for this meeting, which were given to the minister and his advisers, make that very clear. The minister’s job was to explain to them where things are in the budget context. The notes state:

Budget night is 12 May (less than a week away).

You and the Department have been working on selling the proposals to the PM, Minister for Finance and the Treasurer over the last week or so.

Thereby acknowledging that the minister is going to do in terms of the Medicare rebate system, not knowing whether the machines they have on order are eligible for Medicare rebates. That is what they were told. That was what they signed off on. That was the deal. And the notes for this meeting, which were given to the minister and his advisers, make that very clear. The minister’s job was to explain to them where things are in the budget context. The notes state:

Budget night is 12 May (less than a week away).

You and the Department have been working on selling the proposals to the PM, Minister for Finance and the Treasurer over the last week or so.

Thereby acknowledging that the minister already knew about this and had been selling it to the powers that be. The note goes on to say that there are some problems and it talks about budget papers having already been finalised. An interesting aside is that the notes say:

Some believe that the MBS is very open-ended and that putting MRI on it is a high risk strategy.

Well, it was a high risk strategy and it failed. And those who advised the minister at that time obviously were right and he was dead wrong. They go on to say:

It wasn’t just a matter of giving the proposals a tick.

This is a note to the minister about what to say to the radiologists:

You are optimistic about getting it agreed to.

His instruction from the department was to say to them, ‘You are optimistic about getting it agreed to.’ In other words, ‘I’ve got the tick for the budget agreement.’ The notes go on to say:

DOFA has included in the Budget papers their own indicative costings and savings for the package and it is now too late to change them.

He had this problem that the budget papers had already been finalised. But his instruction from the department was to tell the radiologists that he was optimistic about getting the deal agreed to. They go on to say:

Recognise they have acted in good faith and you want to reciprocate.

So the minister was asked to act in good faith as well and to reciprocate and provide them with information. The notes further state:

There will need to be some “housekeeping” post Budget to get things in order and to reflect the proposals as agreed.

The whole tenor of these notes is that the minister was sent along to give it the tick. He was advised, ‘You cannot tell them exactly, but you are optimistic about getting it agreed to. We’ll have to sort out the details afterwards, but we are signing on the deal.’ The other interesting note at the end—and this is perhaps gratuitous—says:

Highlight to them that they are a model for others in the medical profession.

So the minister would have highlighted to them at the meeting that they are, as far as he was concerned, the model for others in the medical profession. I gather he is a bit chastened now because they went out and bought 33 machines at $3 million a piece and rorted the Commonwealth. So I suspect he does not consider them the model any longer, or if he
does think them a model I think it is a model of something else.

As a result of this meeting they went out and bought their MRI machines, because the deal was done and the handshake was given. The notes given to the minister to take to that meeting tell him to do that: to finalise the deal, to shake on it and to tell them that he was optimistic about getting it agreed to—that is, the budget measure. We now know that that happened. The Auditor-General says, ‘We know that, as a result of that meeting, the leak occurred, people deduced that it was on, and they went out and ordered machines.’

Senator Knowles—In what paragraph does it say there was a leak?

Senator Chris Evans—Senator Knowles, you can claim all the misrepresentations that you like. Anybody who reads this report gets the same impression. All the media commentators have heard your defence and they do not believe it. It is a nonsense. It says that there was a meeting on 6 May and, as a result of that, people were in the know about the budget measure and the fraud was made. I am not saying that necessarily Dr Wooldridge deliberately went out to cause a problem for the Commonwealth, but he has to accept responsibility for what occurred. He is the minister for health. He initiated this. We know it was his baby. He went along to sign up to it and to shake hands with the radiologists to do the deal. He was personally responsible for this. The fact that the department does not have a minute or any knowledge, it seems, of the detail about this is further indication that this was run by the minister. He went along to the meeting with only one departmental official to sign up to the deal. And they did sign up to it. As a result, there was a massive fraud on the Commonwealth and the whole measure was a complete failure.

I see today and last night that the minister has been saying what a great success it was. I do not know when he decided to run this line, but I guess if you want to tell a lie, you tell a big lie. There is no way that anyone could describe this as a big success. I understand there are about 19 radiologists waiting to appear in the courts. The government itself has admitted its failure by removing the rebate from most of the machines. There is no way that this has been anything other than a giant scam. It is a scam on the taxpayers of Australia, and the minister must wear the responsibility. I know this government has no idea about ministerial responsibility, but what do you have to do for a minister to say, ‘I take responsibility’? He went to the meeting; it was his baby; he shook hands; and he told them, ‘I am very optimistic about this getting agreed to in the budget. I have explained to you about the budget papers. It will all be okay; the deal is done and the machines are on order.’

That is what happened. That is what the Auditor-General’s report leads you to conclude. That is what the one document we have been able to get out of the department says to you. I know they have very low standards in this government. Minister Bishop is allowed to continue in Aged Care; it seems Dr Wooldridge will be allowed to continue in Health. At what stage do we get some ministerial accountability from this government? At what stage do ministers say, ‘I was responsible for this. I will take the responsibility’? Last night Dr Wooldridge said that his responsibility was to make sure that it would never happen again. That is the extent of his ministerial responsibility. (Time expired)

Senator Knowles (Western Australia) (4.18 p.m.)—Gee whiz, if I was Dr Wooldridge, wouldn’t I be worried! Being attacked by Senator Evans and Ms Macklin in the House of Representatives equates to being hit across the back of the hand with a wet lettuce leaf soaked in hot baby oil. It is just breathtaking to think that there can be allegations such as those that have been made by Senator Evans here today—and made by others of course during question time today and yesterday, and of course those being made in the other place—that this Auditor-General’s report somehow says that Minister Wooldridge leaked budget documents. That is completely and utterly intentionally wrong. I challenged Senator Evans right the way through his contribution to direct me to the paragraph contained in the Auditor-General’s
report where the Auditor-General says that the minister was responsible for leaking that information. He was unable to do so; Ms Macklin has been unable to do so; and Senator Faulkner has been unable to do so. There has not been one person in the Labor Party who has been able to identify where the Auditor-General has made such a claim.

That has not stopped the Labor Party misrepresenting not only the Auditor-General but the minister’s role in this whole exercise. That has not also stopped the Labor Party from just going on and on about it. Senator Evans made the comment that Minister Wooldridge said that there was no leak and that now he has changed his tune. He has done nothing of the sort because, quite frankly—while Senator Evans cannot refer to a paragraph in the Auditor-General’s report that substantiates his claim that the Auditor-General has said the minister leaked budget information—I, unlike Senator Evans, can refer to the part of the Auditor-General’s report where he says quite the reverse. In paragraph 2.27 on page 84, the Auditor-General says:

All college members who attended the meeting of 6 May 1998 agree—

and, I might add there, under oath, unlike Senator Evans—

that the minister did not reveal budget measures.

So I can refer to that, but Senator Evans cannot make a reference to his allegation. Furthermore, in paragraph 2.23 the Auditor-General goes on to say:

There were no informal discussions between the minister and college representatives on the MRI proposal. Further, there is no evidence that the minister had any discussions between 6 May and budget day with any parties outside government with respect to MRI supply measures.

Yet Senator Evans has the audacity to come in here and continually state that this report claims that the minister is guilty of leaks. That is completely and utterly wrong.

I want to cover what has actually happened in this area, because that is particularly important. It is something that Senator Evans wanted to dismiss. He said, ‘The government has claimed that the whole process was a big success, but who cares about this? This is not about a success. This is about what ministerial responsibility should be.’ Well, I am sorry; but the government does care whether these policies are successful or not. I want to make sure that the public knows what the success of the policy has been, because the fact of the matter is that, when we took over government after 13 years of Labor neglect, the situation with MRI was nothing short of a disgrace.

And what has been delivered since? The minister has delivered access to MRI services. The Labor Party had five months wait. You know what that has been reduced to? Two weeks or less. In fact, one of their own, Graham Richardson, a former Labor senator, said today on radio that he was very pleased with the policy because he needs to have a scan and he is very pleased that he can get access to it. Under the former government, the Labor government, he would have had to wait five or six months for it. But not only that; Minister Wooldridge has reduced the out-of-pocket costs from $600 to $700 under Labor to between $40 and $50. I reckon that is pretty advantageous to the public, but Senator Evans does not think so.

Of course, the other most important factor about all of this is that it has improved distribution so that people do not have to travel so far to receive these services. Under Labor, there were 18 publicly funded units—18; that is it. How many are there now, under Minister Wooldridge? Sixty-six. How many in the country under Labor? None. How many now in the country under Minister Wooldridge? Seventeen. I think that is a pretty important leap forward in terms of accessibility. It means that people who are experiencing serious health difficulties can be referred by their specialists to have access to the best technology available to diagnose their condition. MRI is considered and recognised as the best diagnostic technology for myriad conditions.

Now I ask a rhetorical question. How many patients has Senator Evans or Ms Macklin or Senator Faulkner, or Senator Crowley for that matter, seen with medical conditions requiring MRI? I would go so far as to answer that question by saying none; not one. By contrast, Dr Wooldridge, a medical practitioner, understands and recognises
the need for MRI as a very important diagnostic tool. The MRI technology itself exceeds all other technology for diagnosing conditions of the central nervous system, and they can include life-threatening conditions like cancer, multiple sclerosis and serious infection. Information from MRI scans is critical to planning medical intervention and other types of treatment, such as radiotherapy. It has an important role in the imaging of the musculo-skeletal system, and it is essential for planning treatment for tumours arising in bone or soft tissue. It can reduce the need for arthroscopes in the diagnosis of joint disease. It has an important role in imaging the cardiovascular system and can reduce the need for invasive angiographic tests.

I put the proposition that, if one of Senator Evans’s children had a serious neurological condition where the doctor considered that an MRI was essential to diagnose that for early intervention, would he prefer to wait five months for his child to have an MRI or would he prefer to get the child in within a matter of days? I would certainly think, knowing what a family man Senator Evans is, that he would prefer to have his child diagnosed immediately.

Senator Chris Evans—I rise on a point of order. I really object to Senator Knowles bringing my family into this debate. I would ask her as a matter of courtesy not to use my family as an analogy and I point out to her that I am not—

Senator KNOWLES—It is a matter of debate, a debating point.

Senator Chris Evans—I would ask you then, as a personal favour and as a matter of standards, not to do that.

The ACTING DEPUTY PRESIDENT (Senator George Campbell)—There is no point of order.

Senator KNOWLES—Thank you, Mr Acting Deputy President. If Senator Evans does not want to use his family, that is his business. But I would suggest that any father or any parent anywhere along the line who has a child that needs a special diagnostic tool, and MRI is available, would prefer it sooner rather than later. Under his government, he would have had to wait months. Under this government, under Minister Wooldridge’s policy, he would wait a matter of days. I think that is pretty important. He obviously doesn’t and he is very sensitive about it. He strode back in here to make a statement—

Senator Lundy—I rise on a point of order. I acknowledge the fact that you did not rule a point of order last time, but Senator Knowles is actually persisting in using Senator Evans as her analogy for this debate. Senator Evans has raised his objection, and I ask that you raise the issue with Senator Knowles

The ACTING DEPUTY PRESIDENT—There is no point of order, Senator Lundy.

Senator KNOWLES—It is debating. She knows there is no point of order. It is absolutely amazing that they are so sensitive about this issue because they know the failure of their government and what they did not do for people and families. If you do not want your families referred to, I am quite happy to refer to my family and say that, if anyone in my family needed an MRI, I would want it sooner rather than later. I am very sympathetic: if you do not want that for your families, then that is your business. I can certainly say—

Senator Chris Evans interjecting—

Senator KNOWLES—Well, maybe we have a difference of opinion. I would prefer it earlier rather than later. Your policies in government would prefer later rather than earlier. Que sera. If that is what you want, that is fine. At least you have admitted that thing here today. So we have got another important concession out of you. Is this a debating point, or is it a standing order?

Senator Lundy—I rise on a point of order. Senator Knowles is misrepresenting the point of order that we raised, and I ask you to call Senator Knowles to that point and for her not to misrepresent anything that has been expressed on this side of the chamber.

The ACTING DEPUTY PRESIDENT—There is no point of order, Senator Lundy.

Senator KNOWLES—There is no point of order. You just keep on doing it. You know there is no point of order. Start learning your standing orders, for heaven’s sake! The fact
of the matter is this: was there a leak? That is the important question. The opposition continue to scream for the minister’s head, despite the Auditor-General’s report. It would be interesting to see if someone like Senator Lundy, who prides herself on being so particular, can actually refer to where in the Auditor-General’s report it says there was a leak. No other colleague has been able to do it on the Labor side, and so it will be interesting to see whether Senator Lundy or any of her other colleagues can. The reports states that ‘no substantive conclusion can be drawn in the light of contradictory evidence’. In particular, the Auditor-General found that ‘all participants agree that the Minister did not discuss what measures would be in the budget’.

I have referred to it before. The minister referred to it at question time. I have referred to it again. But I will bet London to a brick—I wish I was as sure of winning Lotto on Saturday night—that the opposition will refer to it again as a leak coming out of the Auditor-General’s report. There is no such reference in the Auditor-General’s report. Further, the Auditor-General reports:

All College members who attended the meeting of 6 May agreed that the Minister did not reveal Budget measures.

So there are two references. Not one—two references. But not satisfied with the Auditor-General’s conclusion, the opposition point to the number of machines which were ordered after his meeting with representatives of the College of Radiologists.

Nineteen units have been referred to the DPP and another eight are subject to civil action. The minister has not denied that. That has been said in the estimates committee meetings. I have chaired those meetings. I am very much aware of what has happened in those meetings. It has never been denied. But what I do ask the opposition to prove is: how many tests that have been conducted have been proven to be unnecessary, remembering that every test that is done is basically audited by the HRC? I will give them the answer because I know that they will continue to say that millions of dollars of taxpayers’ money has been wasted on this. That is all very well. It is not them who have had the test done. There has not been one test that has been proven to be unnecessary in a complete audit. Therefore, let the opposition tell me: where has the wastage occurred? Where has the taxpayers’ money been wasted, when not one test that has been done has been proven to be unnecessary? Once again I challenge them to say, ‘That’s good enough for everybody else, but is it good enough for me?’ They do not want anyone to refer to them. They do not want anyone to refer to their families. Okay, that is fine. But, gee whiz, I am glad that I am on our side of the fence in terms of consideration of families if that be the case. Interestingly also, we are absolutely swamped by trade unionists over on the other side who have very little experience in business. I can tell you that blind Freddy would see in terms of the radiologists that—

Senator Lundy—You are pathetic, Knowles.

Senator KNOWLES—I beg your pardon? That is good. I am interested to get that interjection because I will be really interested to get your response. As a trade unionist who has no business experience it will be interesting to get your response and understanding of the way business works. Blind Freddy as a radiologist would be able to see a number of issues changing and a number of things happening. A number of the meetings that were referred to in the Auditor-General’s report, which once again conveniently happened to be overlooked by the opposition, show that these meetings held with the task force in its negotiation with the department in late March and early and late April—25 March, 25 March again, 14 April and 23 April—were all done well before the alleged leak of the one and only meeting with Minister Wooldridge.

Therefore, if you were a radiologist, wouldn’t you think, ‘Mmm, there might be a chance of a budget decision coming out in May whereby, if I have a machine on order I am going to qualify for something’? That is a business decision. But not only was that decision made; it was acted upon by a number of people, and unusually it was acted upon in such a way that they could place an order and not suffer a penalty if they cancelled the or-
der. When I was in business—my business sold equipment—most orders were binding and therefore you were held responsible and needed to pay for the equipment once you had ordered it. In this situation they were cute enough, in some instances, to put in an order that could be withdrawn and not paid for. But somehow or other the opposition are desperate enough to attack Minister Wooldridge and say that he is somehow responsible for that. These meetings were held before his meeting, and there are so many references to it in the Auditor-General’s report that they somehow cannot read or choose not to read. In other words, why wouldn’t some radiologists take a punt on ordering them? They do not understand that that is part of the speculation. But, interestingly enough, the Auditor-General recognised what the opposition cannot. In paragraph 2.32, the Auditor-General said:

However, when considered alongside the differing recollections of what happened at Task Force meetings, it is a reasonable judgment that negotiation and consultation with the College and open debate about supply controls probably created an environment where some participants may have deduced, or become aware, that the Commonwealth was giving consideration to inclusion of machines on order.

Golly gosh. The Auditor-General can figure that out but the opposition cannot. The Auditor-General can put it in his report, but the opposition cannot read it. So here we go. We are still saying, ‘The minister leaked.’ The interesting thing is that the minister’s responsibility has been absolutely and utterly proper. But I will tell you what the minister is not responsible for: that is, the questionable activities of some of the radiology profession. I would have thought those opposite would have been bright enough to understand that, but clearly they cannot make that distinction.

The minister entered into these deliberations with radiologists on behalf of the government to improve access to MRI services for all Australians in a reasonable time and at a reasonable cost. That is of no consequence to the opposition—no consequence at all. That does not matter. As Senator Evans said, ‘What has happened is irrelevant. The outcome of the policy does not matter.’ Shame, it does not matter to him, but it matters to most Australians.

The other thing is, if you had to backdate an order, how would you have a leak? If you had a leak why would you need to backdate the order? But the opposition cannot answer that question either. If you had to enter into a conditional contract, why would you have had a leak? I would not enter into a conditional contract if I knew something were fact; I would sign on the dotted line and say, ‘Right, let’s go ahead.’ But no, they entered into conditional contracts. And, as I say, this has not been an additional cost to taxpayers in terms of any unnecessary tests being conducted. I want the opposition to prove where, when and why any unnecessary tests have been conducted, because the HIC is unable to do so. The opposition has no information on that at all, but they do not seem to worry about that.

