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

PETITIONS

The Clerk—A petition has been lodged for presentation as follows:

Goods and Services Tax: Feminine Sanitary Products

To the honourable the President and members of the Senate assembled:

The petition of the undersigned shows that from July 1 2000 a GST will apply to sanitary pads and tampons, items currently tax exempt. Your petitioners request that the Senate call upon the Treasurer to exempt tampons and sanitary pads from the GST

by Senator Stott Despoja (from 1,785 citizens).

Petition received.

NOTICES

Presentation

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

That the Select Committee on Superannuation and Financial Services be authorised to hold a private meeting otherwise than in accordance with standing order 33(1) during the sitting of the Senate on 26 June 2000, from 8 pm, for its consideration on the provisions of the New Business Tax System (Miscellaneous) Bill (No. 2) 2000.

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

That the Senate—

(a) notes the strong vote against deregulation of the Australian dairy industry in the ballot conducted by the Western Australian Electoral Commission;

(b) congratulates the Australian Milk Producers Association for initiating the ballot;

(c) notes the following voting figures:

<table>
<thead>
<tr>
<th>State</th>
<th>Yes</th>
<th>No</th>
<th>Informal</th>
<th>Against Deregulation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Western Australia</td>
<td>130</td>
<td>245</td>
<td>0</td>
<td>65%</td>
</tr>
<tr>
<td>Queensland</td>
<td>86</td>
<td>486</td>
<td>2</td>
<td>84%</td>
</tr>
<tr>
<td>New South Wales</td>
<td>99</td>
<td>484</td>
<td>2</td>
<td>83%</td>
</tr>
</tbody>
</table>

; and

(d) calls on the Federal Government urgently to convene a meeting of federal and state agriculture ministers to respond to the vote by developing a national dairy industry plan which will preserve dairy farm profitability and numbers.

Senator COONAN (New South Wales) (9.31 a.m.)—On behalf of the Standing Committee on Regulations and Ordinances, I give notice that, at the giving of notices on the next day of sitting, I shall withdraw business of the Senate notices of motion Nos 1, 2 and 3 standing in my name for the next day of sitting for the disallowance of the Health Insurance Amendment Regulations 1999 (No. 6) as contained in Statutory Rules 1999 No. 343; Health Insurance 1999-2000, Diagnostic Imaging Services Table Amendment Regulations 1999 (No. 1) as contained in Statutory Rules 1999 No. 345; and Health Insurance Determination HS/6/1999 made under subsection 3C(1) of the Health Insurance Act 1973. I seek leave to incorporate in Hansard the committee’s correspondence concerning these instruments.

Leave granted.

The correspondence read as follows—

Health Insurance Amendment Regulations 1999 (No.6)
Statutory Rules 1999 No.343
Health Insurance (1999-2000 Diagnostic Imaging Services Table) Amendment Regulations 1999 (No.1)
Statutory Rules 1999 No.345

17 February 2000
The Hon Michael Wooldridge MP
Minister for Health and Aged Care
Parliament House
CANBERRA ACT 2600
Dear Minister

I refer to the:
• Health Insurance Amendment Regulations 1999 (No. 6), Statutory Rules 1999 No. 343
• Health Insurance (1999-2000 Diagnostic Imaging Services Table) Amendment Regulations 1999 (No. 1), Statutory Rules 1999 No. 345

Statutory Rules 1999 No. 343

These Statutory Rules extend for a further year the period within which Medicare benefits may be payable for certain R-type diagnostic imaging services. As the Explanatory Statement points out, item 2 of Schedule 1 extends for one year a sunset provision originally specified in paragraph 16B(11)(d) of the Health Insurance Act 1973. But the Statement also notes that the sunset date was originally 1 January 1997, and that it has now been extended to 1 January 2001. The Statement further observes that the sunset period has been extended ‘until new arrangements can be implemented’. The Committee would appreciate your advice as to the nature of such new arrangements, and whether there will be a further need in twelve months time to extend the deadline once again.

Statutory Rules 1999 No. 345

Regulation 2 provides, among other things, that the amendments made by Schedule 1 to these Regulations commenced, retrospectively, on 1 November 1999. The Explanatory Statement notes that the reason for this retrospectivity is to correct a ‘drafting error’ in the Principal Regulations. However, the Statement does not specify that no person (other than the Commonwealth) will be adversely affected by this retrospectivity. The Committee would appreciate your assurance that no-one has been adversely affected, in order to be certain that these amendments are not rendered ineffective by subsection 48(2) of the Acts Interpretation Act 1901.

Yours sincerely

Helen Coonan
Chair

Senator Helen Coonan
Standing Committee on Regulations and Ordinances
Parliament House
CANBERRA ACT 2600

Dear Senator Coonan


Statutory Rules 1999 No. 343

In relation to the Health Insurance Amendment Regulations 1999 (No. 6), Statutory Rules 1999 No. 343, you sought advice as to the nature of the new arrangements referred to in the Regulations. You also queried whether the deadline would need to be extended in a further twelve months. By way of background, the Health Insurance Act 1973 provides two exemptions that allow General Practitioners (GPs) to provide specialist-type (R-type) diagnostic imaging services under the Medicare Benefits Scheme. A remote area exemption was introduced in 1990 to ensure the access and equity of diagnostic imaging services provided to patients by practitioners located outside a 30km radius of another imaging practice.

A pre-existing diagnostic imaging practices exemption was introduced in 1990 for a three-year period on the understanding that a Continuing Medical Education and Quality Assurance (CME & QA) program would be developed for GPs providing diagnostic imaging services. This exemption contains a sunset clause enabling it to be further extended, and so far it has been extended seven times pending the development of the CME and QA program, the latest extension being the one referred to your committee.

Progress on the development of the CME and QA program by the industry associations was slow. However, once agreement was reached, the Health Insurance Amendment (Diagnostic Imaging Services) Bill 1999 was introduced into the House of Representatives. This requires that GPs providing services under either exemption be participating in the CME & QA program.

As the Bill was not passed by the Senate before the latest sunset clause expired, there was a need to extend the clause until 1 January 2001. Providing the Bill is passed this year, there will be no need to extend the clause any further.

Statutory Rules 1999 No. 345

In relation to the Health Insurance (1999-2000 Diagnostic Imaging Services Table) Amendment Regulations 1999 (No. 1) Statutory Rules 1999 No. 345, you have sought assurance that no-one has been adversely affected by the retrospectivity of the proposed amendment.