The minister, of course, is not responsible for the questionable practices of some parts of the radiology profession. The DPP will deal with those who have acted illegally, and that is right and proper. But no, here we have this petty, stupid, irresponsible campaign to pursue a minister who has done more for the health policies for Australians in this country than—I would go so far as to say—any previous Commonwealth minister in our time. He has served for six years to make sure there is better accessibility for health services right across the country. The Labor Party just looked after Medicare. That was it. That was their sole aim: look after Medicare—blow the people in the bush; do not worry about the best diagnostic tools available and known; do not make them accessible; do not make them cost-effective; let us charge $500 or $600 for an MRI test, instead of $40 or $50; let us make people wait five months, instead of a couple of days. And that is all they worry about. This petty pursuit of the minister completely overlooks responsible public policy, and I think it is about time they put aside this pettiness and congratulated Minister Wooldridge for having the right policy for the people of Australia.

Senator HOGG (Queensland) (4.39 p.m.)—All I can say is that this is not a petty pursuit of the minister. I am indebted to
Senator Knowles, because Senator Knowles used a phrase that I have not heard used for a while. She was prepared to ‘bet London to a brick’ on something. That was an old saying of Ken Howard, a very well known race caller in the sixties and seventies. But Ken Howard also had other sayings: ‘Never back odds-on,’ and ‘Never run up steps.’ Since we have got into the horsey analogy and are getting away from the families, I think it is worth while to just look at this whole affair and the not dissimilar parallels that can be drawn between the MRI scam and another famous scam that occurred in this country, namely that surrounding a horse called Fine Cotton. You might ask, ‘What is the relevance?’ There are a number of parallels well worth looking at.

If you go to the Fine Cotton affair, which happened back on 19 August 1984, you would find that Fine Cotton—a horse that had run 10th out of 12 at its previous start, had no form on the board at all—was miraculously backed in from 33-1 to 7-2. Wink, wink, nudge, nudge, say no more, it became pretty obvious that Fine Cotton was some sort of certainty, that something had happened in the space of less than one start to give people a degree of faith in this horse winning that particular event on that day. As it turned out, everyone knew that the fix was on. The only people who did not know that the fix was on were the stewards watching the race. So as Fine Cotton entered the straight—leading, as I understand it—on that day everyone across Australia who had backed it who knew that the fix was on were cheering, and those who had not backed it and knew that the fix was on were calling out loudly, ‘Fix, fix, fix.’ The net result of that was—I understand a little bit of paint came off Fine Cotton down the straight—that they questioned the dramatic improvement and finally the horse was disqualified.

In that instance it looked like the fix, it smelled like a fix, and it was clearly a fix. You did not have to be there, you did not have to get the inside information, to know that it was a fix. And that is the problem in this case with the MRI scam. The fix is there. In response to what Senator Knowles said, the only thing that did not happen—that could have happened, that should have happened—was the calling in to the case of the AFP. That would have laid things well and truly beyond any doubt. But if it looks as if there is a fix, if it smells as if there is a fix—and in the case of the MRI scam there was a boom in sales, and I will get to that later on—then what other conclusions can you make? There is a fix on, and you do not have to be a genius to work out in some instances that the fix has been put on.

The fact that no-one saw anything, no-one knew anything, no-one said anything or no-one heard anything has absolutely no relevance when you consider the beehive of activity that was taking place around this very expensive piece of equipment. One questions quite quickly the value of the judgment of some people when they went scurrying to put orders in because they had missed out on the fix. And that takes up a point that Senator Knowles made about the backdated orders. What about them? The only conclusion I can come to in this whole process is that the backdated orders were put in by those who missed out on the fix. They missed out. Sad. So their way to get into the loop was to put a backdated order in. Senator Knowles said—and quite rightly—these are being dealt with by the DPP. But that does not stop the fix from having been there and the fact that these people missed out on the fix in the first instance. The only thing that I can say about this is that the minister—like Fine Cotton—should have either had his registration papers checked or at least been swabbed, because one can only draw the conclusion, as I said, that there is a bad stench, a bad smell, about what has taken place around this MRI scam.

What about the departmental officers and the other people attending the meetings? It seems as if they were in a vacuous situation when they were holding their discussions—they merely looked at each other and there was no formal note taking or reports of the meetings of any substance. Of course I have been around long enough to know that, if you give the appropriate wink, nod and nudge at the right time, people get the message very loudly and clearly, and they get it very quickly indeed. So quite contrary to what the
government is saying, this has a real bad stench.

It is worth while, in the time that I have available to me, to take this chamber through some parts of the report in question, because much is being said without referring to the actual comments made by the Auditor-General in the report before us, report No. 42. Before turning to the individual parts of the report, I point out that the Auditor-General generally carefully words the reports that are put out. They are very cautiously worded; they are not something where you would say that the Auditor-General would be likely to run out and make very rash conclusions about any subject that comes before this Senate chamber. Given the context—that is, that there is a conservative approach in the construction of reports by the Auditor-General—one can only then assume that the conclusions the Auditor-General comes to shed grave doubts on the propriety and the probity of what happened with Minister Wooldridge; one can only come to that conclusion. It is on that basis that I now go through—

Senator McGauran—That one is you.

Senator HOGG—Read the report, Julian, if you are capable. I will now take you through some of the more important aspects of the findings of this report. At section 2.25 on page 83, in reference to the meeting on 6 May between the radiologists, the department and the minister, the report states:

“What was discussed at the meeting of 6 May has had to be elicited from interviews with those who attended, as there are no records of the meeting other than brief speaking points for the Minister.

I find it extraordinary indeed that the minister and/or his staff have not kept more detailed records of that particular meeting, because that meeting is crucial to the whole issue. At section 2.29 the report continues:

The minister stated that he discussed the supply measures in general terms only, in response to queries from radiologists:

"I can’t say I didn’t make a comment, but I didn’t disclose the mechanism of supply.”

So there it is, in the minister’s own statement:

"I can’t say I didn’t make a comment, but I didn’t disclose the mechanism of supply.”

The minister continues:

“The radiologists raised the issue of limiting supply. I have a recollection that they were worried about anything that would limit supply, they would prefer no limit on supply. And the conversation was incredibly brief. I may have said a few things to be polite, but that’s all ... I didn’t need their sign off or agreement, there was no point in me raising it.”

This is supposedly an experienced minister with experienced staff and that is the recollection of that meeting. The report goes on at section 2.30 to state:

The departmental officer present and the Minister’s adviser dispute the radiologists’ recollection of the meeting.

So we have a dispute as to what took place at the meeting. That point is clearly acknowledged in the Auditor-General’s report. The report continues:

They do not recall the specific matter of machines on order being discussed. They consider that the Minister did not disclose that machines on order would be in the supply controls, or reveal any other aspect of supply controls. Neither do they recall the radiologist advising that he had placed orders.

The report goes on:

No substantive conclusion about inappropriate disclosure of budget sensitive information could be expected on the basis of such contradictory evidence, all of which was collected using the Auditor-General’s powers to direct under s 32 of the Act, and much under oath or affirmation.

So there was an attempt to gather evidence, but there was a conflict of evidence, contradictory evidence. Of course there was no attempt at all to involve the AFP in this process, which I believe would have been an appropriate step indeed. The report continues:

However, when considered alongside the differing recollections of what happened at Task Force meetings, it is a reasonable judgement that negotiation and consultation with the College and open debate about supply controls probably created an environment where some participants may have deduced, or become aware, that the Commonwealth was giving consideration to inclusion of machines on order.

That is very veiled, very thin language for saying, ‘It looks as if there could be a fix, might be a fix. There is no absolute proof necessarily, but it is very much in the balance
The report goes on at section 2.34 to state:

The other significant aspect of the 6 May meeting, in the context of the Government’s stated wish to include MRI in the MBS, was the fact that it may have signalled agreement had been reached with the College and that a Budget measure to include MRI in Medicare benefits was likely.

The report goes on, and I read this because the conclusion is the important part:

The ANAO notes that College records and evidence from College representatives indicates that a departmental representative had a separate informal meeting with the College representatives one or two hours prior to the 6 May meeting with the Minister. Again, this is of significance, given the timing.

Then you come to the ANAO’s conclusion in that section about the involvement of the minister and his staff in negotiations. Point 2.37 says:

On the balance of probabilities, when the views of all participants are considered, whatever was said or done at the meeting of 6 May 1998 seems to have had some influence on the following surge in orders for machines, either directly or indirectly, between then and the six days to Budget night.

On the balance of probabilities it is quite clear that there is a stench. And where there is a stench and a smell the issue should be pursued to its final conclusion. The Australian people expect transparency and openness, not people trying to cover things up. If you go to page 88 of the report, you will find that is very similar to the Fine Cotton affair, where Fine Cotton came in from 33-1 to 7-2. On page 88 of the ANAO report, you find the figure which shows that in January 1998 there were three machines for which contracts had been signed. In February 1998, there were nil. In March 1998, there were eight machines. In April 1998, there were six machines. You could say that the radiologists were like Fine Cotton: they had been running dead. Of course, then you get to May 1998 and suddenly the odds have shortened. We go from three machines, eight machines and six machines to 33 machines.

But 33 machines? So if we are not on a fix, what are we on? ‘Never back odds on’; and ‘Never run up steps,’ said Ken Howard, and never could anything be truer than that. Here we have 33 machines. It is not as if you are going out to buy something worth $5, $10 or $20. We are looking at substantial expenditure, even if an order is being placed. The people must have known something. As I said, there were some who obviously did not know anything. There were some the day Fine Cotton won who did not know it was a fix until people started to yell it out. The only thing was that then they could not get their money on Fine Cotton. The radiologists had a bit more success. What did they do? They went and backdated the orders. What did they do then? They found themselves caught up with the DPP, and rightly so. But the fix was on. The fix was there. There were people who were clearly part of the fix. No excuse at all can be made for those people.

This report is carefully and cautiously worded. If you read enough ANAO reports, you will find that. You will find it no matter what area you look at in the portfolio areas within this parliament. But there is no doubt—and the ANAO leave no illusion at all—that there was something happening. At 2.37, they quite clearly state:

On the balance of probabilities, when the views of all participants are considered, whatever was said or done at the meeting of 6 May 1998 seems to have had some influence on the following surge in orders for machines, either directly or indirectly...

In my view, the only thing that can be said about that is that the ANAO were being too polite and too conservative.

Senator HOGG —I concede that some of those were back ordered, Senator McGauran.

Senator HOGG —It is quite clear. Senator McGauran, that if you know how to sniff these things out when there is a fix on they stand out like a sore thumb.

Senator HOGG —You have spent too much time at the racetrack.

Senator HOGG —No, Senator McGauran, I have not spent too much time at the racetrack. The government have of course dodged, ducked and weaved on this. They have avoided the issue. They have put every obstacle that they can in the path of the oppo-
sition pursuing this issue through to its logical conclusion. They even tabled this ANAO report in the 24 hours after the budget, hoping beyond all hope that it would be buried and that any concept of there having been a fix would be somehow erased and lost in the budget process. Of course, the only problem that the government had is that the budget fell flat on its face in a very short space of time, so we were able to give this the attention that it deserves.

There is no doubt in my mind at all that you do not have to be Einstein to sit here and read this report and to see that the fix was loudly and clearly on. If the fix was not loudly and clearly on, then why weren’t the AFP involved? Why was this matter covered up by the government for as long as they could cover it up? What the people of Australia demand and what they are entitled to is openness and transparency. When you see that there was a mass rush of orders coming in to a total of 33, you understand that the odds had shortened. The government surely must realise that there is a real stench about this deal. (Time expired)

Senator EGGLESTON (Western Australia) (4.59 p.m.)—If there is any openness and transparency in this place, it comes from the Auditor’s office. The Auditor has found that there is no reason to believe that the Minister for Health and Aged Care in any way acted improperly or leaked any sort of material related to the fact that, on budget night, there would be restrictions placed on the purchase and operation of MRI machines for the receipt of medical benefits. The whole case put by the opposition is an absolute nonsense. This minister is criticised when he should be praised for bringing magnetic resonance imaging to the people of Australia. Magnetic resonance imaging—or MRI, as it is known—is a major new imaging technology. No longer do you have the old black-and-white pictures of X-rays where you get a few vague hints of what is in the soft tissues but can see only the bones—or the outlines, as with ultrasound. Now, you can actually look at soft tissues with MRI. MRI is a very sophisticated imaging technology and Michael Wooldridge, to his credit, has brought it to the people of Australia.

Senator McGauran—And to the rural districts.

Senator EGGLESTON—And to the rural parts of Australia, in particular. As Senator Knowles said, under Labor there were a measly 18 MRI machines in Australia, concentrated as usual in the capital cities—certainly not in the poorer areas of the capital cities but in the major teaching hospitals and a few big private hospitals. Under Michael Wooldridge’s jurisdiction, there are now 66 MRI units spread all over the country. As my colleague Senator McGauran has noted, 17 are in regional Australia. This marvellous technology is such a help in the diagnosis of complicated conditions, such an assistance to surgeons who—for example—want to take out brain tumours and such an assistance to physicians who need to be sure of what is exactly where. As Senator Knowles mentioned, even in the case of multiple sclerosis MRI is helpful in identifying where the lesions are. This technology, through the good work of Minister Michael Wooldridge, is now available to Australian people wherever they live, whether it is in a major metropolitan area or a regional centre with a sophisticated diagnostic imaging centre.

When this government came in, following the Labor Party’s failure to provide this service around the country, Minister Wooldridge looked at this issue and decided that a task force should be set up to work out how MRI services should be provided around the country. This task force from the Commonwealth department of health was to work with the College of Radiologists to set up parameters and to establish clinical guidelines and indications for the use of what is a very expensive technology. The point has been made several times today that MRI machines cost something like $3 million. While Labor was in office, the few people who had access to MRI machines had to pay fees like $500 to $800 for an MRI scan. But Michael Wooldridge felt that criteria should be set up so that MRI scans would be available under Medicare to the people of Australia, and that was a very important objective.

A task force was set up with the College of Radiologists. That was a very responsible action. This task force worked through all the
issues facing them about clinical indications and broad guidelines for various disease processes as criteria for when MRI was appropriate and set up plans for the monitoring of MRI by the Health Insurance Commission, and so on. A comprehensive set of rules was set up. Because the minister was the minister for health and because this was interesting new technology, Minister Wooldridge had some involvement with this task force. But, in fact, the Auditor-General found that he had only three meetings with the task force. He left the work of the task force to the task force. These meetings were on 27 October 1998, 10 March 1999 and 6 May 1999. The minister had general meetings—rather than specific meetings where he would discuss the detail—because this work was being left to the task force to undertake.

It seems that the key meeting, which is attracting a lot of attention from the Labor Party—and which they are trying to beat into something far more significant than it really was, as they usually do—was the final meeting, the meeting of 6 May. The significance of that meeting—and, no doubt, the reason why it has attracted the attention of the Labor Party—is that 6 May was not long before the budget of that year. So the Labor Party have got themselves into a lather. Senator Evans became tremendously excited today, as did Senator Crowley during question time, trying to imply that some significant and sinister event occurred involving Minister Wooldridge in the meeting of 6 May. The key paragraph in the whole Auditor-General’s report does deal with the meeting of 6 May, just before the budget. I might quote it for the purposes of Hansard. This is paragraph 2.27, and it reads:

All College members who attended the meeting of 6 May 1998 agree that the Minister did not reveal Budget measures. However, they are all of the view that, in the context of the College expressing concerns about site restrictions, there was discussion of the possibility of including machines on order as of Budget night, although this was only discussed as an option.

That is a very significant thing to be recorded. It is important because it makes it quite clear that the minister was at that meeting and there was some discussion of the possibility of a restriction being placed on the purchase of machines on budget night and the eligibility of these machines. But there is no suggestion at all that the minister revealed that was going to occur; it was simply a discussion of an option. The important thing is that it was discussed by the radiologists.

We have to bear in mind that radiologists are very intelligent people. Their business involves looking at pictures, X-rays and ultrasounds. They are experts at picking up subtle inferences, subtle suggestions.

**Senator Sherry**—You are making it sound like they ran the minister through the MRI machine.

**Senator EGGLESTON**—That is the business of these people. I think we should bear it in mind that they are clever people. We have heard that the college representatives there that night do agree that the discussions were confidential and, to their knowledge and recollection, it is agreed that they did not pass the information divulged on to others. The only exception to this was to the new President of the College of Radiologists. The previous president attended the meeting on 6 May and he passed this information on to the incoming president. This is the other significant aspect of the 6 May meeting in the context of what has happened, and I read from paragraph 2.34 of the Auditor-General’s report:

... it may have signalled agreement had been reached with the College and that a Budget measure to include MRI in the Medicare benefits was likely.

That was not stated but was a suggestion in the report that there might have been a feeling that that was the drift of the department. This is quite significant, again, when one looks at the professional status of the people who were at that meeting. The fact is that in the period between the 6 May meeting and the budget, which I believe was on 12 May, some 33 machines were ordered. It has been suggested from the discussions that have occurred today that in some way that implies that the minister had passed on information or leaked information. But, as I said, nobody has said that that occurred, and there is no doubt that the minister did not leak information. Nevertheless, the fact remains that all these machines were ordered.
We need to look at who ordered them. The fascinating thing is that, of the task force members who were at that meeting on 6 May, five members of the task force ordered nine of the machines. Two members of the task force were responsible for no less than eight of the machines. When you think that each of these machines was valued at $3 million, it means that two members of the task force had put in orders to buy $24 million worth of machines. If we go back to Senator Hogg’s racing metaphors, it would seem that members of the task force at least were part of the ‘fix’ to which he refers. This means that, of the 33 machines that were ordered, at least nine of them were ordered by people on the task force who perhaps were clever enough to draw a conclusion that it was possible that on budget night some sort of restrictions would be placed on the ordering of further machines and on whether or not the use of these machines would be eligible for Medicare rebates, and these people acted accordingly.

As I said, 33 machines were ordered between 7 May and 11 May. But not all of these machines—in fact, few of them, if any—were paid for. They were ordered on conditional purchase arrangements. It seems that some 11 of these orders that were put in during that period were conditional purchases—in other words, the purchases could be revoked at any time—and 11 had backdated orders. That means 17 of these orders over that period could be said to have been ordered in the anticipation that there might be some change in the budget but they were not sure and, if no change occurred, then they could cancel the order. The fact that these orders were set up in such a way that they could be cancelled suggests very strongly that there was no leak; there was no specific information. These people, as Senator Hogg would say, were just taking a gamble. They were taking a bet that there might be a bit of a change or some sort of regulation introduced on budget night but they were not sure. They thought they would put in an order that they could withdraw if necessary, so that if nothing happened they could withdraw it and all would be well. They would not be financially disadvantaged.

I think you can conclude that, rather than the minister leaking, there were some radiologists—and radiology, after all, like all professions is actually a village, so people talk to people—who were clever enough and astute enough to seek to gain an advantage, and they were the ones who made up the 33 orders that were placed in this short period of time between 7 and 11 May 1998. But this does not mean, does not imply, does not suggest and does not prove in any way that there was a leak. In fact, if I go back to paragraph 2.27, it states:

All College members who attended the meeting of 6 May 1998 agree that the Minister did not reveal Budget measures.

In other words, there is plenty of evidence there from reputable witnesses that the minister did not in any way reveal what was in the budget.

These radiologists are trained, as I said, in picking up subtle suggestions and subtle signs, and remember also that radiologists are businessmen and that radiology is a field of medicine in which huge fees are generated and where equipment is very expensive, as we have heard today time and time again. These MRI machines cost $3 million each, and radiology equipment in general is very expensive. So these people are big businessmen and they knew perhaps that it was important for them to take the gamble so that they would be in the race if there were some sort of restriction placed on the availability and use of, and eligibility for, rebates for MRI machines. So 33 machines were ordered.

The minister, according to everybody there, did not reveal what was in the budget, but the minister is today being vilified and attacked by the ALP, who know that they have so much to be ashamed of from their own record of providing technological imaging around Australia. They are so ungracious that they are unwilling to acknowledge the great contribution this minister has made to the people of Australia by enabling access to this kind of very sophisticated imaging around this country. Michael Wooldridge, without any doubt, deserves to be recognised as one of the great Australian ministers of health—if not for anything else then for this
arrangement where he has provided this sophisticated level of imaging through the Medicare system so that the people of Australia can have access to it at very low cost.

I would prefer to see on record in the Senate a motion praising Michael Wooldridge and thanking him for the great service he has provided to the Australian people, rather than this nonsensical witch-hunt which is going on and which is driven by a Labor Party bereft of policy ideas and bereft of leadership. The Labor Party has nothing better to do but try to beat up out of nothing a criticism of a minister who, as I have said, has made an enormous contribution to the level of health services in this country and should in fact today, if anything, be the subject of a motion of thanks on behalf of the Australian Senate.

Senator CROWLEY (South Australia) (5.19 p.m.)—It is nice for Senator Eggleston to come in here and talk with a gentle voice and have a modest, reasonable discussion about everything except what is under debate. What is under debate is the Auditor-General’s report, which is a damning indictment of improper ministerial behaviour. The Minister for Health and Aged Care is up to his neck in the scan scam. If you do not want to get him for that, you should certainly get him, as the Auditor-General’s report says, for incompetence as a minister in charge of his department. I note that on page 57 at paragraph 1.1, under the heading ‘Policy development’ and the subheading ‘Introduction’, it states:

Government policy is the responsibility of Ministers, with Cabinet as the primary focal point of the decision-making process.

Government policy is the responsibility of ministers, and government performance and departmental performance are the responsibility of the minister. So even if you wanted to forget, as senators opposite have been trying to do, what we think is the critical and central point in this debate, you would have to condemn the minister for the absolutely incompetent departmental performance. There were no records kept of notes, no meetings documented, no risk management properly put into the considerations and so on—all of which is documented in the Auditor’s report.

The selective evidence from my government colleagues is painful to listen to. First of all, just for the record, I would like to read from page 131 to try to put some proper sense into this. The Labor Party have been kicked to death by the good Liberals opposite because we failed to provide MRI—magnetic resonance imaging—machines around the country, and any flippery diddly words to condemn the Labor Party for their failure to act appear to suffice. On page 131 of the report is a copy of the minister’s letter to the Auditor requesting an examination, and it states:

MRI is a relatively new scanning technology—

Senator Herron—Relatively.

Senator CROWLEY—Exactly so. Yes, Senator Herron, you and I would not have too much of a fight about this. You do not go pouring expensive machines at $3 million each into the country without doing the proper work to make sure that they are effective and that they are properly provided. The minister goes on in his letter to say:

Although government funding had until that time—

in 1997—

been limited to 18 MRI units in public teaching hospitals, there were 62 MRI units operating in Australia at the time of the AHTAC review. Those operating outside public hospitals were funded from a variety of sources including direct charges to patients.

So let’s not say that the Labor Party lay around for 13 years doing nothing. The Labor Party, indeed, had overseen the introduction of 18 publicly funded MRI machines in the major public hospitals, which were then delivering those services at no cost to the people who were able to access them. Senator Herron more than most would know that, under the previous Labor government, we had a high-tech committee that examined these new machines as they came in to see that they were effective, that they did deliver a service that was an improvement on what was there before and that they were appropriately placed so as to see a better distribution and access for people in the community. Probably whichever government was in power would have had to look at increasing the numbers of them.
This report condemns the way the machines arrived in this country after that. This report condemns Minister Wooldridge for his grossly improper way of providing the information that led to the scan scam. The selective quotes from those opposite need to be properly addressed. My colleague Senator Hogg, to say nothing of other colleagues from the Labor side, has made this clear. But they need to be read again, and I shall read them. Paragraph 2.37 on page 86 states:

On the balance of probabilities, when the views of all participants are considered, whatever was said or done at the meeting of 6 May 1998 seems to have had some influence on the following surge in orders for machines, either directly or indirectly, between then and the six days to Budget night.

Senator Eggleston interjecting—

Senator CROWLEY—If we had done this, Senator, you would be in here, no doubt, saying that we should be condemned and criticised for it. You must cop the Auditor’s report. This is not the Labor government; this is the Auditor-General. This is also from the Auditor-General’s report:

On the balance of probabilities ... whatever was said or done ... seems to have had some influence on the following surge in orders for machines, either directly or indirectly, between then and the six days to Budget night—

60 or so in the country and 33 on order—

between then and the six days to Budget night.

That is, in the five days between that meeting and budget night. After that, of course, the people who were outlaying $3 million per machine were going to pick up a rebate that meant it was money for jam. They were lining their pockets because the people of this country were going to be assisting with the cost of the rebate. Senator, you and I know that this is gross behaviour and a damning report of Minister Wooldridge. Nowhere in this report does it say that the minister is innocent. What the report says is: ‘We can’t quite nail him.’

Senator Eggleston interjecting—

Senator CROWLEY—No, of course it does not. But you keep reading the lines that help; let me read the lines that make the case properly. Paragraph 2.27, which you have quoted at length, states:

All College members who attended the meeting of 6 May 1998 agree that the Minister did not reveal Budget measures. However, they are all of the view that, in the context of the College expressing concerns about site restrictions, there was discussion of the possibility of including machines on order as of Budget night, although this was only discussed as an option.

I have underlined this next line:

All but one member consider that the issue was raised by the Minister ...

Of course, who else knew but the minister, who had come from a cabinet meeting the day before where that was ticked off? Of course it was raised by the minister. He knew. I repeat:

All but one member consider that the issue was raised by the Minister ...

That is a line in the Auditor-General’s report. That is not the Labor government shooting its mouth off; that is a line in the Auditor-General’s report. You know, senators—and you should know—the reliance that is placed on the Auditor’s reports in this country. They are usually, as Senator Hogg has said, very restrained, thoughtful and deliberative. Often we wish that they would whip up a bit more of a flume. But there we have this line:

All but one member consider that the issue was raised by the Minister ...

Senator Eggleston—Read paragraph 2.30.

Senator CROWLEY—I will read on, Senator; I will read them all. I would like to read paragraph 2.29, which states:

The Minister stated that he discussed the supply measures in general terms only, in response to queries from radiologists—

and this is the minister reported—

‘I can’t say I didn’t make a comment.’ What is he saying? What do those words really mean? ‘I can’t say I didn’t make a comment, but I didn’t disclose anything. I can’t say that I didn’t say I did but I’m sure I didn’t.’ That kind of defence would not hold water in the most minor magistrates court anywhere in this country. As Senator Hogg has said, when there is a rotten smell, you know there is something rotting there. When you get the stench, there is a bad piece of meat. Returning to what the minister is reported as having said:
I can’t say I didn’t make a comment, but I didn’t disclose the mechanism of supply.

However:
All but one member consider that the issue was raised by the Minister ...
And it is beyond dispute that it was raised by the minister, because who else knew?

Senator Eggleston—Now read 2.30. It’s got to be balanced.

Senator CROWLEY—Come on, Senator, you want it balanced? I am giving the balance to the points that you left out. There is in this report an absolute condemnation. It is a damning report of the minister for health—a most damning, dangerous, deadly report for Minister Wooldridge. I repeat:
All but one member consider that the issue was raised by the Minister.

There it is, thoughtfully and properly recorded by the Auditor-General in the report. That is a very damning line. You actually said, Senator—if I might submit this through you, Mr Acting Deputy President—that radiologists are clever people: they read the meaning between the lines. You do not have to be a radiologist to read the meaning between the lines in this report. You can just be an ordinary citizen. An ordinary citizen knows, whether you take the horseracing metaphor or whatever. The minister has a meeting on 6 May 1998.

Senator Eggleston interjecting—

Senator CROWLEY—By the way, Senator, I think you should check the dates of the meetings the minister had. I am not being nasty here, but you actually gave us 1999 dates. This budget meeting happened in 1998. So I suspect that you have either dates for the wrong meetings or wrong dates. The pre-budget meeting that we are talking about is 6 May 1998. This was ticked off by cabinet the day before, and only the minister knew. He goes to the meeting, discussions take place and, goodness gracious, in the first five days 33 machines are bought at $3 million each!

Senator Quirke—How many?

Senator CROWLEY—Thirty-three.

Senator Quirke—That is $100 million worth.

Senator CROWLEY—As my colleagues opposite have said, some of them were only indications that they would like to order them. They did not actually have to pay out the $3 million there and then. I say to the senators opposite that, if this were the other way around, they know what they would be doing—they would be screaming blue murder from the top of every roof. This is a report that damn the minister. This is the Auditor-General’s report, asked for by the minister, under provocation, of course, by questions from our side. It is not a Senate inquiry that you might want to condemn as party political; this is the Auditor-General’s report, Magnetic resonance imaging services—effectiveness and probity of the policy development processes and implementation. It is a total damnation of the process and the minister through the process. Why would anybody else say there was no connection to the minister, who knew the data, the evidence, and has to deal with comments such as appear in paragraph 2.27:

All but one member consider that the issue was raised by the Minister ....

He knew the facts and, in the light of what was raised, off they went. As this report says, and as was so well spelled out, at $3 million a pop suddenly the number of machines in this country damn near doubled—well, not quite. Thirty-three machines were bought in four days—the 7th, 8th, 11th and 12th. On the 7th, there were six machines placed on order at $3 million a machine; on the 8th, 12 machines; on the 11th, 10 machines; and, on the 12th, five machines. Why would you do that? Why would you rush out and buy these machines if you did not have a very good idea that your $3 million outlay was about to get a windfall return on a changed rebate for MRIs, as proposed in the budget? We all know what happened: the minister made a monstrous mistake. Perhaps he did not make a mistake, perhaps he did it on purpose. I cannot say that, and that is not in the report, but what is in the report is this:

All but one member consider that the issue was raised by the Minister ...

He has been damned by the Auditor-General’s report.
Senator Eggleston—Come on, read out paragraph 2.30, Senator.

Senator CROWLEY—It says it all through this report and in the summary. As any of you know, having read audit reports, and as my colleague Senator Hogg said, they are not wild, keep-you-awake reading. They are not the latest thrill document. They are very thoughtful, deliberative, cautiously couched reports. This report says at paragraph 2.27 and also at paragraph 42 of the summary at the beginning of the report:

All but one have stated that this was initiated by the Minister ...

... ... ...

However, the ANAO considers that, on the balance of probabilities, the evidence does at least suggest that negotiation and consultation with the College representatives and open debate on supply control issues created an environment where some participants may have deduced, or actually become aware, that the Commonwealth was giving consideration to the inclusion of machines on order in the Budget measure.

That is the challenge you have, and you cannot counter it. This is the Auditor-General’s report. It is a damning report of the process, of the failure to have any minutes or recordings of those people present, what was said or who said it. Is it not a surprise that, at a special hearing of the estimates to examine the public record? We hear a little about people who pass the odd joke around the place, but what about diary dates? What about meetings? What about conclusions drawn at those meetings? I think we should have some very clear guidelines, not just for departmental officers but for members and senators, so that we are aware that these documents may well finish up in the public record in the not too distant future.

This report should be looked at very closely. First of all, it dams the minister, condemns him for grossly improper behaviour. But, secondly, it gives a pointer to how departmental people should behave in the future. I would be concerned, as a number of other colleagues have been concerned, about what might be required if suddenly there is an inquiry. If the Auditor is coming through and having a look, what is on your email, senators, that might be required to be put into the public record? We hear a little about people who pass the odd joke around the place, but what about diary dates? What about meetings? What about conclusions drawn at those meetings? I think we should have some very clear guidelines, not just for departmental officers but for members and senators, so that we are aware that these documents may well finish up in the public record in the not too distant future.

This is a matter that needs to be looked at very closely by the department. But, as I said at the beginning and as it is said so well on page 57, government policy is the responsibility of ministers and so is the behaviour, the processes and the conduct of a department. The processes are very much up for grabs and criticised here. But the more important issue is: what do you say about a country that has 62 MRI machines one day, has a meeting with the minister, who is the only person at the meeting to really know the facts, and in the next five days another 33 machines at $3 million for each machine are ordered by people with specific access to the information and a specific interest in the outcome of the benefits of that budget payment to them?

We know, as Shakespeare said, that there is something very rotten in the state of the health department and this minister’s meeting. There is something very rotten—and the Auditor-General has spelt it out very clearly—a deep, deep smell, a deep, deep stench, and it is foul. It is about misappropriation of public dollars. It is about very
irresponsible behaviour, much of which is already under investigation—a matter of some disappointment to the minister. I am not sure ‘slippery’ is the word to apply to this minister, but the Auditor-General has made it clear—and it is a line that must be read again and again, over and over—that all but one of the people at that meeting have stated it was ‘initiated by the minister’, the person who knew, the person who has to be condemned and stands condemned by this damning report. The minister, Dr Wooldridge, ought to resign. It may be the only honourable thing he can do in this whole sordid mess.

**Senator MASON (Queensland)** (5.39 p.m.)—Perhaps in line with the Shakespearean analogy, Senator Crowley doth protest too much. The Labor Party’s performance with MRIs and their distribution throughout the community was woeful, but let me get to that in a minute. This is a telling document. It is a telling document not so much in the defence of Dr Wooldridge but, increasingly as I listened to the debate, his vindication. We have heard a lot about impropriety, negligence, recklessness, lack of ministerial fortitude, lack of ministerial responsibility and breaking of Westminster traditions. Amidst all this, we have had a report that has run for six months, 135 people have been interviewed under oath, and what have we discovered? Did we find any evidence of impropriety or negligence or recklessness? No, we did not. None of those 135 people suggested that Dr Wooldridge had leaked budget information, not even one.

**Senator Quirke**—Best circumstantial case I’ve ever seen.

**Senator MASON**—Let me get to that in a minute. Six months of trailing up and down the country, in effect, on a wild-goose chase. There was no evidence of impropriety at all. Political scalps are a little bit harder to lift than unsubstantiated allegations. Westminster propriety means much more than that. Dr Wooldridge, in the media last night and indeed this morning, Senator Herron and Senator Eggleston and, I suspect, Senator Tchen to follow me all understand about ministerial responsibility and all understand what reckless indifference would mean to his job. Let me get to that in a second.

This audit was conducted using the Auditor-General’s powers under section 32 of the act. As all the speakers for the government have said—and let me repeat—there has been no evidence of a leak. The report states:

All College members who attended the meeting of 6 May 1998 agree that the Minister did not reveal Budget measures.

Further, specifically the Auditor-General found no evidence of secret or indeed additional measures, as has been alleged by the opposition, nor evidence of impropriety or negligence. That is all clear.

**Senator Carr**—Records have disappeared. No records. What have happened to the records?

**Senator MASON**—Hold on, Senator Carr. It finds that the government’s intentions to make MRIs accessible via Medicare have been known since October 1997 via a publicly available report, the AHTAC report. It finds that while the Department of Health and Aged Care met the formal requirements of the budget process, ‘open debate on supply control issues created an environment where some participants may have deduced’—and Senator Eggleston played on this—‘or actively became aware, that the Commonwealth was giving consideration to the inclusion of machines on order in the budget measure’.

**Senator Carr**—So how did they become aware if there was no leak? How did they become aware?

**Senator MASON**—I listened to what Senator Crowley said and what Senator Hogg said and they referred to 2.37. Senator Carr, you are going to get your moment in a second. They quoted:

> On the balance of probabilities—and this is where the smell emanated from, the Shakespearean odour or the vapours—when the views of all participants are considered, whatever was said or done at the meeting of 6 May 1998 seems to have had some influence on the following surge in orders for machines, either directly or indirectly, between then and the six days to Budget night.

Then Senator Hogg and Senator Crowley referred to figure 3, which indicates there was a surge in orders for the machines after the meeting of 6 May. Well, why was there?
Because there had been speculation for months. As the Auditor-General says, it had even been in the newsletters of the college. Even as far back as October 1997, this had been mentioned in the AHTAC report. This was not something new or speculated upon in terms of it might not happen; this was a very, very real possibility. Radiologists speculated, I agree, but the minister did not divulge. I accept what Senator Crowley and Senator Hogg said. There may have been wrongdoing here. I do not know. But one thing is for sure: the minister did not divulge that information. That is the point. I am not suggesting there was not any foul play or that some people did not do the wrong thing.

Senator Carr—So you agree—someone did the wrong thing. You just want to shift the blame a bit.

Senator Mason—Senator Carr, you are suggesting that the minister is responsible. You keep on slurring the minister under parliamentary privilege. I wish you would not do that. Senator Carr, in particular, and the Labor Party always make enormous play of social justice issues.

Senator Carr—So this is the budget contest.