As you are aware, the regulations were amended in September 1999 to allow the Health Insurance Commission (HIC) to finalise the lodgement of statutory declarations in respect of Magnetic Resonance Imaging (MRI) equipment by introducing a cut-off date.
A drafting error occurred in the November 1999 reprint of the Diagnostic Imaging Services Table that extended the cut-off date to providers, as well as equipment. As it was never intended to 'lock-out' new providers, this error was rectified at the earliest opportunity. The retrospectivity of the amendment is to ensure any providers who may have sought eligibility in the period between 1 November 1999 and 1 February 2000 are not disadvantaged.

I hope that this information is of assistance to you.

Yours sincerely

Dr Michael Wooldridge

Health Insurance Determination HS/6/1999 made under subsection 3C(1) of the Health Insurance Act 1973

9 March 2000
The Hon Michael Wooldridge MP
Minister for Health and Aged Care
Parliament House
CANBERRA ACT 2600
Dear Minister
I refer to the Health Insurance Determination HS/6/1999 made under subsection 3C(1) of the Health Insurance Act 1973 which makes minor changes to the arrangements for the payment of Medicare benefits for a specific service.

The Explanatory Statement to this Determination asserts that “Medicare funding for the procedure [listed in the Schedule] will be provided on an interim basis, and its continuation will be subject to a 95 per cent compliance rate with quality assurance activities implemented by the [Royal Australasian] College [of Surgeons]. The outcomes of these activities will be reviewed in 12 months to determine whether interim funding for the procedure is still appropriate.” However, there is no provision to this effect in the Determination itself. The closest that the Determination appears to get to such an outcome is in clause 3, under which “This determination will cease to have effect on 1 November 2004.”

The Committee would therefore appreciate your advice as to what legislative basis there is for the assertion made in the Explanatory Statement.

Yours sincerely
Helen Coonan
Chair
Senator H. Coonan
Chair
Senate Standing Committee on Regulations and Ordinances

Parliament House
CANBERRA ACT 2600
Dear Helen

The Standing Committee on Regulations and Ordinances has correctly noted that there is no regulatory basis for the review and potential withdrawal of funds for the procedure covered by Determination HS/6/1999, endoluminal grafting of abdominal aortic aneurysm. Given the complex issues involved in the provision of the service, including its life-saving potential in some circumstances, I have elected to rely on policy rather than regulatory mechanisms to maximise flexibility in determining an appropriate basis for funding the procedure in the future.

The Medicare Services Advisory Committee will advise me in 12 months time on, among other things, the level of compliance with a clinical audit currently being piloted by the Royal Australasian College of Surgeons. The audit is strongly supported by the College and endovascular surgeons. Notwithstanding, the audit is one of the first such comprehensive quality assurance activities conducted in Australia for new surgical procedures, and its feasibility and value are yet to be established.

All subsection 3C(1) Determinations are reviewed and remade on an annual basis primarily to keep pace with fee indexation pertaining to items listed on the Medicare Benefit Schedule. I have the discretion to amend or withdraw Determinations at this point, or indeed at any time deemed appropriate to address policy concerns as they arise.

I hope this information clarifies the Committee’s understanding of the approach adopted with respect to these funding arrangements. Thank you for your vigilance and interest in this issue.

With kind regards,

Yours sincerely

Dr Michael Wooldridge
5 April 2000
The Hon Michael Wooldridge MP
Minister for Health and Aged Care
Parliament House
CANBERRA ACT 2600
Dear Minister
Thank you for your letter dated 5 April 2000 relating to the Committee’s concerns with Health Insurance Determination HS/6/1999.
The Committee understands that following the review of the provision of the service covered by this Determination, you will have the discretion to amend or withdraw the fee for this service and that such determination is made through a disallowable instrument that is subject to scrutiny by this Committee.

The Committee would therefore appreciate confirmation of its view that any exercise of your discretion in this instance will be made through a disallowable instrument.

The Committee would appreciate your response as soon as possible as this Determination is subject to a notice of disallowance that will expire on 26 June 2000.

Yours sincerely

Helen Coonan
Chair
Standing Committee on Regulations and Ordinances
Parliament House
CANBERRA ACT 2600

Dear Helen

Thank you for your letter of 13 April 2000 concerning Health Insurance Determination HS/6/1999, I sincerely apologise for the delay in responding.

Your letter relates to previous correspondence with the Standing Committee on Regulations and Ordinances in regard to this Determination, which provides for funding for the procedure endoluminal grafting for abdominal aortic aneurysm. The Committee has now asked for confirmation of its view that any such exercise of my discretion to withdraw or amend this instrument would be made through a further disallowable instrument.

As you will be aware, this Determination was made under Section 3C of the Health Insurance Act 1973, which, however, makes no provision for revocation or amendment of such instruments. Therefore, exercise of my discretion to do so would be made under Section 33(3) of the Acts Interpretation Act 1901, which provides that it may be exercised “in like manner” to the power to make the original instrument.

The Committee is correct in its view that any amendments to, or revocation of, Health Insurance Determination HS/6/1999 would be made by a further disallowable instrument in that the original instrument is itself a disallowable instrument.

If the Committee wishes to find out more about the background to or the particulars of this instrument or the procedure for which it provides funding, the contact in my Department is Mr Damian Coburn, Director, Health Technology Assessment on (02) 6289 6812.

Thank you for your continuing vigilance and interest in this issue.

With kind regards,

Yours sincerely

Dr Michael Wooldridge
20 June 2000

BUSINESS

Government Business

Motion (by Senator Patterson) proposed:

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

No. 5—Taxation Laws Amendment Bill (No. 6) 2000,
No. 6—Petroleum (Submerged Lands) Legislation Amendment Bill (No. 2) 2000,
No. 7—Transport Legislation Amendment Bill 2000

National Health Amendment Bill (No. 1) 2000.

Senator HARRADINE (Tasmania) (9.32 a.m.)—I would like to speak briefly to that motion and indicate that, in respect of the health legislation, I am not aware of the provisions of that legislation. Once I am in a position to let the government know, I will do so, but I would like some undertaking by the government that they would not proceed with that as a non-controversial matter until such time as I have had a chance to have a look at it.

Senator PATTERSON (Victoria—Parliamentary Secretary to the Minister for Immigration and Multicultural Affairs and Parliamentary Secretary to the Minister for Foreign Affairs) (9.33 a.m.)—In response to Senator Harradine, I have just been advised that all parties have been consulted, although Senator Harradine may not have been involved in that process. If it is possible, we could discuss it with you, Senator Harradine. It is a bill that came from the House of Representatives. If there is a problem, we could take it off the list and not bring it on for debate in the lunchtime debate, if that suits Senator Harradine. We always try to accom-
moderate all parties. There may have been an oversight.