Senator Mason—If you want me to talk about the budget, I can do that off the cuff for a few minutes. You cannot interject about the budget; you failed in your 13 years in government to fix the economy of this nation up; you cannot manage an economy.

The Acting Deputy President (Senator Calvert)—Order! Senator Mason, come to order and address your remarks through the chair. I know you are being provoked, and I ask Senator Carr to keep his remarks to himself so that we can hear what Senator Mason has to say.

Senator Mason—If Senator Carr continues to interject on the economy, I will not be able to restrain myself and will remind this chamber about the Labor Party’s failure to run the economy of this nation during their 13 years in government. You raised an $80 billion debt on this nation’s credit card that the people are still paying off. You did that, not us, and we are slowly paying it off. Your party has a disgraceful record on the economy and you know it. If you want to interject, go ahead, make my day—keep on interjecting and I will keep on hammering you.

The Acting Deputy President—I remind you, Senator Mason, to address your remarks through the chair. Senator Carr, cease interjecting.

Senator Mason—Let us get back to social justice, because the Labor Party, particularly the left of the Australian Labor Party, love to talk about social justice, but they do not like it if social justice extends to rural and regional communities. They do not like that because they do not care about the country. There are now 66 publicly funded MRI machines throughout the country—17 of which are located in regional areas.

Senator West interjecting—

Senator Mason—That means an extra 140,000 Australians can get access to these lifesaving scans which they could not previously. You always talk about social justice and fairness. The left of your party loves it but, when it has come to the crunch, you have never given Dr Wooldridge any help or thanks at all for delivering these machines. Why don’t you do that? Instead you slur him under parliamentary privilege and have a go at him. You should not do that either. Of course parliamentary privilege does not worry you lot because you do not understand ministerial responsibility either. The Auditor-General says that we have not done enough; we have not yet fully realised the equitable distribution of the machines that we are aiming for. Professor Blandford’s report has proposed that another set of machines become eligible for Medicare rebates.

Senator West interjecting—

Senator Mason—He and his clinical review team have also found that we must further explore the many more opportunities to detect and prevent diseases beyond neurological and spine disorders.

The Acting Deputy President—Order! There is continual chatter on my left and, Senator West, you should know better
than anybody else that continuous interjections are disorderly.

Senator MASON—I do not mind interjections; it shows that they have nothing to add to the debate. As in so many instances, the Australian Labor Party today have nothing to add to any social policy or economic policy. I actually do not mind taking the interjections; in fact I enjoy it. MRIs are especially valuable for the early detection of life—

Senator Carr—What about the fraud?

Senator MASON—Let us get back to the budget then. You want to have a debate about that?

The ACTING DEPUTY PRESIDENT—Order! Senator Carr, would you desist from interjecting and let Senator Mason put his contribution in a—

Senator Carr—Less emotional way.

The ACTING DEPUTY PRESIDENT—I am supposedly in charge of this chamber. I would appreciate it if you would keep your remarks to yourself.

Senator MASON—It is a very emotional issue. When a minister of the Crown is slandered under parliamentary privilege and people say that he was dishonest, that he leaked information and that there was ministerial impropriety, it is a very serious issue. It is not a laughing matter. MRIs are especially valuable for the early detection of life-threatening neurological conditions, such as brain tumours and tumours in bone or soft tissue. MRIs are also the single most accurate way of diagnosing multiple sclerosis, so that early treatment can slow the onset of its debilitating symptoms. All of these things that MRI scans do are great things. It is just a terribly great pity that the Australian Labor Party have failed to recognise the benefits that these MRI scans can give not just to rural and regional Australians but to all Australians. Since the introduction of the rebate, the average cost now of a scan is about $45 to $50, with a waiting time of one or two weeks. This technology has been introduced to benefit all Australians.

Senator Carr—We thought you would choke over that.

Senator MASON—I wanted you to interject again, Senator Carr, that is all; I am waiting for it. I want to give Senator Tchen the opportunity to say a few words, so I will not go on much further. I just want to say a last few things in summary. This report was not a defence of the minister; it was a vindication. There is no evidence in this report of impropriety—that is the fact. There is idle speculation and that is all there is. This should close the case for the minister.

Senator WEST (New South Wales) (5.50 p.m.)—Thank you, Senator Mason, for giving me the final 10 minutes. I have been pursuing this along with Senator Evans at estimates for nearly two years.

Senator Tchen—Aren’t you going to give me the last word?

Senator WEST—Senator Tchen, you know nothing about this particular issue. Some of us have been pursuing this for nearly two years and watching this. This relates to the provision of a health service and it also relates to good governance, transparency in governance and those very important issues of accountability. That is where this report is damning, absolutely damning, about the lack of accountability, transparency, proper note taking and the failure of the department and the minister’s office to keep appropriate notes, be they in print form, the hardcopy form or emails or in any other form. I suspect that the shredder has worked overtime.

This is a damning report on administration. Anybody who follows this particular issue of transparency and good governance will know immediately that this is very, very slack. It is becoming the usual and the norm that we expect from this department and, I suspect, from this minister. I do not know who is at fault. I have been following the community affairs committee for a number of years now and, each time we do an estimates, it is taking longer and longer for answers to come back. We have now got to the stage where we are asking the department to provide us with the dates at which answers go to the minister’s office. We are now, through our committee, able to find out when those answers get to the minister, and they are sit-
ting in both ministers’ offices for weeks and weeks.

This seems to be a pattern that has developed in this department and in these ministers’ offices. I do not know whether it is incompetence and inability on the part of the departmental head to get information, but I do not think it is. I think that, because of the example of the length of time that answers take to be cleared by ministers’ offices in terms of answers to questions taken on notice in estimates, in fact it is the incompetence of the ministers’ staff or of the minister himself or herself. This attitude in action here fits a pattern of the failure of good governance and I think the minister should look very closely at the classic of the Westminster traditions. He says that he is not responsible and that he did not do it. The story on the 7.30 Report last night was just walking totally away from the situation, being appalled at the behaviour of the radiologists. I have been known on occasions to be quite critical of doctors and their behaviour and will continue to be but I do not think that all of the doctors in the Royal College of Radiologists are as conniving, mean-spirited and greedy as the minister would have made them out to be last night.

You only have to start reading the Auditor-General’s report and having a look at the returned order that finally turned up yesterday as well. Mind you, there is a whole stack of pages that say ‘Contents omitted because they are not relevant’, and I would love to know how that decision was arrived at on a number of occasions. I am finding reading the advice to the minister and the briefing note to him before he goes into the meeting on 6 May very interesting. It suggests to the minister that he get them to give a brief overview of their proposals and their status within the college executive and council; that he indicate that he considers them to be a ‘comprehensive and sound set of proposals’; that he explain to them where things are, in the budget context; and that he point out that there are some problems and that it is ‘not just a matter of giving the proposals a tick’, but that the minister was ‘optimistic’ about it being agreed to.

Now if that is not giving a nod and a wink to a blind person, I do not know what is. This is obviously giving some pretty clear indications that they are on the right path, and I am not surprised that there is nothing in the minutes at the outcome of this meeting, which I find very strange. Again, it is not good governance and it is not good administration. There is no transparency. That is what this is all about: this is about the administration that this government runs. The Prime Minister won power in 1996 and was going to have the most squeaky clean and highest standards ever. This is the lowest standard that you could possibly come to. It is very fortunate indeed that in this country you are innocent until proven guilty—because, by golly, if you had to prove your innocence out of this report, you certainly could not do it!

One of the previous speakers talked about the bounds of probability. Bounds of probability and within reasonable probability gets down to common law levels of proof and, when you are only the difference away, that is a bit close to the bone, I would have thought, for the minister. The briefing also says that the minister should also seek to allay their concerns by telling them that the government will ‘keep them advised of developments’ and will ‘take them through the papers’ on budget night. It tells him to ‘appreciate that they may see it as smoke and mirrors’. Hmmm! Very interesting! It says that there will need to be ‘some housekeeping post budget to get things in order and to reflect the proposals as agreed’ and that this will be dealt with ‘by correspondence and other documentation’. I do not know what ‘other documentation’ can mean. My guess is that it could be emails. He is advised to ‘ask them what problems this may cause the college and discuss ways to address these’. This was what the minister could talk about at the meeting of 6 May.

The question I would like to know about but that we cannot get an answer for is that it would obviously be normal practice for there to be a set of minutes for that meeting. None existed. But then, we get around to when the agreement was signed and the letters were sent to the college to ratify the agreement; they were all sent after the budget. I do not
know about anybody else, but I do not know of anybody with a modicum of intelligence that agrees to a proposal without knowing what the proposal is. This is a proposal that was agreed on 6 May. Surely to goodness we are not going to be told that they would have signed up to something not knowing the full details. They are not stupid people. They are intelligent people. They are businesspeople.

I also do not know how you can enter into contracts to spend $3 million without having to lay down some penalty—if you have actually signed up tight enough. Let us face it: those of us poor mortals who cannot visualise $3 million certainly do not get any option to contemplate spending $3 million and sign off on a legal dotted line on a binding contract and then have the option to be able to withdraw from that contract, if it does not suit us, without some penalty. You cannot tell me that that happens, and yet that is what was expected to happen. It just does not make sense—unless doctors get privileged treatment from banks and other lending institutions that the rest of us people cannot get.

Senator Lightfoot—You are not wrong there.

Senator WEST—Oh! So doctors do get special treatment. That is very good to hear! I also wanted to raise the issue, because it actually comes through these notes that have been tabled, that there is a difference between the private and public sector in the radiologists’ spending here. We have heard about all the machines that have come to country areas. Let me tell you that very few have come to the public sector in rural areas, and that is a major concern. If this is such an important issue, why isn’t this government ensuring that the major teaching based hospitals in the rural areas of this country actually have their own MRI, so that the critically ill patients who come in through Casualty and A&E can actually get their MRIs undertaken? If it is such an important piece of diagnostic equipment, why aren’t they in the public sector where all the acutely ill patients are taken? Why not? It is not because they obviously did not care about it: they did not think the proposal through. This is as crook as Rookwood. It is shonky. (Time expired)
country. After the billions of dollars in cuts made to government services in its first term, this government has been forced, beyond all the limits of prudence in a growth economy, to spend all the proceeds, and then some. The Treasurer knows he is stuck with this budget to bring in the GST. But he knows it is the wrong budget to ensure a sound economy at this stage of the economic cycle. When he should have been assisting the Reserve Bank to keep interest rates low, the Treasurer instead has been forced to accept a tax he once described as snake oil—John Howard’s GST. And he has been forced to accept the huge spending bill to try to compensate people for its effects.

The amazing thing is that, with all that spending—$6 billion in this budget alone—they have still managed to leave substantial numbers of Australians without any form of compensation. Remember, this is the government which has cut $5 billion from social services since coming to power—much of it directed at families. Now it is imposing a $30 billion GST which will principally be borne by families; a tax which means that every time you have a child you effectively go up into a new tax bracket. The fact is, as most Australians know, mortgage rises are already chewing up the so-called GST compensation for families with children on an average income and on an average mortgage. Their tax cuts are already gone before they arrive, and the full GST is only 51 days away.

Even more vulnerable is a family like John and Wendy, from the government’s own GST TV ads. If John and Wendy are expecting a child in December this year and John has an annual income of $30,000 and Wendy $28,000, they will, under the new tax system, when Wendy stops work, lose $67 a fortnight in the existing parenting payment. Even the government admits this leaves John and Wendy only $12 a fortnight to pay the GST. And the latest analysis shows that they will be $16 a fortnight worse off after the GST.

We had a look in the budget on Tuesday night and actually found $15 million to discover that John and Wendy are worse off, but will not spend a single cent to help them.

To further confound and confuse Australian families, we had the spectacle last night of the Treasurer, in a fit of pique over the budget’s poor reception, saying the promised tax cuts were not meant as compensation to people for the GST. “Income taxes had to be cut anyway”, he said. This is exactly what Labor has always argued—that you can have tax reform without a GST. What the Treasurer is telling families is that the inadequate compensation package for the GST is actually no compensation at all. It was owed to people for the effects of inflation since the Howard government came to office. But that is this government all over. It is like someone who comes along and pinches $1,000 out of your back pocket, returns four years later with a $50 note and expects you to fall on your knees in gratitude.

The one piece of news in this budget was the $2.8 billion surplus, yet almost immediately that was shown to be a giant con trick. Nine years into economic recovery, we find in reality there is no surplus at all. The $2.8 billion was conjured up literally out of thin air—out of the sale of communications spectrum for an estimated $2.6 billion. The Treasurer himself has told us asset sales should not be included in the budget bottom line. A business could not get away with that, but the Treasurer thinks he can. Take away this fiddle, and the budget would be in surplus by a paltry $200 million.

Today the situation became dramatically more serious. The parliament learned that because of the false classification of a major payment to the states the budget is actually in deficit. Combined with other fiddles, the outcome of this budget is really a $2.1 billion deficit. It has taken all of three years for this Treasurer to turn a $10.7 billion projected surplus into an effective $2.1 billion deficit, and this at a time of strong economic growth and huge growth in revenue. According to the measure used by prominent economics forecaster Access Economics, the true structural deficit is actually more than $5 billion. Is it any wonder then that this has been, of all
their budgets, the most critically received by the economic commentators?

In the past four budgets we have seen Peter Costello smirking his way through his budget speech as he went around trying to convince the markets and the commentators the pain would be good for us and the gains would soon be here. But on Tuesday night the smirk had gone, and all that remained were thin lips and a hushed backbench. What this week has done—make no mistake—is finally expose what we on the floor of this parliament have known all along: the Treasurer has a glass jaw. He has had it easy in his short political career, but as soon as the heat is turned up he starts to go to pieces. We were trying to recall when we had last seen him look so uncomfortable. Was it when he verballled Alan Greenspan and single-handedly moved the US bond market? Was it when he did the macarena with Kerri-Anne Kennerley? No, it was when he suffered the ultimate humiliation of being made Alexander Downer’s deputy.

I have said this is a budget of lost opportunities. And this is because of what was not in it—no plan for the future, no vision for Australia and no ideas. It is a tragedy for this country that at such a time of change—with new communications transforming the workplace, innovations coming thick and fast—we have a government as backward-looking as this one. Like most other Australians, members of the Australian Labor Party have been debating how our education, training and communications networks will measure up to the challenges of the future and how we can and must invest in new ideas. Do we see any evidence of this debate in the government ranks? People look to their government at times like these to provide leadership. The tragedy is that, at the very time we need it most, we face a government without inspiration, ideas or vision. This budget reveals that in spite of the enormous challenges we face in this country to become a knowledge nation this government under Prime Minister John Howard can only focus on a 1960s European socialist tax idea, the GST.

Australians are already paying the GST. They know that prices are already going up—in the supermarket, in the department store, on their car and home insurance and in so many other ways. Let us briefly examine some of the things we know of this tax and what it will do. We know it will take $30 billion out of the pockets of ordinary Australians each year—a figure, by the way, you will labour in vain to find in the government’s budget speech, although they do finally admit to it when you read the fine print. This tax, we now learn, will lead to immediate price rises of a staggering 6¾ per cent, a figure you never heard mentioned by the Howard government in any of their GST propaganda up until now. Before the election we were told prices would go up by only 1.9 per cent. So we will have this big increase in prices which, as we all know, will hurt the most vulnerable in our community—the elderly, new parents, students, self-funded retirees, pensioners and others. Economists are predicting more interest rate rises for home buyers as a result of this budget. Already we have seen four rate rises since last November. And if you think the surplus is disappearing, just wait until you see the tax cuts disappear.

We now know the government does not think the tax cuts compensate people for the GST adequately. But even if somehow families did see them as some form of compensation, their effect, according to the government’s own budget papers, is snatched back after just one year. The total tax take from individual taxpayers bounces right back to their levels of this year after only 12 months. And a year later, taxpayers are on average $600 a year worse off. So these tax cuts are a mirage. The other great neglected story of this tax is the huge burden of paperwork it will add to owners of small and medium businesses around this country. We know the struggle they are going through right now trying to install new software, wrestling with complex regulations, trying to gear up to become government’s tax collectors all around this country. These businesses are in fact spending $4 billion on that process.

Let me state very clearly, and let me state very clearly for you, Senator Kemp: a future Labor government will be committed to rolling back the Howard government’s GST to make it fairer and simpler. While we will roll it back, we know that the Howard gov-
Publications by the government’s agenda is to roll the GST forward. Everyone knows that this government want a GST on all food—they wish there was one on food now. Likewise, everyone knows that under the Howard government the GST rate of 10 per cent will inevitably rise. To roll it back we need to know how this tax operates over the next 12 to 18 months. We need to know who is hit hardest and what its surprises are, and we need to know how much money is available to roll it back responsibly, while attending to our other priorities. Even the government, as is amply clear from its vanished budget surplus, does not know what the budget will look like at the next election.

For our part, we will not make any promises that we cannot afford, unlike the Prime Minister with his core and non-core promises in the 1996 poll. We will tell the Australian people our plans before the next election—an election that should be at the end of next year, after another Howard budget. For the moment, we can assure them that our priorities will be fairness to the weakest and most vulnerable in society, including charities; lifting the burden on small business, especially the administrative complexity; lifting the burden on education and health; and lessening the impact on jobs. At the next election the Australian people will know fully what we intend, and they can decide between a Beazley Labor government that will roll the GST back or a Howard government that they know will roll it forward.

Perhaps the greatest cost of all of the GST is the way that it robs the future to pay for the past—the way that it takes more than $25 billion out of future budget surpluses to pay for a tax instead of going towards the knowledge nation to position us to take advantage of the huge scientific and technological changes we are facing. There are far more important issues for this country to debate than issues of taxation, like how to develop a highly paid, highly skilled workforce using the best technology to improve the production of goods and services. Yet this is an agenda that this government publicly deride. They simply do not understand that these ideas are no longer optional extras for governments. They are a new economic reform agenda for modern nations around the world. We all now largely agree on the old agenda: the need for fiscal discipline, an independent monetary policy, deregulation of financial markets, the floating of the dollar, low inflation and a more open economy. The agenda is moving on but not the Howard government.