Senator HARRADINE (Tasmania) (9.34 a.m.)—by leave—There was a call from the minister’s office last night. It may well have been about that, and the matters may be determined. So I would not suggest you take it off the list. We will operate in due course. I am sure it will not be any problem.

Question resolved in the affirmative.

General Business

Motion (by Senator Patterson) agreed to:
That the order of general business for consideration today be as follows:

(1) general business notice of motion no. 596 standing in the name of the Leader of the Opposition in the Senate (Senator Faulkner) relating to the Greenfields Foundation; and

(2) consideration of government documents.

COMMITTEES

Economics Legislation Committee

Extension of Time

Motion (by Senator O’Brien, at the request of Senator Murphy) agreed to:
That the time for the presentation of the report of the Economics Legislation Committee on the Fair Prices and Better Access for All (Petroleum) Bill 1999 and the practice of multi-site franchising by oil companies be extended to 29 June 2000.

GREY HEADED FLYING FOX COLONY: MELBOURNE BOTANICAL GARDENS

Motion (by Senator Allison) agreed to:
That the Senate—

(a) notes that:

(i) the grey headed flying fox colony in the Melbourne Botanical Gardens is the only permanent colony existing in Victoria,

(ii) the Victorian Scientific Advisory Committee has made a preliminary recommendation in favour of the International Humane Society’s nomination to list the grey headed flying fox as a threatened species,

(iii) the grey headed flying fox is vulnerable to extinction in Victoria and its numbers have dropped dramatically due to habitat loss, shooting, disease and lead pollution,

(iv) if the Melbourne Botanical Gardens is not listed as a critical habitat then we could easily see the demise of the grey headed flying fox in Victoria,

(v) the Melbourne Botanical Gardens proposed until recently to exterminate the grey headed flying foxes in the gardens despite the concerns of the community, and

(vi) there are alternative measures available to control the grey headed flying fox colony in the gardens that are more humane and ecologically responsible; and

(b) urges the Victorian State Government to:

(i) issue an interim conservation order as a matter of urgency declaring the Melbourne Botanical Gardens critical habitat for the grey headed flying fox, and

(ii) ensure the protection and survival of the grey headed flying fox colony in the Melbourne Botanical Gardens.

JOHNSON, MR AL WYN

Motion (by Senator Brown) agreed to:
That the Senate—

(a) notes that:

(i) in 1992, following the sacking of Mr Alwyn Johnson from the Tasmania Bank, the Member for Bennelong (Mr Howard) wrote to the Tasmanian Government saying that Mr Johnson’s actions may well have preserved jobs and saved millions of dollars,

(ii) the Minister representing the Prime Minister (Senator Hill) informed the Senate, on 7 December 1999, that the Commonwealth is prepared to take the matter up with the Tasmanian Government and see whether there is any avenue open to further assist Mr Johnson, and

(iii) no action has been forthcoming; and

(b) calls on the Government to fulfil its commitment and write to the Tasmanian Government to see what assistance can be provided to Mr Johnson, including the appointment of an independent arbitrator to assess the matter.

Senator CALVERT (Tasmania) (9.37 a.m.)—by leave—For the information of the
Senate, I have been advised that the Prime Minister will be approaching the Premier of Tasmania before the end of next week with a view to resolving this matter by a joint approach to Mr Johnson.

Senator BROWN (Tasmania) (9.37 a.m.)—by leave—I am very pleased to hear that news. It has been some 10 or 15 years now since this matter began, and I think the Prime Minister’s involvement in it may well lead to a satisfactory resolution coming out of the recognition of the action Mr Johnson took, which saved the state of Tasmania some millions of dollars and certainly saved quite a lot of jobs, although he lost his own. If we are on the path to some recognition of his actions on behalf of Tasmania, many people in Tasmania will be very pleased.

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

Meeting

Motion (by Senator Allison) agreed to:
That the Environment, Communications, Information Technology and the Arts References Committee be authorised to hold a public meeting during the sitting of the Senate on 22 June 2000, from 4 pm to 10 pm, to take evidence for the committee’s inquiry on global warming and the Convention on Climate Change (Implementation) Bill 1999.

KOSOVAR REFUGEES

Motion (by Senator Bartlett) agreed to:
That the Senate—

(a) notes:
(i) that there are 329 refugees from Kosovo still in Australia, many of whose visas expire on 30 June 2000,
(ii) the widespread and continuing reports of the violence, persecution and political instability in Kosovo, and
(iii) the willingness of the Australian community and a number of state governments to assist and support those Kosovar people still in Australia; and

(b) strongly urges the Government to extend the visas of those Kosovars still in Australia and enable them to test their claims for refugee status in accordance with international law and the usual Australian refugee determination procedures.

Senator PATTERSON (Victoria—Parliamentary Secretary to the Minister for Immigration and Multicultural Affairs and Parliamentary Secretary to the Minister for Foreign Affairs) (9.38 a.m.)—by leave—I rise today to indicate that this motion is opposed by the government. When the Kosovars were granted safe haven in Australia in May last year, it was on the express understanding that their stay would be temporary and that they would return home once the United Nations High Commissioner for Refugees declared Kosovo secure enough for them to return. Whilst most of the Kosovars have returned to rebuild their homeland following the UNHCR’s declaration that the situation was sufficiently secure for them to return, a small number remain in Australia. Requests have been made by some of these Kosovars to extend their stay on either a temporary or a permanent basis. The minister has legal obligations to consider these requests and will take action according to the law and without bias. This motion calls on the minister to abandon this process and therefore is strongly opposed by the government.

Senator BARTLETT (Queensland) (9.39 a.m.)—by leave—In response, my motion has been passed by the Senate. The issue has been debated many times in this chamber, so I will not go into it at length, but it is worth pointing out the numerous reports of the reality of the existing situation in Kosovo and the circumstances that some people have already been returned to when it is clearly not safe. The continuing insistence that it is safe to return people is obviously not supported by the facts. The law that Senator Patterson refers to is the law that the government insisted be put in place which specifically excludes people on safe haven visas from being able to test their refugee claims through the normal process that Australia has set up for everybody else. That is the process that the government insisted on putting in place, and that is the reason why those people are not able to have their claims tested through the independent process that every other refugee claimant and asylum seeker can have. It leaves it completely at the whim of the min-
ister, who has total power and no obligation to follow due process or natural justice, and there is no avenue for appeal whatsoever.

ENVIRONMENT MANAGEMENT PLANS: DEFENCE

Motion (by Senator Allison) agreed to:

That there be laid on the table by the Minister representing the Minister for Defence (Senator Newman), no later than 3 pm on 29 June 2000, the following documents:

(a) Environment Management Plan for Puckapunyal;
(b) Environment Management Plan for Mangalore; and
(c) Environment Management Plan for Longlea.