There are many dimensions to the knowledge nation, and I want to spend just a little time on a few of them. I begin with what was meant to be the focus of this budget: regional development. Regional policy is about investing in modern infrastructure. It is about making the regions part of a vibrant national economy and part of a successful knowledge nation. Without this vision we face an ever-diminishing and ageing rural and regional population. Labor has higher aspirations for country Australia than this. We know what problems many of our regions are confronting—population decline, young people moving away, jobs drying up and country towns disappearing. Some of our regional communities have shown that it does not have to be this way. They have answers. They know what regional Australia needs—investment in information technology so that they can create new industries and new jobs. They know that it means better funded regional universities and TAFE colleges to bring in new skills and new measures to tackle the salinity crisis to protect the land and give agricultural industries a secure future. But they need the Commonwealth government to give them the resources so that they can get on with the job. The Howard government has totally failed to invest in the future of our regional communities. There is no new infrastructure spending, no new money for country roads, no new money to improve access to communications bandwidth and no new money to help sort out mobile phone problems.

The Deputy Prime Minister, John Anderson, said that his political mission was to ‘meet the reasonable expectations of country people’. With this budget he has well and truly failed. While I am on the subject of his failure, let me talk about his failure to stand up to his Liberal counterparts on perhaps the most important asset rural and regional Australia has to connect itself to the new economy, and that is Telstra—his failure to stand
up to the Liberal Party on Telstra. No Labor government will sell Telstra. This is not ideology; this is commonsense. We need Telstra to make sure it meets our national priorities. I note from this morning's Financial Review that Telstra has finally found out who its true enemies are—not those of us in the Labor Party who want to see it prosper and thrive. Its enemies are those in the government who have been talking down its value for their own ideological reasons.

The second knowledge nation area I want to tackle is the vital one of education. Our education system is a vital national asset. We must develop it or see our stocks as a nation fall. Yet the Treasurer’s speech on Tuesday night contained just two paragraphs on education—two paragraphs on what is without doubt the most important responsibility the government has. Every leading competitor nation of ours is investing its wealth in human capital. In the United States Al Gore has pledged to increase investment in education by 50 per cent by 2010, if he is elected President. Just a few months ago the Singapore government announced a 20 per cent increase in education spending. On Tuesday night Peter Costello announced new education initiatives of just $62 million over four years. That is 86c per Australian, per year—the price of a cheap ballpoint pen, like this one I am holding. What is more, it is barely one-sixth of the $360 million that this government is spending on its GST ad campaign—propaganda for a tax no one wants versus investment in the skills everyone needs. Those are priorities for you!

The government took up one of our good ideas in the bonded scholarship for doctors to go to regional Australia. How about picking up one or two of our education ideas as well, like our teacher development contracts to assist teachers to go back to university to gain specialist knowledge or our teacher excellence scholarships to attract to the profession high achieving school leavers in fields such as maths, science and information technology? Every parent knows instinctively what the latest research confirms—that well-trained and motivated teachers are the best chance their child has got to succeed at school and in life. Yet this country under this government is going the other way. We are unique among developed nations in reducing our public commitment to education.

Five years ago, Commonwealth spending on education was at 2.2 per cent of GDP. This year it will be at 1.8 per cent. In another four years, if this government is not thrown out, it will be at 1.7 per cent and Australia’s chance of becoming the knowledge nation will be ruined. Just today the science and technology budget statement revealed a further fall in Commonwealth support for science and innovation. This budget proves beyond doubt that the Howard government has given up on the elements we need to become part of the new economy.

While I welcome the government’s move to assist some regional non-government hospitals, I believe the government still does not understand the number one issue in health: the state of our public hospital system. Across Australia the main issues are the absence of public hospital beds, the waiting times for certain procedures and, sadly, the poor quality of care now available. If Australians cannot have confidence in their public hospitals, what sort of country have we become? We are all affected, yet the Howard government refuses to provide greater hospital funding. The government has a report from an independent expert which says that over the next four years the system needs an extra $620 million just to provide the existing level of services to our growing and ageing population. A good government is willing to invest in community infrastructure, such as quality hospitals. Just imagine, if the $360 million this government is spending on its GST ad campaign were invested in public hospitals you could fund an extra 1,200 new hospital beds.

What is really needed right now is a driving, active, nation building government—one that has the will to forge real change in this country. Governments must provide leadership to create the climate in which our best minds can work together to bring about new knowledge and translate ideas into economic growth. This is not politics. This is the future. It is not about the next election or who wins and loses. It is about what sort of country we really want for our kids, because we have a
chance to shape this nation. The role of government is to provide an excellent education system and the best incentives for science and technological research, underpinned by a first-class communications network. That is what the Labor Party promises.

Finally, let me say that the lack of vision in this budget is not surprising from a government in love with the past and at war with the future. We have seen it on the republic, on Aboriginal reconciliation, on foreign policy. We are now seeing it all through our domestic economy. One thing that has amazed me is that in the selling of this budget so much of the government effort has been aimed at attacking us, the Labor Party. Since the poor reception of this budget has unfolded and as the government has become more sensitive to public fury over the GST, its need for a deceitful and personal political strategy has become evident.

When you cannot defend your own budget, you demand that the opposition produce its 2002 budget right now. When this does not work, you attack the Leader of the Opposition. If that does not work, you demand the right to one more victory over Paul Keating. My advice to my fellow Australians is: when you hear any of this reach for your wallet. You will find it minus your share of the $360 million GST ad campaign. Recognise this strategy for what it is—a lushly funded smokescreen over a judgment seat they hope you will never sit in.

On Tuesday night, the Treasurer delivered his budget speech. It was a very telling document. The first 11 pages were predictable, stodgy and uninspiring, but the last five pages tell the tale. They are all blank. These are the pages the government could have used, and the pages that will be used under Labor, to set us on the road to the knowledge nation. These pages should have told us how our kids would be better educated to face the great challenges of the new economy. These pages should have set down the way in which this country can establish a better health system. These pages should have been used to restore the welfare of families, who are at the centre of our society. Labor will fill these pages. We will fill them in a way that answers those questions we are so often asked by Australians—questions about how to achieve economic growth with fairness. Fairness for Australian families—that is the Australian way.

Senator LEES (South Australia—Leader of the Australian Democrats) (8.01 p.m.)—I rise tonight to respond to this budget on behalf of the Australian Democrats. Budget 2000 is the budget which marks the completion of Mr Costello's slow metamorphosis into a latter-day Mr Keating. Not content with adopting Mr Keating's style and economic policies, in his determination to pull a surplus laden rabbit out of a hat, Mr Costello delved into Mr Keating's dusty old bottom drawer full of phoney accounting techniques and heroic economic forecasts. Indeed, as I read through Mr Costello’s economic forecasts—the figures that have to be positive for this budget not to plunge into deficit this year—I kept thinking that if this budget were a song it would be the Monty Python song Always Look on the Bright Side of Life. I do hope Mr Costello gets us down to the 6¼ per cent unemployment rate. But with job advertisement growth slowing, with interest rates hitting business and consumer sentiment and with no new initiatives in this budget to promote jobs growth, I have my doubts as to whether we will get there.

The forecasts of nine per cent business investment growth, of moderate wage growth and of a falling current account deficit and even the key 3¾ per cent economic growth forecast all lean well away from a balanced view towards a distinctly optimistic one. I hope these forecasts are realised. But, with forecasters like BIS Shrapnel predicting growth falling to just 1.1 per cent next year, I wonder if this is the right budget for the times. To paraphrase Graham Chapman in Monty Python’s The Life of Brian: Mr Costello is not the economic Messiah; he is just a very haughty boy. The Treasurer is prepared to cut social spending more than is economically or socially justified to appease the gods of the financial markets—gods who are notoriously fickle, gods who have short memories and gods who are, more often than not, not interested in Australia in the first place. Fran Kelly on Radio National, the morning after the budget, closed her interview with Mr
Costello by saying, ‘I feel a mantra coming on.’ I know exactly what she meant. Five years on, Mr Costello has had only one economic refrain: debt reduction, debt reduction, debt reduction. That is despite Australia having the fourth lowest public sector debt in the OECD and despite our private sector liabilities—foreign debt and investment—rising sharply over recent years.

The Costello budgets have been similarly single-minded. It is The Life of Brian again: five budgets, five crucifixions. So let us do some casting. I thought the currency traders could adopt the role of the suicide squad from the Judean People’s Front, marking the dollar down over half a cent before the Treasurer had even finished his speech on Tuesday night. But, on reflection, Mr Beazley and the Labor Party make a much better suicide squad. Their assertion that Mr Costello had contrived a budget based on phoney accounting was a classic case of shooting themselves in the foot. I well recall Mr Beazley’s last budget as Minister for Finance in 1995, when he claimed a $700 million surplus. But, when asset sales and net advances were taken into account, the real result was a $7.2 billion deficit. To play the role of the indecisive People’s Front of Judea, spending their time passing motions that something should be done but doing nothing, the National Party is perfect. This was supposed to be the budget for the bush—the budget that pulled regional and rural Australia out of the economic doldrums. The Prime Minister, in Quorn in my home state of South Australia, promised a big boost for infrastructure in the bush. It failed to turn up in the budget, a point not missed by the National Farmers Federation. But the Nationals, having threatened, fumed and fussed for months, all lined up politely to applaud this budget that failed to address the inequity of economic opportunity between metropolitan and regional Australia.

Unemployment in regional Australia is now running at twice—and in some places, like northern Tasmania, three times—the unemployment rate in Sydney. This should have been the budget to even up the speed of growth on both tracks of our two-track economy. But that would have meant Mr Costello abandoning his obsession with debt reduction. This, in my view, would not have been a bad thing. Nine years into an economic upturn, I certainly do not believe that Australia should be spending its way into deficit to fund normal government expenditure. But modest borrowing for capital investment, public investment in infrastructure—for example, regional transport, communications or human capital like university education, our public school system and research and development—is perfectly justifiable.

I repeat again: Australia has the fourth lowest level of debt in the OECD. Indeed, in yesterday’s Press Club speech Mr Costello said other countries could not understand that the Australian government was not borrowing more. This is because most OECD countries regard obsessive debt reduction as a stupid strategy, and it is. If the Australian government were a company, the markets would be marking our shares down for not having sufficient gearing. A poor gearing ratio—or low borrowings, in other words—suggests that a company is not employing capital to best effect and investing. That is exactly what this government is doing. Government non-financial assets are scheduled to rise by just 0.4 of one per cent this year, with a rise in value of non-military infrastructure of just $77 million. That is hardly the stuff of a far-sighted investment strategy to secure Australia’s economic future.

Education and research remain the government’s biggest failings as the OECD warned in its most recent Employment Outlook:

It is only by directing attention to the critical need to develop long-run policies to increase the skills and competencies of the less skilled, and to encourage the businesses where they work to invest in this human capital, that further sustained progress on improving the standards of living of disadvantaged groups in OECD countries will be possible.

Yet under this government investment in education has fallen from 5.2 per cent of GDP to just 4.4 per cent of GDP. Funding for targeted higher education research fell by 5½ per cent in real terms, and funding for other higher education research and development fell by 2.3 per cent during the same period.
from 1997-98 to 1999-2000. I can well imagine that Minister Kemp’s favourite song might be Pink Floyd’s ‘We don’t need no education’, a self-evident falsehood if ever there was one. By contrast, there have been substantial boosts to R&D funding over the past two years in the United Kingdom, Japan, Germany, Canada, the US—and the list goes on. In fact, this year Mr Clinton aims to boost funding for university based research by eight per cent. The Irish Prime Minister, who has recently established a $1 billion ‘Technology Foresight Fund’, said in Melbourne during his March visit:

It is clear from the Irish experience that research and development in higher education has been absolutely crucial in our efforts to attract knowledge-based industries to invest in our economy.

Mr Howard could not have been listening because his government has cut $1 billion a year from education funding for universities, vocational education and student assistance.

Mr Beazley now says he will reverse this trend and make Australia the knowledge nation. Well, I would like to know how. I want to remind people, especially Labor Party senators, that in the last election he failed to actually tell us. The self-styled ‘education Prime Minister to be’ pledged to put back just $170 million of the $1 billion that Mr Howard took out of education. This amounts to less than 20 cents in the dollar. In 1998 Mr Beazley failed the biggest test of his leadership as he did not explain how he would repair the damage done to Australia’s education system—his plan was more hot air and rhetoric than real hard cash. Most telling of all, he has raged against the very tax reform which will guarantee a solid revenue base to underpin increased expenditure.

Back to The Life of Brian. I said that this budget, were it a song, would be ‘Always Look on the Bright Side of Life’. Let us take a look at the bright side of this budget. There is about $2 billion for new initiatives that the government has agreed to since the last budget and, in many instances, these initiatives reflect the persistence of the Democrats in pursuing social and environmental policy outcomes. Indeed, the two biggest new spending initiatives since the last budget, aside from East Timor, were the $750 million increase, in real terms, we won for pensioners and social security beneficiaries and the $230 million a year in new environment programs we won also in negotiations on the tax package.

I want to talk about the fiscal effect of the agreement we won as part of our negotiations on the GST last year and make two points. Firstly, contrary to some ill-informed comment, the Democrats did not use the surplus to fund the $3 billion to $4 billion cost of GST changes, particularly in making food GST free. The cost of these revenue changes was fully met, as we always said they should be, by revenue items—reduced income tax cuts, increased diesel excises and the retention of some state taxes.

Secondly, we did agree to fund the social security and environment programs by drawing on the surplus and that, we believe, is entirely appropriate and we do not resile from that one bit. The 1996 budget comprised cuts of over $1 billion from social security and income support. Those cuts left the most disadvantaged in our society—the poor, the aged, the sick and the unemployed—shouldering more than their fair share of the burden of deficit reduction. As the budget moved into surplus, we always argued that those who had endured the pain involved in creating the surplus should be the first to benefit from the gains.

Our $750 million a year social security increase, in real terms, combined with the cost of GST-free food, effectively cancel out most, if not all, of the $1 billion of cuts to the social security payments. The disadvantaged paid the price of creating the surplus and they should reap the benefits. I might add here that Labor went to the last election offering no increase in social security payment or pensions. The Democrats have delivered far more to the three million Australians relying on social security than Labor ever would have done. I note as an aside that in 1993, when the ALP put up the wholesale sales tax rates, there was no long-term compensation for low income earners either in the tax system or in the social security system. Clearly, it is the Democrats—not Labor—that is the party of social responsibility.
On to environment programs: this government, like the previous Labor government, has failed to effectively address the challenge of reducing greenhouse gas emissions. This government’s failure tracks right back to the crazy 1996 budget decision to abolish the Energy Research and Development Corporation. The new funding the Democrats won for energy efficiency, renewable energy and greenhouse gas abatement programs has trebled government funding on greenhouse issues. This is well in excess of anything Labor promised to do in its 1998 election policy. On the environment, the Democrats have always been miles ahead of the Labor Party.

This budget reflects many other new programs that the Democrats have worked long and hard for. The $560 million rural health program contains many measures that have long been Democrat policy and that we have pushed and pushed the government to adopt. However, we are very disappointed that, yet again, they have failed to deliver on dental death.

The $46 million for additional legal aid funding was very much a result of continuous lobbying of the Attorney-General by the Democrats and an agreement with him, although it falls short of the government’s original commitment of $63 million of new funding. It seems that somehow $20 million of this was excised from the cash-strapped legal aid system to fund the political fix diversionary schemes that the Prime Minister negotiated for the Northern Territory to soften its mandatory sentencing.

The $13 million for a new childhood nutrition program was a direct result of our tax negotiations. The $100 million in development aid for East Timor represents a small down payment on the Democrats’ long-standing call for Australia to invest heavily in repairing the infrastructure of that country. It is nowhere near enough but it is a start. It is very disappointing that the overall overseas aid budget has now fallen to just a quarter of one per cent of GNP, barely a third of the level recommended by the UN. The strategic importance of aid is lost when compared with the $228 million increase in defence spending. Indeed, had a good defence management plan been in place, one-off defence payments would not be necessary.

The $240 million books industry plan represents funding won by us, with most of it going to the textbook subsidy scheme. The remainder is allocated to the establishment of a much sought after education lending rights scheme for Australian authors, an assistance package for the Australian printing industry and a program to increase holdings of Australian books in school libraries.

Finally, the government have also responded to the Democrats’ announcement that we did not support its proposal to increase beer excise prices on 1 July by effectively owning up to the fact that they have had their hand in the till to the tune of at least $150 million a year. That measure is a step in the right direction, and we are yet to process all the numbers to determine whether the $150 million is in fact enough to deliver on the government’s pre-election commitments regarding the price of ordinary beer.

In short, the Democrats have been very influential in winning real gains in social policy and environmental policy across a wide range of portfolios over the past year. We have achieved those gains by persistent public campaigning, by working with industry and with community groups and through specific negotiations with government.

I have a few other comments to make on specific portfolios. Firstly, schools: I cannot understand why funding to government
schools will increase by only 21 per cent over this four-year period—about where the CPI is expected to go—while funding for non-government schools will increase by 40 per cent. This appears to reflect Dr Kemp’s ideological prejudice against public provision of a well-resourced education system. The Democrats welcome the $240 million stronger families and community strategy, particularly the additional subsidies for in-home care for rural and remote families living too far away from child-care centres. However, these initiatives will not fix the child-care industry’s problems caused by earlier funding cuts and rule changes.

In the rest of the social security portfolio, the government continues its obsession with throwing people out of the social security net by the introduction of more and more cumbersome and onerous requirements. We are very sceptical about the $60 million savings from the introduction of preparing for work agreements for all new claimants of unemployment benefits. Basically, when you add the figures up, this government is hell-bent on making the system too complex for another 7,000 Australians—so off they will go to the charities. We also question the introduction of pilot programs to increase mutual obligation conditions for mature age unemployed, long-term unemployed and unemployed parents of school age children, especially when the government’s own welfare review is yet to give its final report.