EXCISE AMENDMENT (ALCOHOLIC BEVERAGES) BILL 2000

First Reading

Bills received from the House of Representatives.

Motion (by Senator Patterson) 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 Patterson (Victoria—Parliamentary Secretary to the Minister for Immigration and Multicultural Affairs and Parliamentary Secretary to the Minister for Foreign Affairs) (9.42 a.m.)—I move:

That these bills be now read a second time.

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

Leave granted.

The speeches read as follows—

EXCISE AMENDMENT (ALCOHOLIC BEVERAGES) BILL 2000

This Bill is part of a package of amendments to put in place a new taxation regime for alcoholic beverages, primarily to bring to excise alcoholic beverages not currently subject to excise duties, and adjust the rates of excise in light of the removal of the wholesale sales tax.

The Bill gives effect to the administrative arrangements for the collection of excise for alcoholic beverages not currently subject to excise. These new arrangements are in anticipation of changes to the excise items and rates in the Excise Tariff, which will be tabled in Parliament at a later time.

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

I commend the Bill.

CUSTOMS AMENDMENT (ALCOHOLIC BEVERAGES) BILL 2000

This Bill amends the Customs Act 1901 to reflect some of the Government’s Tax Reform Measures in so far as they relate to excisable alcoholic beverages, as announced in the ‘Tax Reform: not a new tax, a new tax system’ document released in August 1998.

This Bill makes minor changes to the Customs Act 1901 to ensure that imported products are subject to the same arrangements as similar locally manufactured excisable products. It mirrors changes in the Excise Amendment (Alcoholic Beverages) Bill 2000.

Debate (on motion by Senator O’Brien) adjourned.

DIESEL AND ALTERNATIVE FUELS GRANTS SCHEME AMENDMENT BILL 2000

First Reading

Bill received from the House of Representatives.

Motion (by Senator Patterson) agreed to:

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

Bill read a first time.

Second Reading

Senator Patterson (Victoria—Parliamentary Secretary to the Minister for Immigration and Multicultural Affairs and Parliamentary Secretary to the Minister for Foreign Affairs) (9.43 a.m.)—I table a revised explanatory memorandum relating to the bill and move:

That this bill be now read a second time.

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

Leave granted.

The speech read as follows—

The bill introduces amendments to the Diesel and Alternative Fuels Grants Scheme Act 1999 to extend entitlements in respect of certain uses of ve-
vehicles and to correct a number of administrative matters to ensure the Scheme better reflects the Government's policy intent.

Firstly, amendments are necessary to give effect to the Government's decision to extend the fuel grant to primary producers located within the metropolitan areas and to people who carry goods on behalf of primary producers. As the legislation currently stands, vehicles between 4.5 tonnes and 20 tonnes gross vehicle mass operating solely within the metropolitan areas are ineligible for the grant thus excluding in some cases, rural businesses located within the metropolitan areas. This amendment will extend the eligibility for the grant to primary producers regardless of location.

Secondly, it is proposed to extend the fuel grant to buses operating solely within metropolitan areas and using alternative fuels. Journeys undertaken by buses between 4.5 tonnes and 20 tonnes gross vehicle mass solely within the metropolitan areas are currently ineligible for the grant. The amendment will extend the eligibility to buses using alternative fuels regardless of location.

Thirdly, it is proposed to extend the fuel grant to emergency vehicles between 4.5 tonnes and 20 tonnes gross vehicle mass using diesel and alternative fuels. This amendment would remove an anomaly whereby these vehicles would otherwise be excluded as they are considered to be special purpose vehicles not designed to carry goods or passengers. The amendment will primarily assist fire fighting services and will apply regardless of whether they operate in metropolitan areas or non-metropolitan areas.

At the same time, amendments are also proposed to:

- amend the registration requirements to ensure that claimants do not forfeit entitlements due to technicalities surrounding registration of vehicles for the Scheme;
- clarify that journeys between metropolitan areas and non-metropolitan areas are eligible in both directions;
- amend the entitlement provisions to ensure that clients who seek to correct a mistake or omission from a previous claim do not lose their entitlements for both the original and the amended claim;
- replace the provisions dealing with the recovery of scheme debts with the standardised collection and recovery provisions that apply to other Acts administered by the Commissioner of Taxation; and
- provide for the payment of interest to claimants on the underpaid amount of fuel grants which are paid, or applied against debts, as a result of an objection against a fuel grant assessment.

Full details of the measures in the bill are contained in the explanatory memorandum. I commend the bill.

Debate (on motion by Senator O'Brien) adjourned.

NATIONAL HEALTH AMENDMENT BILL (No. 1) 2000

First Reading

Bill received from the House of Representatives.

Motion (by Senator Patterson) agreed to:

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

Bill read a first time.

Second Reading

Senator PATTERSON (Victoria—Parliamentary Secretary to the Minister for Immigration and Multicultural Affairs and Parliamentary Secretary to the Minister for Foreign Affairs) (9.44 a.m.)—I move:

That this bill be now read a second time.

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

Leave granted.

The speech read as follows—

The National Health Amendment Bill (No. 1) 2000 amends the National Health Act 1953 to implement miscellaneous measures arising from negotiation of the third community pharmacy agreement between the Commonwealth and the Pharmacy Guild of Australia. The five-year agreement will come into effect on 1 July 2000. To give the measures in the bill some context, I should outline key features of the agreement. The new agreement builds on the foundations of the first and second community pharmacy agreements and further develops a positive and cooperative partnership between the government and community pharmacy. Its integrated package of measures will:

- provide the basis for remunerating community pharmacists for their dispensing medicines under the Pharmaceutical Benefits Scheme;
- improve access to pharmacy services in rural and remote Australia;
- introduce an enhanced medication management service, which will extend and improve
the assistance provided for elderly persons and allow improved management of the various medications they receive;

• introduce a Pharmacy Development Program, with financial incentives to eligible pharmacists, to promote the achievement of quality services in community pharmacy; and

• relax the degree of regulation applying for new pharmacies to be approved to supply medicines under the PBS and for existing pharmacies to relocate from one place to another for the same purpose.

A major emphasis of the agreement package is improving Australians’ access to pharmacy services, particularly by making rural Australia a more attractive place to start and run a pharmacy business. Therefore, the agreement includes an important initiative—totalling $76 million over five years—to improve access to pharmacy services in rural and remote areas, recognising that pharmacists are an important part of the rural health infrastructure. This initiative establishes a new rural pharmacy maintenance allowance to support existing pharmacies in rural and remote locations. Start-up funding is also being provided, which will target areas where there is a need for a community pharmacy and where it has proven difficult to attract one to date.

Funding is to be provided to encourage increased numbers of pharmacy graduates to take up rural practice and to introduce an Aboriginal pharmacist scholarship scheme. A proprietor succession program and a locum relief scheme are also provided to support existing pharmacists and ensure that pharmacy services are maintained in regional areas despite a significant proportion of regional pharmacists being near retirement age.

An extended medication management program—costing $114 million over five years—is also to be developed, in conjunction with the medical profession, to help older people in residential care and at home get better access to expert pharmacist advice on the best management of the often complex array of medications they might use.

The Pharmacy Development Program will cost $188 million over five years and is a major innovation. Similar to arrangements already in place for remunerating general practitioners, the program will promote the enhanced involvement of community pharmacy in the pursuit of quality and cost effective service delivery.

Most of the provisions in the third community pharmacy agreement do not require amending the National Health Act. Indeed, in terms of PBS and remuneration to pharmacists, section 98BAA of the act requires the Pharmaceutical Benefits Remuneration Tribunal to give effect to the agreement in any remuneration decisions it makes.

The bill therefore proposes minor changes to the act, where necessary, to give effect to specific agreement measures. These are:

• amending from 30 June 2000 to 30 June 2005 the dates in the two sunset clauses relating to the life of the Australian Community Pharmacy Authority and related provisions governing the location of new pharmacies and the relocation of existing pharmacies;

• removing provisions from the act that govern the payment of isolated and remote pharmacy allowances and professional allowances. The Rural Maintenance Allowance will replace the current Isolated Pharmacy Allowance and the Remote Pharmacy Allowance from 1 January 2001. The existing medication reviews in residential care facilities will also be replaced by new arrangements from 1 January 2001. Until then, the existing rural allowances and medication review payments will continue;

• continuing the Australian Community Pharmacy Authority’s role for new pharmacy approvals and relocations but removing its power over allowances, consistent with the points outlined above;

• modifying the functions of the Pharmaceutical Benefits Remuneration Tribunal. The tribunal will continue to issue a determination giving effect to the terms of the Agreement for Commonwealth Remuneration to pharmacists supplying PBS medicines. In the absence of an agreement, the tribunal would retain its function of determining pharmacists’ remuneration for supplying PBS medicines. Under the proposed amendments, it will also have functions conferred on it under part 1 of the agreement. Part 1 contains a dispute resolution mechanism which provides for a dispute to be referred to the tribunal by either party, but only as a last resort after attempts at direct negotiation and mediation have been exhausted;

• making minor consequential amendments that are necessary because of these measures.

The bill also incorporates a regulation making power dealing with transitional or savings arrangements, should any be necessary. Existing regulatory powers in the act that will be relevant to the third agreement, such as the making of ministerial determinations under section 99L of
the act to give effect to rules on the location of pharmacies for PBS purposes, will not be affected. This third agreement is not just about paying pharmacists for their services. It is about better integrating pharmacy into the national health care framework, and it is about enhancing the quality of the pharmacy care that Australians receive and ensuring that all Australians have fair and reasonable access to essential medicines and pharmacy services.

These amendments will play their part in enabling the government to put in place a comprehensive package of third Community Pharmacy Agreement measures.

Cooperative arrangements about government and pharmacy have had bipartisan support through the first and second agreements, and I believe the third agreement should continue that tradition in the national interest. I also commend the Pharmacy Guild for the professional way in which they have carried out often difficult negotiations over a fairly long period of time.

Debate (on motion by Senator O’Brien) adjourned.

Ordered that the resumption of the debate be made an order of the day for a later hour.

BUDGET 2000-01

Consideration by Legislation Committees

Senator CALVERT (Tasmania) (9.45 a.m.)—On behalf of the chairs of all legislation committees except the Economics Legislation Committee, I present reports on proposed expenditure in respect of the year ending 30 June 2001 together with the Hansard record of proceedings and documents presented to various committees.

Ordered that the reports be printed.

Senator CHRIS EVANS (Western Australia) (9.46 a.m.)—by leave—I move:

That the Senate take note of the report of the Community Affairs Legislation Committee.

I wish to speak to the Community Affairs Legislation Committee report tabled today by Senator Calvert on behalf of Senator Knowles. It includes a unanimous report from the committee expressing very serious concern about the failure of the Minister for Health and Aged Care and the Minister for Aged Care, but particularly the Minister for Aged Care, to answer questions that were placed on notice or were asked at the estimates committee by members of the committee. I want to congratulate Senator Knowles for her assistance in this matter. She has proved to be a good chair in assisting the committee to get answers to questions. She has been proactive in making sure the committee’s work was able to proceed with a degree of efficiency by applying pressure to ensure that we got answers to questions. I want to record my thanks for Senator Knowles’s assistance in that. But there have been extensive delays in getting meaningful answers from the Minister for Aged Care as part of the estimates process.

It was frustrating to find at the 2 May hearing, following the events at Riverside, that the department was unprepared to answer many of the questions asked about the nursing home and the government’s intervention in the nursing home. A commitment was given to provide written responses to questions taken on notice as soon as possible. A total of 83 questions were outstanding at the end of that hearing. At the start of the committee hearing on 23 May, 70 responses to those questions had been provided to the minister by the department, but only seven of those had been passed on to the committee. After the committee expressed some concern at the hold-up at the minister’s office—and Senator Knowles took it upon herself to seek further information—the minister’s office was suddenly able to produce 60 of those answers within the day. They had been sitting in the Minister for Aged Care’s office for some time but had not been provided to the committee. I want to make it clear that the department had provided the minister’s office, within a very reasonable time frame, with most of the answers, but they had not been cleared by the minister’s office and had not been made available to the committee.

Included in those answers were answers to questions asked at the 7 February hearing. I was still receiving responses to questions asked on 2 May yesterday, and some are outstanding. Unfortunately, it seems that it is only when a deadline approaches—and when there is an understanding that a fuss is going to be made and some publicity given to the matter—that we get any answers to very serious questions about serious matters of public concern. What is of most concern to me to-
day is what we do not know about Riverside Nursing Home and what we do not know about the government’s intervention in the Riverside Nursing Home. The minister and the department, on her instructions, have repeatedly refused to answer questions on just what the minister was told about Riverside and when she was told.

We still do not know when the Minister for Aged Care was first told about the serious risks to residents identified in the first report on the nursing home. We still do not know when the minister was first told about the death of a resident following the kerosene bath incident. We still do not know when the minister was first told about the serious risks to residents identified in the second report on the nursing home. Instead of an answer, all the parliament and the Australian public got was this response: ‘The minister and her office were appropriately briefed at all times.’ That is just not satisfactory. The Australian public have a right to know what was involved in the intervention in Riverside, why the decisions were taken and why those residents had to experience that terrible stress and trauma. We have been unable to get proper answers from the minister’s office or from the department as to the events at Riverside, as to the knowledge of the minister and as to the sequence of events. We do know there are a number of contradictions in the minister’s version of events. The answers to some of the outstanding questions may well resolve many of those inconsistencies, but I am not sure that is the case.