On the savings side, the Democrats welcome the inclusion of family trusts and private companies in the means test for income support. In the environment portfolio, there are virtually no new measures or funding other than the greenhouse measures won by the Democrats. On the one hand, we have a Prime Minister who acknowledges that salinity is a huge challenge for this country—echoing the findings of his own Science, Engineering and Innovation Council; on the other hand, we have a Treasurer ripping $62 million out of programs designed to tackle this enormous and growing problem. Also, the forward estimates provide no clue as to what will happen when the Natural Heritage Trust money runs out in 2002. It reads as if environment spending simply disappears after that, and we believe very strongly that the environment spending should be funded from core government revenue. It is far too important to continually rely on asset sales. Eventually, they too will run out.

On immigration, the Democrats believe that this government is about to waste $116 million on the minister’s obsession with boat people, including $52 million to build more detention centres. Yet there is no new money to help people who have come here or to improve processing services for people who want to come here—tourists and business people, as well as migrants. Indeed, language and literacy training for migrants is being cut.

The government’s attack on public broadcasting continues with the refusal to grant the ABC and SBS any additional funds for new content for digital television or even to use the full capacity by multichannelling, even though digital is scheduled to begin in less than a year.

This brings me to revenue. Given the needs in our health and education system, I think it was irresponsible not to proceed with the East Timor levy. This would have meant the East Timor commitment could be met from the levy and the general revenue used for our public hospitals and schools. Of course, the big news on the revenue side is the tax cuts and the GST, both taking effect from 1 July. It is not apparent in the figures in this budget, but the new tax system and all the changes will actually increase revenue collection in this country. Treasury’s conservative estimate of additional revenue is about $2 billion a year in 2000-01. However, as Ross Gittins points out in today’s Sydney Morning Herald, the revenue increase is likely to be larger than that, as the ABN system is certain to bring in much revenue from the black economy. As well, the GST as a growth tax is almost certain to raise more than was originally predicted for the states.

I emphasise yet again that repairing the revenue base is why the Democrats went into tax reform in the first place. The income tax cuts refunding the bracket creep occurring since 1993, the GST replacing the less efficient indirect tax system, the huge crackdown
on tax avoidance—particularly by trusts and businesses—and the business tax reform all add up to a tax system that has far more capacity to fund the social expenditure Australians increasingly want from government. By signing on to tax reform, the Democrats have also shown themselves to be more economically responsible than Labor. Labor wants the revenue from tax reform but does not have the bottle either to reform the tax system itself or to now say it will repeal the tax. Labor will not repeal the tax and is saying so very clearly, but it still rails against it. What a terrific strategy! With a repaired revenue stream, government will no longer have to rely on creative accounting practices to deliver real surpluses and real spending increases, as Mr Costello has been caught doing in this budget with the spectrum asset sales proceeds, the timing of grants to the states and the Reserve Bank dividends.

Coincidentally, today is the 10th anniversary of my first speech in this place. I have now the rather dubious honour of being the longest serving Democrat senator ever. It amazes me how much things change yet stay the same. Ten years ago, the 1990 budget was Mr Keating’s last as Treasurer. The 1990 budget painted a picture of an economy that would slow gradually under rising interest rates, delivering a surplus of $8 billion—there were pages and pages of positive forecasts. But not a single forecast was met. Growth, instead of being the forecasted two per cent, crashed to minus 0.9 per cent as the ‘recession we had to have’ arrived. Unemployment shot up. After taking out all the dodgy accounting, the budget surplus disappeared and re-emerged as a net borrowing requirement of some $700 million. Mr Keating ended up Prime Minister.

Ten years later we have another budget delivered in a climate of rising interest rates, replete with heroic assumptions and a soft surplus forecast—and I hope history does not repeat itself. I wish this government had more of a sense of how this country will position itself to take advantage of the new knowledge based economy. I wish this government had, as a priority, the sharing of the benefits of economic growth with the disadvantaged. After all, we must surely judge a society by how it cares for those who are least able to cope on their own and, in particular in the current climate, those who are not coping with rapid change. Those elements are missing from this budget. This is a budget that hopes things will be rosy and bright. For Australia’s sake, I really do hope that the forecasts in this budget are met. Unfortunately, hoping is not a sound strategy.

Debate (on motion by Senator Patterson) adjourned.

ADJOURNMENT
Motion (by Senator Patterson) proposed:
That the Senate do now adjourn.

Employment, Workplace Relations, Small Business and Education References Committee

Senator TIERNEY (New South Wales) (8.25 p.m.)—I rise tonight on the adjournment to continue comments that I made on the last occasion the Senate sat: comments in relation to an inquiry, which took two years, that was conducted by the Senate into indigenous education. We did come up with something unique in recent times in the Senate, and that was a unanimous report of that Senate committee. It is very pleasing to see that the government, through other mechanisms, is now moving along the tracks that were suggested in the major recommendations of this committee’s report. There was, however, a major cloud over the proceedings of the inquiry because of a matter of privilege that developed. I did report, in part, on that matter of privilege during the last time I spoke. I want to update the Senate on what is happening in this continuing saga.

The problem at issue was that a witness appeared before the Senate committee in the town of Brewarrina in western New South Wales. You would call Tony Wiltshire, the witness who appeared, a classic whistle-blower. He did see the problems in the Abo-
original community in Brewarrina; he did see that the local authorities, particularly the local shire council, were not dealing with those problems properly. Indeed, many of the decisions of the council in what it was doing under its general manager, Peter Felsch, were actually damaging to relations in the town and the conditions in the town in terms of the hopes and aspirations of the Aboriginal community; these things were getting worse. As one of the Aboriginal people in the area said, ‘We really just wish we could get a decent go.’ I want to report tonight on how, since that inquiry, that decent go certainly is not there. Indeed, the petitions that have been sent to me and the letters that have been sent to me from the Aboriginal community do indicate that things are getting worse, and I want to outline tonight to the Senate what is happening in that regard.

But, first of all, I will deal briefly with the latest developments in relation to the whistleblower in this case, Tony Wiltshire. We do have a Privileges Committee and it did consider this matter and it did find the General Manager of the Brewarrina Shire Council, Peter Felsch, guilty in regard to the intimidation of a witness, Tony Wiltshire. The very sad thing since that event is the effect it has had on Mr Wiltshire’s career and his life. As a matter of fact, he had a very good career in the field of welfare and had done an enormous amount of good work over many years.

That career has now been destroyed. Mr Wiltshire enjoyed his job. He was very committed to the local people in Brewarrina. He lost his land in Brewarrina. He also lost many close friends in the area because he has now moved away from there. He has resigned from the council; he has resigned because, he said, he is not going to put up with any further mistreatment. This shows the very serious effects of whistleblowing and the fact that we do not seem to have the measures right in this country. There have been many cases of whistleblowing over many years and, for the people who do have the courage to stand up and indicate what is wrong, the outcomes, the effects on their lives in subsequent times, have often been very bad—and this is yet another case.

Tony was a man of courage to actually do what he did. It exposed what was happening in a small country town that the rest of the world had not particularly noticed. We are in a process at this time, particularly with the Aboriginal people, of reconciliation, and these small country towns are really a very good place to start. One of the reasons we did go to the town of Brewarrina was that this process of reconciliation at the ground level seemed to be breaking down. This applied particularly in the areas of education and training and employment. We saw evidence of it at the local school. Sadly, what has happened over the years is that the white children have been sent by their parents to the local Catholic school and the indigenous population at the local public school has been 97 per cent. This happened and evolved over the years, but there are no measures or any attempts to actually change and address this situation.

Another issue of great concern in a related area has been in the area of training. The problem being faced in Brewarrina, as the Aboriginal person said to us, is that they are not really getting a fair go. This concerns a training project which had been funded by the federal government, had been implemented through the state Department of Aboriginal Affairs and involved the Weilmoringle road project. It is a multimillion dollar project, involves the construction of an all-weather surface and was to go over four years. One of the purposes of the agreements that were made by all the stakeholders was to maximise Aboriginal employment and training. Two Aboriginal men were vital to the project, Tom and Noel Powell. They had a family history dating back a long way of working in road construction in the area. It went back 25 years to their father, Noel Powell Sr, who worked as a contractor for the Brewarrina Shire Council.

The plan for employing Aboriginal trainees came from a program written by Tom Powell, and he designed the plan as a program development officer with the Department of Juvenile Justice. The plan provides employment and training for young Aboriginal people. It is a very good idea. It is a remote area and an area of very high unemployment.
The plan was designed by the Aboriginal community and met the needs of the Aboriginal community. It was discussed by various members of the Brewarrina community; members and employees of the council, including Peter Felsch, the general manager; the New South Wales Department of Aboriginal Affairs; the Goodooga Working Party; ATSIC; and the Darling Murray Alliance. They all gave support to this plan. The opportunity to implement the plan in the Weilmoringle road project fitted into the funding criteria of the Aboriginal community development program under the New South Wales Department of Public Works and Services.

From the beginning, the Aboriginal community believed there would be an Aboriginal mentor to guide the trainees and an Aboriginal contractor to train the trainees on the project site. It was very clear who would perform these roles; Tom Powell would act as the mentor and Noel Powell would provide grader equipment and instruction to trainees. The plan sold so well under this guise to all parties that funding came through from the New South Wales Department of Aboriginal Affairs—$2.2 million over four years. Once funding was approved, the story takes a downward dive.

Noel Powell was officially informed by the Brewarrina Shire Council in a letter dated 8 July 1999 that he would be hired to provide contract grader services and instruction to trainees once funding was approved. Funding was approved. Another letter, dated 25 November 1999, stated the original offer was withdrawn. The letter provided no explanation as to why Noel Powell had been dismissed from the project. Five months later, there is still no sufficient answer.

Transport Safety: Contiki Tours

Senator HUTCHINS (New South Wales) (8.35 p.m.)—Tonight I rise to bring to the attention of the Senate a serious matter recently brought to my attention concerning reports that the reputation of the Australian tourist coach industry as a safe and professional service provider is being placed at risk. Through the New South Wales branch of the Transport Workers Union, I have been made aware that the activities of one internationally well-known tourist coach company is placing the lives of coach drivers and passengers at risk and jeopardising the reputation of the rest of the industry.

The company in question is Contiki Tours, which is owned by the Travel Corporation and, as I understand it, this is the same company associated with the Interlaken disaster. Coach drivers driving for Contiki have reported that as a result of the company’s rostering procedures they are regularly being compelled to work excessive periods without the required rest breaks and that they are driving in states of fatigue. In one instance I have been informed of a driver who worked in excess of 80 days without a single con-
tinuous 24-hour rest break. These tourist laden coaches are a time bomb waiting to explode. The effects of fatigue on vehicle drivers and continuous periods of work without rest are well documented. They were recently the subject of an inquiry conducted by this parliament and for the last statistical year were identified as the primary cause in more than 25 per cent of road accidents.

While Contiki continues to push its drivers over the edge, forcing them to drive to rostering procedures that fail to schedule adequate and appropriate rest breaks, the incidence of driver fatigue in the industry is only bound to increase. As a result, for each day Contiki continues these practices, the chances of a major coach accident involving numerous fatalities are also increasing. The Australian tourist coach industry cannot afford a multifatality accident. On the eve of the Olympics such an easily avoidable disaster could irrevocably harm Australia’s reputation as a safe and professional tourist destination.

What makes matters worse is that not only are Contiki drivers being compelled to work fatigued but also the company’s attitude to basic minimum safety standards and regulatory requirements for its vehicles displays a similar disregard for the safety of its drivers, its passengers and the reputation of the industry.

It has been reported to me that vehicles operated by Contiki have operated for an extended period of time without working indicator lights, continued to travel in an unroadworthy condition with passengers, and in one instance undertook several extended trips despite having been reported to be experiencing brake problems on two previous occasions. Contiki cannot continue to get away with operating under these conditions. Not only are they breaching industry requirements and road regulations, but they are placing tourists, coach drivers and the reputation of the Australian tourist coach industry at an unacceptable risk. They must be stopped and Contiki have to be called to account before a serious bus accident adds to the list of people already unnecessarily killed on our roads. I have asked the union to refer these allegations to the New South Wales Roads and Traffic Authority so that they may be investigated. We do not want a repeat of the road tragedies that we had in the early 1990s. Surely we have moved on from there. However, it appears that that may not be the case.

**McKay, Reverend Dr Fred**

**Senator WOODLEY (Queensland)** (8.39 p.m.)—From 1967 to 1971 I was the Methodist minister in Cloncurry in north-west Queensland. It was there that I first met Fred McKay and his wife, Meg. He was then the superintendent of the Australian Inland Mission, which was the forerunner to the Uniting Church’s Frontier Services and also the auspice for the formation of the Flying Doctor Service under the Reverend John Flynn. Fred’s brother Les, who conducted the Burke and Wills patrol for the Presbyterian Church, and Fred and his wife visited us regularly at the manse in Cloncurry and stayed with us. I remember that one of the reasons Fred McKay was at one stage regularly in Cloncurry was that a memorial to the Royal Flying Doctor Service was built on the site of the old Presbyterian church in Cloncurry. That church was the site of the first transmission of the Royal Flying Doctor Service network and Cloncurry itself was the place where the Royal Flying Doctor Service first began.

Ten years before the Uniting Church came into being I was part of a cooperative parish with the Methodist Church at Cloncurry and the Presbyterian Church at Julia Creek. It was a very fruitful cooperation. In the middle of that period when I was there, I too became a patrol padre. At the same time, my long-time friend the Reverend Bob Philpot was also a patrol padre, and we covered the whole of north-west Queensland. Not long afterwards, we wrote a book called *Bulldust and Spinifex*, which represented both of us—and it would be easy to tell which one of the two I was.

But I want to talk about Fred McKay. Fred McKay was one of the most positive, inclusive people I have ever met. In the worst of circumstances he would be looking for an opportunity to turn those circumstances around and to affirm God’s providence in spite of everything. One could not help feeling that Fred McKay wanted to be your friend. He was the sort of person that you not
only felt you could follow but you also wanted to follow. In fact, that attraction as a person, as a man and as a leader was so powerful that, even having been appointed by the Methodist Church to a parish in Brisbane after five years in Cloncurry, when Fred asked me to go to Darwin I looked for ways to get out of the appointment and go there. Unfortunately, it did not happen.

I want to read from the many media references there are to Fred McKay’s death and to put on the record just some of the story of his life. One such reference reads:

“Padre Fred”, who was born in Mackay, died on March 31, aged 92.

He was a patrol padre in far western Queensland from 1937 until 1940. He then served as a chaplain in the Middle East and Italy with the RAAF during World War II.

In 1951, he became superintendent of the AIM—on the retirement of the Reverend Dr John Flynn. To continue:

He is survived by his widow Meg, three daughters and a son.

I want to read from a couple of eulogies which were given—the first at a memorial service at St Andrews Uniting Church in Brisbane—which celebrated the life of the Reverend Dr Fred McKay, who is remembered as a great Australian of vision, strength and character. The eulogy was given by the Reverend Doug McKenzie and his wife, Maisie. Doug McKenzie was a former minister of the John Flynn Memorial Church in Alice Springs. They described a man of extraordinary energy almost up until the time of his death on 31 March, just days short of his 93rd birthday.

As a matter of fact, if any of you listen to Australia All Over on a Sunday with Macca, you would have heard Fred McKay, who Macca often had on the program, even up to very recently, telling stories about the bush and recounting his experiences. I quote from the eulogy given by the Reverend Doug McKenzie and his wife, Maisie:

Ordained in 1935, Fred became a control padre for the Australian Inland Mission, the forerunner of the UC Frontier Services. At the age of 44 he succeeded John Flynn, (originator of the Royal Flying Doctor Service) as the head of the AIM.

During the 23 years Fred held that position he worked with boundless enthusiasm to achieve a number of necessary services for people of outback Australia.

He made the arrangements for John Flynn’s memorial gravesite at the foot of Mount Gillen, a few kilometres from Alice Springs, and supervised the building of the John Flynn church.

You may remember from media reports of a few years ago that the stone which was placed there originally was one of the Devil’s Marbles. In deference to the traditional owners of that area, that stone was returned to the original site. Then at the age of 90, Fred McKay made several trips to Alice Springs, scrambling over rugged terrain searching for a suitable rock to replace the Devil’s Marble which had been removed. Reverend McKenzie went on to say in his eulogy for Fred McKay:

He maintained, increased and encouraged the patrol ministries and ensured the church was there for people in the form of kindergartens, health centres and community halls.

He was a tireless worker for the Royal Flying Doctor Service and started the Far North Children’s Health Scheme for rural children who needed specialist medical treatment.

As Moderator-General of the Presbyterian Church of Australia he and his wife Meg travelled extensively throughout Australia keeping comprehensive diaries, as he was a keen historian.

Fred was at home with people from all walks of life from politicians to indigenous people and showed himself to be a deeply caring man.

I will finish up with a few words from the Reverend Dr Colin Ford, who gave the eulogy at another memorial service, this time at St Andrew’s Uniting Church in Richmond in Sydney. Colin emphasised that the former head of the Australian Inland Mission’s determination to get the best out of everyone in his service for Christ was something to be noted by all people who came in contact with him. Colin said:

At some stage, just about every one of us on the staff were ‘conned’ by Fred.

I remember very clearly this is the kind of influence that he had on the life of anyone he came in contact with. Colin went on to say:

I use the term of course, in the very best sense of the word.
When there was a crisis somewhere in the field (which seemed to be fairly frequent) Fred could write you one of those classic letters. It usually went something like this. We have a problem (which he would outline). Then would come the crunch line—the ‘con line’, if you like.

‘You are the only person on the staff, in fact, in all the world, who can possibly save this difficult situation, and put everything right.’ We knew what he was doing to us, but I for one, always fell for it. And in the end, never held it against him, and was the better for the experience.

I close with the words that Dr Colin Ford closed with in the service because they are so true of this man and of his life and that of his wife, Meg. These are the words:

So, Fred McKay—man of true destiny—man of the people. Man of far and wide horizons, with a heart as large as the Australian outback.

We salute you.

**Budget 2000-01: Youth Allowances**

**Senator LUNDY (Australian Capital Territory)** (8.49 p.m.)—Only one measure to extend youth allowances has been announced in the budget: that is the increase in the assets test threshold for businesses and farms to $1.658 million, which will allow an estimated 7,200 young people from business and farming families to claim the allowance. In 1998, when introducing the then new youth allowances, the government claimed that 560,000 young people would be beneficiaries, but only about 390,000 young people have qualified for youth allowances. Why did the government inflate these figures by over 160,000? How have these 160,000 young people who lost their allowances been coping? Why has the government done nothing in this budget to restore youth allowances to those most in need?