The Minister for Aged Care claims not to have been first told about the risks to residents until some time after 22 February, despite having ordered an inspection of Riverside on 15 February and having come into the parliament to express her serious concerns. We are expected to believe she was uninterested in knowing about the residents for at least seven days after first being told that they had been bathed in kerosene. We are expected to believe she did not inquire and did not receive a report from her department as to the condition of the residents and the circumstances at Riverside. The minister claims that she did not know about the risks to residents until after a decision on the sanctions to be imposed on the nursing home was made on 22 February. The minister has claimed that she referred the events of Riverside to the Federal Police as soon as she became aware of the death. We now know the referral occurred only on 29 February. From the evidence of the department, the minister may have known about the death and the serious risks to residents as early as 19 February, but we still do not know when she knew or why she was not told, if she was not. But, if she was told on 19 February, this is at least three days earlier than claimed by the minister, and this predates the decision to impose sanctions. This is at least 10 days before the matter was referred to the Federal Police.

Having heard of the death and the risks to residents, what was the minister doing in the 10 days before the matter was finally referred to the police? Why didn’t the minister immediately refer the death to the appropriate authorities—the Victorian coroner and the Victorian police? The minister has tried to use the pending court case from the former owners of Riverside on the closure as a defence against providing full information, but I think the minister has to be accountable for her actions to the parliament. She has to be accountable to the people of Australia, and she should provide answers to these critical questions about the events at Riverside. To date, we do not have satisfactory answers, and we have a refusal by the minister and the department to answer many of the key questions.

Clearly, in the case of Riverside, the timing of the minister’s briefing is an important part of making a judgment about how she handled the case at Riverside—whether it was handled appropriately, whether alternative options could have been pursued and whether or not those frail and elderly people were properly treated by the Commonwealth government. The minister has made a number of claims about when she was told about events in the nursing homes. We ought to be able to verify that that information is factual. Certainly the families of the residents of Riverside have a range of questions that have been unanswered about the treatment of their relatives, and they will continue to pursue answers to these very important questions.
The opposition will also support them in seeking those answers.

What we finally did get yesterday in one of the answers to questions on notice was access to the Aged Care Standards Agency’s report on Riverside made in November 1999. It has taken until now, until June 2000, to get access to the report on Riverside which the agency completed in November 1999. The minister claimed in the parliament that that report gave the nursing home at Riverside the all clear. She claimed that, following the unsatisfactory report in July 1999, the nursing home had been monitored and brought up to scratch.

What we now know, after finally gaining access to this report, is that the minister’s claims were untrue. The report shows that the nursing home had still not reached appropriate care standards six months after the problems had been identified. The November report indicates that:

The care plan system is ineffective in ensuring that residents receive adequate clinical care.

It found, on the key question of residents’ care, that the performance of Riverside was unsatisfactory. Other problems were identified which led the standards agency to conclude:

This practice does not ensure that residents receive consistent clinical care.

So you had a very highly critical report of the Riverside Nursing Home available in November last year, yet the minister said in the parliament that the nursing home had been brought up to scratch and that it was operating satisfactorily. This report, finally released for the first time yesterday, proves that not to be the case. That means there are even more unanswered questions about the effectiveness of the monitoring of nursing homes in this country. How is it that a nursing home that had been proved to be unsatisfactory was allowed to continue to operate without the sort of supervision that would have prevented the kerosene bath incidents that occurred and the other mistreatment and lack of care of the residents at Riverside that were revealed in the reports in February?

There are a whole range of questions about the handling of the Riverside intervention that need to be answered. Unfortunately, we do not have those answers yet. The estimates process has been frustrated and the minister and the department have refused to provide full information. But I and the families will continue the pressure to ensure that we do get the full picture, because the Australian parliament and the Australian people deserve a much better explanation; they deserve answers to those very important questions.

Question resolved in the affirmative.

**Senator MARK BISHOP (Western Australia) (9.57 a.m.)—by leave—I move:**

That the Senate take note of the report of the Environment, Communications, Information Technology and the Arts Legislation Committee.

I want to make a few remarks going to the issue of commercial-in-confidence. At the Environment, Communications, Information Technology and the Arts Legislation Committee estimates hearings, Telstra, an agency of the Commonwealth and still 51 per cent owned by the Commonwealth, were asked to provide details of contracts, specifically the nature, duration and value of contracts between Telstra and Leightons Holdings and any subsidiaries of Leightons Holdings. They were initially asked that question in early May at supplementary additional estimates and they took it on notice.

About an hour before the more recent estimates commenced, Telstra provided a written response to the committee in response to questions asked by me saying that they would not provide the information as requested on the basis that it was commercial-in-confidence. They would be willing to provide that information to the committee on the condition that it was received on that basis. That means there are some implications for senators accepting that commission. When the Telstra Corporation came in later in the afternoon, we had a rather lengthy and robust discussion with them as to their right to refuse to provide to senators and members of parliament details of contracts between them and subsidiary and alternative companies. It should be noted that we were not seeking details of past contracts; we simply wanted current contracts between Telstra and Leightons Holdings. That is a matter of public interest because Mr Besley, who is chairing the
current inquiry into service levels and the adequacy of service levels of Telstra around Australia, has had some interest and involvement through various corporate entities that he is involved in with the Telstra Corporation over the years.

The reason I raise this now is that the reference to that issue in the chair’s draft is relatively minor and may not draw the attention it warrants. Accordingly, Labor senators were of the view that it was and is appropriate to take the somewhat unusual step of attaching a dissenting or minority report to the chair’s draft going to that issue of commercial-in-confidence and increasing reliance by government agencies and departments and a series of public officials on the words ‘commercial-in-confidence’. Every time they are asked to provide information to senators in hearings, their reply is that the information so requested is commercial-in-confidence and cannot be provided.

‘Commercial-in-confidence’ has a limited meaning and has had a longstanding limited role in this place. But increasingly, I observe, the role of Commonwealth agencies and Commonwealth departments is not to assist in the estimates hearings but to rely on commercial-in-confidence for reasons that are best known to themselves. The role of estimates and the role of senators in this place and of the parliament generally is to inquire, to make observations and to report on matters of public interest.

I would have thought a case involving officials of Telstra and officials of Leightons Holdings—that company and one of its senior officers being involved in a very public review which will make findings and may make recommendations, if accepted by government, that go to the disposal by Telstra of assets worth tens and tens of billions of dollars—would be a matter of public interest, would be a matter that this parliament should be and is interested in as a matter of our continued review. So, at this stage, I think it is appropriate to place on record the attitude of the relevant officers of Telstra. Their refusal of what were, in my view, legitimate requests to have access to the nature, duration and value of current contracts between Telstra and Leightons Holdings was an inadequate response and needs to be pursued in the coming weeks through actions in this chamber.

Question resolved in the affirmative.

Senator HARRADINE (Tasmania) (10.02 a.m.)—by leave—I move:

That the Senate take note of the report of the Legal and Constitutional Legislation Committee.

I have not received a number of responses that should have emerged from questions put during consideration of the estimates committee for the Attorney-General’s portfolio. One of those responses relates to an undertaking given by the minister that the minister would take up with the Attorney-General a request that was made in the committee for the Australian Government Solicitor or Solicitor-General to provide legal advice as to the operation of the native title legislation.

I am not aware—unless someone else in the chamber is aware and can inform me—of what has happened to that request by the minister to the Attorney-General. But I take this opportunity of alerting the Senate to that fact and also to the fact that I will be pursuing the matter at some stage. It may have just been an oversight, but I certainly will be pursuing the matter. I think it is really in the interests of the government that it gets an opinion about the matter. It is to do with the 26A alternative scheme, which has been adopted by the New South Wales parliament in respect of fossicking and exploration on land having interests by native title claimants and native title holders as well as representative groups.

I just take this opportunity of marking this matter in the hope that the government will be able to get an opinion, as was requested. If it does not and the matter comes before the parliament, I may be forced to move a disallowance to any decision or determination made by the Attorney-General in respect of the New South Wales legislation, and that would not do anybody any good. So I believe that this ought to be done beforehand: get the opinion, let us have a look at it and then proceed from there.

Question resolved in the affirmative.
Debate resumed from 20 June, on motion by Senator Ian Macdonald:

That these bills be now read a second time.

Senator COONEY (Victoria) (10.06 a.m.)—I was talking last night about the effect that this legislation will have upon the ability of various people to communicate the message that they want to communicate to the outside world. I was pointing out that, while this legislation may be seen as giving advantage to one giant in a battle of two, nevertheless an issue of liberty remains: the right to express oneself as one would want.

I was talking about the development of technology and the part that the Printing and Kindred Industries Union played in the history of media and print, in particular, in Australia. I mentioned the part that Mr Vic Little played in this area. He has been a very outstanding contributor to the community. He and his wife, Vida Little, are getting on in years now, and, unfortunately, Vic is a little unwell. He epitomises the ability that people have, if they try, to express themselves and to get matters up and going. The part he played in the Printing and Kindred Industries Union was great. He still publishes. He perhaps epitomises what we used to believe to be freedom of the press—that is, people using small presses to publish what they want. That has passed. He still gets his material together for May Day marches and other things as well.

The Printing and Kindred Industries Union is very interesting. They do not have branches, they have chapels. ‘Chapel’ gives the right impression in these circumstances. Publishing and the setting out of ideas has more than just a material quality about it. True enough, this bill deals with people who may get lots of money. That is the economic dimension of the bill. The bill also deals with that matter of the heart and soul, the freedom of expression. That is well summed up in the title that the PKIU uses for its branches—that is, chapels.

When the Printing and Kindred Industries Union became part of the Australian Manufacturing Workers Union, the then secretary allowed that union to keep the name ‘chapel’. The secretary then was Mr George Campbell, now Senator George Campbell. We may think of Senator Campbell as a tough, intellectual leader of working men and women, but, in addition, he has a heart of gold and a sense of tradition.

Senator Hutchins interjecting—

Senator COONEY—Senator Hutchins was similarly equipped with a heart when he so nobly led the Transport Workers Union. He would know that Senator Campbell allowed them to keep this title which expresses the spiritual quality that is contained in those connected with publishing and, in this case, in the PKIU. It has some great members and ex-members such as Kevin Davis, Ernie Jackson and Brian Smiddy. Senator Collins would know them. They have contributed mightily to the Victorian community not only in terms of the conditions and wages they were able to achieve for their members but also in terms of matters of the heart and soul.

It is interesting to look at publishing. In 1455, Johannes Gutenberg got the first press going. The first book he published was the Bible. We know of the Gutenberg Bible. Senator McGauran would know of the Bible. I do not know whether he knows of the Gutenberg Bible, but he would certainly know of the Bible. To a certain extent, I think that reflects the idea of publishing. It was a great leap forward. Great ideas could be sent or broadcast, to use modern parlance, abroad. That broadcasting was a freeing quality. It allowed people to think and read on wider plains.

It is very interesting to note what happened after the Gutenberg press came into being and its use spread throughout Europe and England. Mr Acting Deputy President Hogg, you will remember that we learnt about Caxton at school—or at least I did in my time; perhaps history was not part of your curriculum, because you are some years younger than me. Caxton brought the press to
England. When this new technology developed, the government reacted and brought in laws to restrict the use of the press. They said, ‘Even though this new technology has been developed, we have to restrict it.’ They seem to have restricted it for two reasons, which I spoke about earlier. The matters of the heart, as I call them, had to be restricted. In other words, there was censorship so that people could not read what they would otherwise be able to read. People were frightened of new ideas so they restricted its use. It was also restricted to ensure that one lot of people got the economic benefit of the press while others did not.

So you had monopolies set up under the Tudors. They said that only certain people should have the benefit of the press. So under regulations which were established by the Star Chamber in Queen Mary’s reign, printing was restricted to people who were members of the Stationers’ Company. That sort of thing led to this fight—or ‘struggle’ might be a better word to use—for freedom of the press. There is a book I often read which has the fairly grand title of *English Constitutional History: From the Teutonic Conquest to the Present Time*, written by a man with the fairly grand name of Thomas Pitt Taswell-Langmead. The ‘present time’ he was talking about was the start of the last century. He had this to say, and I think it is worth reading in this context:

> Of the political privileges of the people acquired or enlarged since the Revolution—and he is talking of the revolution led by Oliver Cromwell—we have still to consider the liberty of the Press—“the guardian and guide of all other liberties”—and the last to be recognised by the State.