The level of the parental income test has been, and remains, ridiculously low. At present, $23,800 is still the point at which the maximum rate of youth allowance starts to reduce. Payment reduces by 25c for every dollar in income above this threshold. The small increase to compensate for the GST—2.5 per cent and perhaps some indexation after 1 July—will not improve this situation.

Other longstanding concerns about youth allowances have been ignored in this budget. Not the least of these is denial of access to income support for unemployed 16- and 17-year-olds and the growing number of young people in crisis or requiring crisis accommodation. Youth allowance was allegedly targeted to families and young people most in need; hence, the income and assets tests, as for other welfare payments. By not increasing the level of the income test, the government has revealed its true agenda. The government is in the business of progressively paring down youth allowances and squeezing young people into dependency and loss of faith.

The government has badly let down 160,000 young Australians. Before the introduction of youth allowance, 30,493 unemployed 16- and 17-year-olds received the youth training allowance, and 103,143 young people aged 18 to 20 received Newstart allowance—a total of 133,636. In addition, 458,000 young people received Austudy, made up of 201,200 secondary recipients and 256,800 tertiary recipients. Immediately before the introduction of youth allowance, about 590,000 young people were receiving government income support assistance.

The government claimed that about 360,000 young people would be assisted by the new youth allowance program. The government’s claims at the time were that 27.5 per cent of the young people receiving income support would receive more money, mainly because of expanded access to rent assistance for students—and I am sure you remember this well, Senator Patterson; 64 per cent would in fact receive the same money; six per cent would get a reduced amount, because of the expanded parental income and assets tests; and, finally, only two per cent would receive no money, because of parental income and assets tests and because of the removal of income support to unemployed 16- and 17-year-olds.

That is what the government said at the time. How many young people now gain assistance from youth allowance? In March 2000, there were 270,351 full-time students, 2,408 part-time students and 86,859 job seekers—making a total of 357,210. In June 1999, the total was 395,456—still far short of the 560,000. These seem like a lot of figures,
but indeed the point lies in the articulation of these figures into the parliamentary record.

Through its administration of youth allowance, the government achieved savings by applying parental income and assets tests and the family actual means test to a wider range of young people than had occurred previously. Savings were also achieved by the use of tighter income testing rules, as applied under the Social Security Act 1991, instead of those of the Income Tax Act income assessments, formerly used under the Austudy payment. In 1998, it suited the government to claim the high figure of 560,000 as the expected number of youth allowance recipients, as this high figure helped them to sell the scheme. Now, of course, the government is smug about its reduced outlays on youth programs and income support.

And what about the much-vaunted rationalising of payments, the ‘one payment fits all’ approach? It has not really happened. Differences in rates and assistance apply. The amount of youth allowance assistance varies, depending on whether the young person is a student or unemployed or living away from home or at home, and it also varies with age. The youth allowance test for students has been modified, retaining the $115 per week free area but with a taper of 50c per dollar for income of between $115 per week and $155 per week, and then a 70c taper for income of $156 per week and above. This test is more generous than the former Austudy test. However, for the unemployed, the old income test formerly used for Newstart allowance has been retained, leaving disparities in youth allowance support between students and the unemployed.

Again, the parental means test applies to students up to the age of 24 but, for unemployed young persons, it applies up to the age of just 20. For students in 1996, the age of independence was age 22 and it was then raised to age 25 for the 1997 year. For the unemployed, the age of independence was raised from 18 to 20 years with the introduction of youth allowance. The high age of independence and the low rate of the allowance are in accord with this government’s stated philosophy that families should support young people until they have achieved full financial independence.

The trend is now one of increasing numbers of young people in crisis and requiring crisis accommodation. Often they move from one crisis service to another. Government programs, supposedly put in place to strengthen families, are contributing to the youth in crisis scenario. For example, the federal government’s youth allowance has meant that families unable to support their unemployed 16- to 18-year-olds have to support an ‘unreasonable to live at home’ application. In the ACT alone, seven social workers are employed at Centrelink assessing the young people applying for youth allowance and, in particular, the ‘unreasonable to live at home’ rate for 16- and 17-year-olds.

Since January 1999, 16- and 17-year-olds qualify for youth allowance only if they are in full-time education or have their year 12 certificate or have had 18 months of full-time work in the previous 24 months or meet the youth training allowance independence criterion—which means that they cannot, and cannot be expected to, obtain or seek support from parents or guardians, for reasons such as domestic violence or parents being unable to exercise care. How many young people remain in an education system unsuited to their needs, simply because they need the youth allowance to survive? How many families have decided to support an ‘unreasonable to live at home’ application simply because they cannot afford to keep their young people at home?

A 1998 consultant’s report, Budget Standards for Australia, was commissioned by the Department of Social Security and prepared by the Social Policy Research Centre. The report calculated that a single person in rented accommodation would require an income of $292 per week in order to maintain ‘a standard of living which may require frugal and careful management of resources’. The ‘independent’ rate of the youth allowance is only 45 per cent of this amount. If the government wants us to believe that it is committed to the goal of keeping young people in education and training for as long as possible, it will have to do better than to just extend the assets test threshold applying to
some selected families. The government has saved millions of dollars through its stringent eligibility and income test criteria for youth allowance, causing hardship to many families and to many young Australians.

**Albury-Wodonga: Hume Highway Bypass**

**Nuclear Non-Proliferation Treaty: Review**

Senator ALLISON (Victoria) (8.59 p.m.)—I rise tonight to speak about the non-proliferation treaty review in New York but, before doing so, I want to mention something which probably went unnoticed in the Senate today, and that was the presentation of an enormous petition. Some 12,500 people signed the petition. Whilst that might not be the biggest petition that the Senate has ever received, I would argue that, given the very confined area from which it came—that is, Albury-Wodonga—it is a very large sample indeed of an expression of the will of the people in that area.

That petition asks the Senate to request the Commonwealth to reverse its decision to fund an internal Hume Highway bypass of Albury and instead to fund an external Hume Highway bypass—as most large cities in rural areas in Australia can expect if they have a bypass—which is safer, shorter and cheaper than the one which is being proposed and being funded by the Commonwealth. The petition also asks the Senate to request the Commonwealth to commit funds to a second local road link across the Murray River. I thought that was worth mentioning because, as I say, 12,000 signatures were collected, I understand, over a very short time frame in a very confined part of Australia over an issue which those 12,000 people at least feel very passionately about.

Before parliament resumes again next month, the review of the Nuclear Non-Proliferation Treaty will have been completed. We cannot be sure what the outcome of this review will be at this stage, and the Democrats sincerely hope it will mean the elimination of nuclear weapons sooner rather than later. My concern is that everything Australia does is coloured by our defence relationship with the United States, and we have, for the life of this government at least, taken positions directly or indirectly in support of the United States. Last week in estimates the Department of Foreign Affairs and Trade officials acknowledged that, despite the ratification of START II by the Russian Duma, progress on nuclear disarmament is, to say the least, going to be extremely slow.

One way Australia could have added pressure to the nuclear weapon states would be to join the other nations on the New Agenda Coalition, and I have raised this matter before in the Senate. The New Agenda Coalition was launched in Dublin in June 1998 with a joint declaration by the ministers for foreign affairs of Brazil, Egypt, Ireland, Mexico, New Zealand, Slovenia, South Africa and Sweden. Since 1998 the coalition has put up two resolutions at the United Nations calling for a new agenda for the speedy elimination of nuclear weapons, neither of which Australia supported. Its working paper tabled at the conference called for:

> The five nuclear weapon states to make an unequivocal undertaking to accomplish the total elimination of their nuclear arsenals and, in the course of the forthcoming Review period 2000-2005, to engage in an accelerated process of negotiations and to take steps leading to nuclear disarmament to which all States Parties are committed under Article VI.

I hope very much that Australia will support this call, and if it does not it will be a great pity indeed. The reason I have doubts that Australia will support it is that, during estimates, the Department of Foreign Affairs and Trade said in relation to the New Agenda Coalition:

> So we really do see the New Agenda Coalition as helpful in some respects ... but we fear that they risk offering false hope in disarmament in areas which are not practical. The whole process of disarmament is a very complex one. By its very nature, we believe that it has to be taken step by step and so on.

Australia’s Anzac Day six-point plan has been put forward at the review but, even if this were to be implemented, we would still have nuclear weapons. All it is is a plan to
stop other states gaining weapons. Australia put up a proposal, co-sponsored by Japan, which the Acronym Institute, for instance, said was ‘so modest it almost fell backwards’. There were plenty of other critics too. The Physicians for the Prevention of Nuclear War said:

While many of these points are necessary steps in the path towards disarmament, this bland offering contains vague language such as ‘further efforts’ and ‘Possible future steps’ … The paper does not maximise the possibilities offered by this conference. Nor does it address the lack of success experienced by this very program over the past five year period.

So I think it is fair to say we need to have steps to bring a commitment to the elimination of nuclear weapons sooner rather than later. China, France, Russia, the UK and the US released a statement on 1 May which announced their:

... unequivocal commitment to the ultimate goals of a complete elimination of nuclear weapons and a treaty on general and complete disarmament under strict and effective international control.

Whilst that statement is welcome, it does not give any commitment to the elimination of nuclear weapons in the near future. There is no outline of any new measures, a timetable, or a program of action on how to achieve even that goal. And this commitment was matched by just as many saying that nuclear weapons were important to their national security. The use of the word ‘ultimate’ I think says it all. We are not prepared to move in the short or medium term. ‘Ultimate’ could be a century or more away. In the meantime, we could have the ultimate destruction of all mankind.

Senate adjourned at 9.06 p.m.

DOCUMENTS
Tabling

The following documents were tabled by the Clerk:


Defence Act—Determination under section 58B—Defence Determination 2000/9, Housing and related assistance (Defence Determination 2000/1 – Amendment).


Migration Act—Statement under section 91D—Prescription of the people’s republic of China as a safe third country.

Miscellaneous Taxation Ruling MT 2000/1.


Sydney Airport Curfew Act—Dispensation granted under section 20—Dispensation No. 6/00.

QUESTIONS ON NOTICE

The following answers to questions were circulated:

**Australia Post: Listing of Post Offices**  
(Question No. 1773)

**Senator Allison** asked the Minister for Communications, Information Technology and the Arts, upon notice, on 19 November 1999:

Is it the case that the location and telephone numbers of individual licensed post offices no longer appear under the ‘Australia Post’ heading in the Melbourne Telstra White Pages; if so: (a) is this omission the result of action taken by Australia Post; if so, why has Australia Post taken that action; (b) what consultation did Australia Post undertake prior to taking that action; and (c) will or does this omission occur in respect of the details of licensed post offices in any other State.

**Senator Alston**—The answer to the honourable senator’s question is as follows:

Based on advice received from Australia Post.

It is the case that location and telephone numbers of individual licensed post offices no longer appear under the heading for Australia Post in the Melbourne Telstra White Pages.

(a) Australia Post decided to remove the former block listing of individual corporate and Licensed Post Offices (LPOs) from the 1999 edition of the Melbourne Telstra White Pages and replace it with a centralised telephone inquiry point for its Customer Care Centre.

Australia Post advise that the benefit of listing a single inquiry point is that post office staff are not unnecessarily diverted from serving customers to answer routine telephone calls. Customer Care Centre staff are able to provide customers with advice or switch their call to the appropriate postal facility such as a corporate post office, Licensed Post Office or a delivery centre.

(b) Unfortunately, Australia Post did not undertake any consultation with licensees prior to making the change. Furthermore, when Australia Post requested the change, it also failed to make the appropriate arrangements with Telstra to reinstate individual listings of LPOs.

Australia Post advises me that it regrets the lack of consultation with licensees and this subsequent oversight.

In an effort to rectify the situation, on 1 October 1999 Australia Post sent a free listing pro forma from Pacific Access, the owners of the White Pages, to all licensees in Victoria requesting that they complete and return the pro forma to enable an entry to be included in the 2000 edition of the Melbourne White Pages.

(c) South Australia and Western Australia list all corporate post offices and LPOs, however, many LPOs have elected to have the single Customer Care Centre inquiry number listed rather than their particular office number.

Tasmania list all corporate post offices with the single Customer Care Centre inquiry number and all LPOs with their particular office number.

New South Wales and Queensland list all corporate and LPOs and are in the process of introducing a central Customer Care Centre inquiry number. These States will consult with the licensees’ representative body before making any changes to the listing of individual LPOs.

**Department of Defence: Gavin Anderson and Kortlang**  
(Question No. 1927)

**Senator Robert Ray** asked the Minister representing the Minister for Defence, upon notice, on 17 February 2000:

(1) What contracts has the department, or any agency of the department, provided to the firm, Gavin Anderson and Kortlang since March 1996.

(2) In each instance: (a) what was the purpose of the work undertaken by Gavin Anderson and Kortlang; (b) what has been the cost of the contract to the department; and (c) what selection process was used to select Gavin Anderson and Kortlang (open tender, short-list, or some other process).

**Senator Newman**—The Minister for Defence has provided the following answer to the honourable senator’s question:
Senator O’Brien asked the Minister representing the Minister Assisting the Minister for Defence, upon notice, on 22 February 2000:

(1) Since 1994, in which countries have Australian defence personnel served.

(2) In each case: (a) how many personnel were posted; (b) what was the duration of that posting; (c) what was the primary function of those personnel; and (d) what was the commanding body.

(3) How many of the above locations were declared to be war zones for the purposes of personnel entitlements.

(4) What was the definition of war zone used to make the above declarations.

(5) Were there any special entitlements that related to the level of risk to personnel in any of the above operations; if so, in each case: (a) what were the actual, or perceived risks; and (b) what was the nature of the associated special entitlements.

Senator Newman—The Minister Assisting the Minister for Defence has provided the following answer to the honourable senator’s question.

To provide a complete and detailed response to the honourable senator’s question would require considerable time and resources, requiring the examination of thousands of individual personnel records through personnel computer systems. To verify the number of Australian Defence Force personnel and the length of each person’s posting for those who served overseas since 1994 has been estimated to cost well in excess of $100,000. In the interest of efficient use of departmental resources, I am not prepared to authorise the time and effort required to provide all the required information. However, I can inform of the following.

(1) Australian Defence Force personnel served in the following countries since 1994:

<table>
<thead>
<tr>
<th>COUNTRY</th>
<th>OPERATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA/BAHRRAIN/IRAQ</td>
<td>OP Blazei</td>
</tr>
<tr>
<td>THE PERSIAN GULF</td>
<td>OP Dainask</td>
</tr>
<tr>
<td>ITALY/SINAI/EGYPT</td>
<td>OP Mazurka</td>
</tr>
<tr>
<td>SOMALIA/KENYA</td>
<td>OP Iguana</td>
</tr>
<tr>
<td>CAMBODIA</td>
<td>OP Banner</td>
</tr>
<tr>
<td>BOUGAINVILLE</td>
<td>OP Lagoon/OP Belisi</td>
</tr>
<tr>
<td>MOZAMBIQUE</td>
<td>OP Coracle</td>
</tr>
<tr>
<td>RWANDA</td>
<td>OP Tamar</td>
</tr>
<tr>
<td>GUATEMALA</td>
<td>OP Freesia</td>
</tr>
<tr>
<td>THE BALKANS</td>
<td>OP Osier</td>
</tr>
<tr>
<td>KUWAIT</td>
<td>OP Pollard</td>
</tr>
<tr>
<td>EAST TIMOR</td>
<td>OP Faber/OP Spittfire/OP Warden/OP Stabilise</td>
</tr>
<tr>
<td>ISRAEL/SYRIA/LEBANON</td>
<td>OP Paladin</td>
</tr>
<tr>
<td>PAPUA NEW GUINEA</td>
<td>OP Shaddock/OP Ples Dari</td>
</tr>
<tr>
<td>IRIAN JAYA</td>
<td>OP Ausindo Jaya</td>
</tr>
<tr>
<td>SOLOMAN ISLANDS</td>
<td>OP Shephard</td>
</tr>
</tbody>
</table>

(2)(a)

<table>
<thead>
<tr>
<th>COUNTRY AND OPERATION</th>
<th>PERSONNEL POSTED</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA/BAHRRAIN/IRAQ - OP Blazei</td>
<td>113</td>
</tr>
<tr>
<td>THE PERSIAN GULF - OP Damask</td>
<td>440</td>
</tr>
<tr>
<td>COUNTRY AND OPERATION</td>
<td>PERSONNEL POSTED</td>
</tr>
<tr>
<td>-----------------------</td>
<td>------------------</td>
</tr>
<tr>
<td>ITALY/SINAI/EGYPT - OP Mazurka</td>
<td>209</td>
</tr>
<tr>
<td>SOMALIA/KENYA - OP Solace/Iguana</td>
<td>187</td>
</tr>
<tr>
<td>CAMBODIA - OP Banner</td>
<td>55</td>
</tr>
<tr>
<td>BOUGAINVILLE OP Lagoon and OP Belisi</td>
<td>650 and 708</td>
</tr>
<tr>
<td>MOZAMBIQUE - OP Coracle</td>
<td>21</td>
</tr>
<tr>
<td>RWANDA - OP Tamar</td>
<td>655</td>
</tr>
<tr>
<td>GUATEMALA - OP Freesia</td>
<td>2</td>
</tr>
<tr>
<td>THE BALKANS - OP Osier</td>
<td>60</td>
</tr>
<tr>
<td>KUWAIT - OP - Pollard</td>
<td>191</td>
</tr>
<tr>
<td>EAST TIMOR - OP Faber/OP Spitfire/OP Warden/OP Stabilise</td>
<td>8807</td>
</tr>
<tr>
<td>ISRAEL/SYRIA/LEBANON - OP Paladin</td>
<td>- Unable to verify</td>
</tr>
<tr>
<td>PAPUA NEW GUINEA - OP Shaddock and OP Plas Dari</td>
<td>- Unable to verify</td>
</tr>
<tr>
<td>IRIAN JAYA - OP Ausindo Jaya</td>
<td>- Unable to verify</td>
</tr>
<tr>
<td>SOLOMAN ISLANDS - OP Shephard</td>
<td>- Unable to verify</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>COUNTRY AND OPERATION</th>
<th>DURATION OF OPERATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>ITALY/SINAI/EGYPT - OP Mazurka</td>
<td>1993 - Cont.</td>
</tr>
<tr>
<td>CAMBODIA - OP Banner</td>
<td>1993 - Oct 1999</td>
</tr>
<tr>
<td>GUATEMALA - OP Freesia</td>
<td>Feb 1996 - May 1996</td>
</tr>
<tr>
<td>THE BALKANS - OP Osier</td>
<td>1992 to 1997</td>
</tr>
<tr>
<td>KUWAIT - OP Pollard</td>
<td>1997 - Cont.</td>
</tr>
<tr>
<td>PAPUA NEW GUINEA - OP Shaddock</td>
<td>July 1998</td>
</tr>
<tr>
<td>IRIAN JAYA - OP Ausindo Jaya</td>
<td>May 1998 - Jul 1998</td>
</tr>
<tr>
<td>SOLOMAN ISLANDS - OP Shephard</td>
<td>May 1996 - 1 Jun 1996</td>
</tr>
</tbody>
</table>

(c) Peace enforcing and peace keeping

(d) COMMANDING BODY

<table>
<thead>
<tr>
<th>COUNTRY AND OPERATION</th>
<th>COMMANDING BODY</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA/BAHRAIN/IRAQ - OP Blazer</td>
<td>United Nations (UN)</td>
</tr>
<tr>
<td>THE PERSIAN GULF - OP Darnask</td>
<td>UN</td>
</tr>
<tr>
<td>ITALY/SINAI/EGYPT - OP Mazurka</td>
<td>Multinational Force and Observers</td>
</tr>
</tbody>
</table>
COUNTRY AND OPERATION                         COMMANDING BODY
SOMALIA/KENYA - OP Iguana                   UN
CAMBODIA - OP Banner                        UN
BOUGAINVILLE - OP Lagoon and OP Belisi      South Pacific Peacekeeping Force
                                               Regional Multinational Peacekeeping Force
MOZAMBIQUE OP Coracle                       UN
RWANDA - OP Taniar                          UN
GUATEMALA - OP Freesia                      UN
11111 BALKANS - OP Osier                    NATO
KUWAIT - OP Pollard                          Current: Dormant
                                               Previous: Op Command exercised through Commander Australian Theatre
EAST TIMOR - OP Faber/OP Spitfire/OP Waiden/OP Stabilise UNAMET, INTERFET, UNTAET
ISRAEL/SYRIA/LEBANON - OP Paladin            UNTSO
PAPUA NEW GUINEA, - OP Shaddock and OP Ples Drai Commander Australian Theatre
IRIAN JAYA - OP Ausindo Jaya                 Commander Australian Theatre
SOLOMAN ISLANDS - OP Shephard               Commander Australian Theatre

(3) OPERATION OSIER - Former Yugoslavia - 12 January 1992 to 1-4 January 1997:
OPERATION SOLACE/GUANA - Somalia - 20 October 1992 to 30 November 1994; and
OPERATIONs FABER/WARDEN/STABILISE/TANAGER - East Timor and the adjacent waters out
to 12 mm - 16 September 1999 to ongoing (OPs WARDEN and TANAGER are still active).

(4) Warlike operations are those military activities where the application of force is authorised to
pursue specific military objectives and there is an expectation of casualties. These operations Can en-
compass but are not limited to:
   . a state of declared war;
   . conventional combat operations against an armed adversary; and
   . Peace Enforcement operations which are military operations in support of diplomatic efforts to re-
restore peace between belligerents who may not be consenting to intervention and maybe engaged in
combat activities. Normally, but not necessarily always, they will be conducted under Chapter VII of the
UN Charter, where the application of all necessary force is authorised to restore peace and security or
other like tasks.

(5) Yes.
   (a) The actual perceived risks are classified.
   (b) The following table provides a summary of conditions of service for Warlike and Non-warlike
operations.
## CONDITIONS OF SERVICE - SUMMARY OF ENTITLEMENTS

<table>
<thead>
<tr>
<th>Type of service</th>
<th>Deployment Allowance</th>
<th>Taxation benefit</th>
<th>Repatriation and Compensation Rehabilitation</th>
<th>Additional Home Loan Assistance</th>
<th>Pre-Embarkation Leave</th>
<th>Relief Out of Country Travel</th>
<th>Leave – War Service Leave (WSL)</th>
<th>Additional Recreation Leave (ARL)</th>
<th>Medals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Warlike service</td>
<td>Yes</td>
<td>Exemption on salary and all allowances</td>
<td>Veterans' Entitlements Act (Part 11)</td>
<td>Yes – Subject to preparation and duration of deployment</td>
<td>Yes (possibly to Australia if deployment is longer than 6 months)</td>
<td>WSL (accrues at the rate of 1.5 days per month)</td>
<td>Australian Active Service Medal may be recommended</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Declared war</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Combat</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Operations**

<table>
<thead>
<tr>
<th>Peace Enforcement</th>
<th>Non-warlike Service</th>
<th>Exemption on Deployment 1986(PartIV)</th>
<th>Veterans’ Entitlements Act</th>
<th>Yes</th>
<th>Yes</th>
<th>ARL</th>
<th>Australian Service Medal</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Safety, Rehabilitation and Compensation Act (SRCA) 1988 enhanced by Military Compensation Act 1994</td>
<td>(subject to (if deployment is longer than 6 months but may not)</td>
<td>(generally)</td>
<td>accrues at 10</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Overseas Safety. and duration of deployment</td>
<td>Rehabilitation and Compensation Act</td>
<td>Military apply to (SRCA) 1988</td>
<td>days per annum 1</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Peacemaker Forces</td>
<td>Rehabilitation and Compensation Act</td>
<td>Military</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Military Observers salary and allowances.</td>
<td>enhanced by Military</td>
<td>Military</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Humanitarian</td>
<td>Compensation Act</td>
<td>Military</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>unordered 1994 and isolated service)</td>
<td>Military</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Permanent service</td>
<td>Military</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Australia Rehabilitation and provisions</td>
<td>Compensation Act</td>
<td>(where</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Department of Environment and Heritage: Contracts with Deloitte Touche Tohmatsu
(Question No. 2000)

Senator Robert Ray asked the Minister for the Environment and Heritage, 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 answer to the honourable senator’s question is as follows:

(1) The portfolio provided one contract.

(2)(a) To Prepare Australian Greenhouse Office financial statements; (b) $2,400.

Department of Education, Training and Youth Affairs: Contracts with Deloitte Touche Tohmatsu
(Question No. 2008)

Senator Robert Ray asked the Minister representing the Minister for Education, Training and Youth 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 Ellison—The Minister for Education, Training and Youth Affairs has provided the following answer to the honourable senator’s question:

The Department of Education, Training & Youth Affairs and its agencies have provided the following contracts to Deloitte Touche Tohmatsu in 1998-99:

<table>
<thead>
<tr>
<th>Firm</th>
<th>Purpose</th>
<th>Cost</th>
<th>Selection process</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deloitte Touche Tohmatsu</td>
<td>Review of Guidelines for the Preparation of Universities’ Annual Financial Statements</td>
<td>$50,000</td>
<td>Not advertised because value was not expected to meet Departmental Threshold for advertising– 3 written quotes or greater were obtained as required.</td>
</tr>
<tr>
<td>Deloitte Touche Tohmatsu</td>
<td>Accounting services for the analysis of Higher Education Institutions’ financial statements</td>
<td>$32,500</td>
<td>Not advertised - exemption Pre-eminent expertise – only one supplier approached</td>
</tr>
</tbody>
</table>
Following the machinery of Government changes in October 1998, the Department of Employment, Workplace Relations and Small Business will provide a separate response covering the employment related functions for the period 1 July 1998 to 30 June 1999.

The Australian Maritime College and the Australian National University are also listed under Administrative Arrangement Orders as a responsibility of the Minister’s portfolio for part or all of the period in question. The Australian National University has not been approached in preparing a response to the question because it operates with a greater degree of autonomy than other Departmental agencies. The Australian Maritime College has not been covered by the Minister’s portfolio since October 1998; therefore, it has not been covered by this answer.

**Department of Environment and Heritage: Contracts with PricewaterhouseCoopers**
*(Question No. 2019)*

Senator Robert Ray asked the Minister for the Environment and Heritage, 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 answer to the honourable senator’s question is as follows:

1. The department provided one contract.
   
   (a) To undertake a review of human resource services for the Antarctic Division; (b) $19,863.

**Department of Veteran’s Affairs: Contracts with PricewaterhouseCoopers**
*(Question No. 2032)*

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 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 Newman—The Minister for Veterans’ Affairs has provided the following answer to the honourable senator’s question:

1. None.
2. Not applicable

Note: A payment of $271 833 was made to PricewaterhouseCoopers in the 1998-99 financial year. This resulted from a contract let in a previous year.

**Department of Environment and Heritage: Contracts with KPMG**
*(Question No. 2038)*

Senator Robert Ray asked the Minister for the Environment and Heritage, 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 answer to the honourable senator’s question is as follows:

(1) The portfolio provided 8 contracts.
(2) (a)-(c)

<table>
<thead>
<tr>
<th>DEPARTMENT</th>
<th>PURPOSE</th>
<th>COST $</th>
<th>SELECTION PROCESS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal Audit Services – audit of 3 information technology systems at the Bureau of Meteorology</td>
<td>23,045</td>
<td>Select tender</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>AUSTRALIAN GREENHOUSE OFFICE</th>
<th>PURPOSE</th>
<th>COST $</th>
<th>SELECTION PROCESS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Review of agency payments in Greenhouse Challenge</td>
<td>10,031</td>
<td>Restricted tender</td>
<td></td>
</tr>
<tr>
<td>1999 Internal Audit Plan</td>
<td>2,850</td>
<td>Restricted tender</td>
<td></td>
</tr>
<tr>
<td>Australian Greenhouse Office Business Risk and Fraud Assessment</td>
<td>16,476</td>
<td>Restricted tender</td>
<td></td>
</tr>
<tr>
<td>Financial evaluation of applications for grant funding under the Renewable Energy Commercialisation Program (round 1)</td>
<td>23,943</td>
<td>Sole tender</td>
<td></td>
</tr>
<tr>
<td>Financial evaluation of applications for grant funding under the Showcase Program</td>
<td>40,000</td>
<td>Sole tender</td>
<td></td>
</tr>
<tr>
<td>Financial evaluation of applications for grant funding under the Renewable Energy Commercialisation Program (rounds 2 &amp; 3)</td>
<td>37,000</td>
<td>Select tender</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>GREAT BARRIER REEF MARINE PARK AUTHORITY</th>
<th>PURPOSE</th>
<th>COST $</th>
<th>SELECTION PROCESS</th>
</tr>
</thead>
<tbody>
<tr>
<td>To provide a report on the Economic/Financial Values of the Great Barrier Reef World Heritage Area</td>
<td>24,000</td>
<td>Open tender</td>
<td></td>
</tr>
</tbody>
</table>

Department of Transport and Regional Services: Contracts with Arthur Andersen
(Question No. 2054)

Senator Robert Ray asked the Minister representing the Minister for Transport and Regional Services, upon notice, on 7 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 Ian Macdonald—The Minister for Transport and Regional Services has provided the following answer to the honourable senator’s question:

(1) and (2)(a),(b) and (c) In responding to the question, the word ‘contracts’ has been interpreted to mean written consultancy agreements or agreements for the provision of services and the word ‘provided’ has been interpreted to mean a contract awarded by the department or a portfolio agency. Further, the information provided in this response includes contracts commissioned in the 1998-99 financial year only.

From the information available, the department did not provide any contracts to the firm Arthur Andersen during the 1998-99 financial year.

Of the Transport & Regional Services portfolio’s agencies, Airservices Australia provided one contract to the firm Arthur Andersen in the 1998-99 financial year. The purpose of the contract was to examine the future tenure of the Alan Woods building and associated leased offices. The cost to Airservices Australia was $30,000 and the firm was selected on a sole source basis as a preferred supplier.
Department of the Environment and Heritage: Contracts with Arthur Andersen  
(Question No. 2057)

Senator Robert Ray asked the Minister for the Environment and Heritage, 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 answer to the honourable senator’s question is as follows:
None.

Department of Education, Training and Youth Affairs: Contracts with Arthur Andersen  
(Question No. 2065)

Senator Robert Ray asked the Minister representing the Minister for Education, Training and Youth 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 Ellison—The Minister for Education, Training and Youth Affairs has provided the following answer to the honourable senator’s question:

The Department of Education, Training & Youth Affairs and its agencies have provided the following contract to Arthur Andersen in 1998-99:

<table>
<thead>
<tr>
<th>Firm</th>
<th>Purpose</th>
<th>Cost</th>
<th>Selection process</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arthur Andersen</td>
<td>To provide policy advice on &quot;The Long Term Impact of Research Supported by the Australian Research Council&quot;</td>
<td>$97,755</td>
<td>Open Tender</td>
</tr>
</tbody>
</table>

Following the machinery of Government changes in October 1998, the Department of Employment, Workplace Relations and Small Business will provide a separate response covering the employment related functions for the period 1 July 1998 to 30 June 1999.

The Australian Maritime College and the Australian National University are also listed under Administrative Arrangement Orders as a responsibility of the Minister’s portfolio for part or all of the period in question. The Australian National University has not been approached in preparing a response to the question because it operates with a greater degree of autonomy than other Departmental agencies. The Australian Maritime College has not been covered by the Minister’s portfolio since October 1998, therefore, it has not been covered by this answer.

Department of Transport and Regional Services: Contracts with Ernst and Young  
(Question No. 2073)

Senator Robert Ray asked the Minister representing the Minister for Transport and Regional Services, upon notice, on 7 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 Ian Macdonald—The Minister for Transport and Regional Services has provided the following answer to the honourable senator’s question:
(1) and (2)(a),(b) and (c) In responding to the question, the word ‘contracts’ has been interpreted to mean written consultancy agreements or agreements for the provision of services and the word ‘provided’ has been interpreted to mean a contract awarded by the department or a portfolio agency. Further, the information provided in this response includes contracts commissioned in the 1998-99 financial year only.

From the information available, the department provided one contract to the firm Ernst and Young during the 1998-99 financial year. The purpose of the contract was to provide accrual based costing of service delivery, including asset ownership and maintenance, in the Indian Ocean Territories and Jervis Bay Territory. The cost to the department in the financial year 1998-99 was $120,350 and the firm was sourced through a restricted tender process.

The department is not aware that any portfolio agency provided any contract to this firm in the 1998-99 financial year.

**Department of the Environment and Heritage: Contracts with Ernst and Young**

(Question No. 2076)

Senator Robert Ray asked the Minister for the Environment and Heritage, 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 answer to the honourable senator’s question is as follows:

(1) The department provided two contracts.

(2) (a)-(c)

<table>
<thead>
<tr>
<th>PURPOSE</th>
<th>COST</th>
<th>SELECTION PROCESS</th>
</tr>
</thead>
<tbody>
<tr>
<td>To provide consultancy services in relation to the Goods and Services Tax Implementation Project</td>
<td>$30,050 for specified tasks (1/12/99-31/3/00); and daily rates of $1,900 and/or $2,200 for additional tasks</td>
<td>Select tender</td>
</tr>
<tr>
<td>To provide consultancy services in relation to implementing the changes to Fringe Benefits Tax administration</td>
<td>$4,900</td>
<td>Select tender</td>
</tr>
</tbody>
</table>

**Australian Broadcasting Corporation: Managing Director**

(Question No. 2099)

Senator Quirke asked the Minister for Communications, Information Technology and the Arts, upon notice, on 8 March 2000:

(1) Did the engagement of “head-hunters” take place.

(2) As Mr Shier did not take up his position until 17 March 2000, under whose authority was this undertaken.

(3) Was the engagement a result of an ABC Board decision and who is now paying for what is normally quite an expensive process.

Senator Alston—The answer to the honourable senator’s question is as follows:

(1) International executive search firms Korn/Ferry and Spencer Stuart have been engaged to undertake work for the ABC.

(2) The engagement of those firms was made with the authority of the ABC Chairman.

(3) The costs of the assignment will be met by the ABC.
(Question No. 2127)

Senator Brown asked the Minister for Family and Community Services, upon notice, on 4 April 2000:

(1) Does the Minister believe that Government reports directly related to people with visual or intellectual impairments should be available in a format accessible to those people.

(2) With reference to the Welfare Reform Reference Group report released on 28 March 2000:
   (a) was the report available in braille when released; (b) when will the full (non-abridged) version of the report be available in braille; (c) was the report available in ‘plain English’ format; (d) when will a full (non-abridged) version of the report be available in ‘plain English’ format; (e) was the report available on-line in a format that would allow access for the visually impaired when released; and (f) when will the report be available on-line in a format that allows for easy conversion for the visually impaired.

Senator Newman—The answer to the honourable senator’s question is as follows:

(1) Yes

(2) The Interim Report of the Reference Group on Welfare Reform is not a Government report. It was produced by an independent committee.

   (a) The advice I have received is that the Reference Group’s report was not available in braille on the day of its release. The Reference Group has however requested that it be produced in a number of different formats accessible to people with a disability, including braille.

   (b) I understand that a full version of the report has been produced in braille by the Royal Victorian Institute for the Blind and was made available on 11 April.

   (c) I understand that the Reference Group’s report was not available in plain English on the day of its release but that the Reference Group have requested that such a version be produced.

   (d) I have been advised that a simplified document that is suitable for people with an intellectual disability that conveys the key messages from the Reference Group’s report is being finalised and will be made available shortly.

   (e) My Department was given access to the final version of the Reference Group’s report in pdf format. It ensured that this was available to the public via the internet on the day the report was released.

   (f) My Department also converted this document into a format that is suitable for people who use type readers. I understand that this version was produced and made publicly available 4 days following the release of the report. My Department has also made a large print version available for people with sight impairment.