So the liberty of the press was the last to be accepted by the state. He goes on to talk about the various acts and laws which were passed to suppress the press. It is the sort of thing where, when everybody is feeling in the mood and wants to stand up for rights and liberties, they talk about the freedom of the press. It was not until quite late into the 19th century that freedom of the press got to the point we would find acceptable. It is interesting that the last area to be freed up was the reporting of parliamentary debates. That has an interesting history. Now of course we have freedom of the press. We have people in parliament reporting—reporting very well at times and not so well other times. There are some great figures we can all think about who presently report here—people like Alan Ramsay, whose daughter, Tosca, has every reason to be proud of her father and her mother, Laura Tingle. It is just nice to see that we have some good people doing good things here.

**Senator Hutchins**—Do you see what he writes about the New South Wales right wing Labor politicians?

**Senator COONEY**—Senator Hutchins has just interjected and asked whether I have seen what he writes about the right wing Labor politicians in New South Wales. I note that it is very well led by Senator Hutchins.

**Senator George Campbell**—He doesn’t discriminate. He writes some rough stuff about the Left too.

**Senator COONEY**—Just to balance it up, I will refer to Senator George Campbell’s comment. He said that he writes some pretty rough stuff about the Left as well. I might return to the subject of the bills. In any event, this issue has come a long way since the press that Johannes Gutenberg got going. I think the principle is the same. The questions that we face here, and which have been asked by those who have given speeches before me, are the same. What do you do with new technology? Who is going to benefit from it in terms of who is going to be able to have access to what is published by the new technology and who is going to be able to use the new technology? Choices have to be made. But the present situation is like it was after the Gutenberg Press was established in Germany and after Caxton took it up in England. It is the same in the sense that the law is going to come in and say that some people will get the benefit of this particular technology and other people will not. Although it is very much an economic contest, it is not simply an economic contest. It is also a contest of how we treat ideas, how wide ideas should be able to flow, who should put them forward and who should have control over them. That is the situation here.
So the debate has flowed around the following questions: how can we hold the technology back? Can't datacasting be used to distribute more news than is presently the situation? Why do we limit datacasting? If we are going to limit datacasting, to what degree should it be limited? Those are all fundamental questions that have been around since the printing press was invented. We on this side of the chamber say that if this technology is here it should be used as widely as possible. For me to say that you cannot hold back technology is to mouth a platitude that has been mouthed again and again before me, and it is a platitude because it is true. You certainly have to have some regulations so that the material is put across properly. You have to have some sort of censorship so that there is a limit on what can be put across. They are questions that should be looked at in terms of what technology is available and in terms of ensuring that we do not hold back for whatever reasons—for economic reasons, moral reasons or ethical reasons—what we should not hold back. That is the test and that is the balance that has to be struck.

The government has not achieved that balance in this case. The amendments which are being put forward on this side will achieve that balance. Debating these bills is like debating tax bills in some ways because we are talking about money and where it will go. But this talk about how matters can be published and dispersed goes to the issue of our rights and of our dignity as human beings. Publishing, writing and journalism all have an element that people always feel goes beyond the economic; often the duty they have towards the public is not discharged as well as it may be, but nevertheless it is there and I think they are noble professions. We are talking here about how we are going to limit what could otherwise be expressed. If we do that for simply economic reasons, I think we will be betraying our trust as an institution that has to look beyond the hip pocket and start to look towards the sky and the faraway hills.

Senator GEORGE CAMPBELL (New South Wales) (10.24 a.m.)—I thank my colleague Senator Cooney for those very kind words in his contribution. The Broadcasting Services Amendment (Digital Television and Datacasting) Bill 2000 seeks to amend both the Broadcasting Services Act 1992 and the Radiocommunications Act 1992. It is acknowledged that the former establishes the ownership conditions for broadcasting licences, while the latter regulates the usage of the spectrum, including the licensing of transmitting devices. This bill is focused primarily on regulating digital television technology in an environment where the scope of this technology is still relatively unknown, both here and overseas. The question needs to be asked, ‘Why is the government in such a rush to push this bill through?’ The length of the Senate inquiry, which was meant to enable interested parties to voice their opinion on the bill, was limited, and therefore it did not allow adequate preparation time for parties to assemble detailed responses to this bill.

The Labor Party recognises the complexity of the Australian broadcasting system. I am particularly concerned to ensure the continuing special role of the two public broadcasters: the Australian Broadcasting Corporation, better known as the ABC, and the Special Broadcasting Service, better known as SBS. The role of these public entities needs to be enhanced, with particular reference to maintaining their independence, along with a sustainable funding structure that allows the ABC and SBS to operate effectively in a rapidly changing technological environment.

There are three main tenets to this bill: datacasting, multichannelling and the use of enhanced services. This bill has many deficiencies, specifically the overly restrictive content based definition of datacasting, as well as the requirement for the ABC and SBS to pay a datacasting licence fee. The restrictions on the ABC and SBS to multichannel will also have a specific impact on rural and regional Australia, which currently have only limited access to the analog network anyway. This bill will only serve to impede the emerging digital industry in Australia.

The provision of datacasting within this technology has the means to be one of the most popular aspects of the new digital environment. However, the definition as it stands is far too restrictive, particularly as it is content based. The definition as it stands will stifle this emerging industry. The Productivity
Commission in its recent report on broadcasting noted that the government’s policy relating to datacasting stifles competition and innovation and is at odds with major tenets of mainstream broadcasting policy. The entry of datacasters into Australia’s media landscape not only can lead to greater diversity within Australia’s media industry but can bring major benefits to the economy more broadly. This bill will stifle the emergent industry through unwarranted regulation. The impact of this bill will be negative if emergent players are restricted in adequately pursuing technological advancement, and any consequent improvements in customer service, employment and economic opportunities for the industry will be limited. These would be available and accessible if this bill were adequately altered to take into account the role that the emergent digital industry could fulfil in Australia’s media landscape and the wider economy.

Consider what some of these potential datacasters had to say about the unwarranted restrictions placed on them through definitional constraints and access to the types of programs that have been allowed under this bill. Optus gave evidence to the committee stating that they would be unable to transmit a full variety of programming if the legislation stayed in its current form. Telstra—and I quote from the committee’s report:... have maintained that datacasting should be defined as broadly as possible because it is a new industry that we are trying to create ... we need a definition that helps the industry emerge ... I see no reason for it to be as constrained as it is.

News Ltd said:
The bill expands what free-to-air operators can do with their spectrum, and severely limits what datacasters can do. Therefore putting free-to-air operators beyond competition.

And, lastly, Fairfax, in respect of the restrictions on datacasting of educational programs, said:
A program which may be educational in relation to interests of rural communities or interests of particular sections of city communities will not be available on datacasting, for no particular reason.

While one of our main concerns is the accessibility to this technology for the national broadcasters, it is alarming to see, as recently as last weekend, the Australian Financial Review saying:

... all the potential new entrants into digital broadcasting—including John Fairfax, News Corporation and Telstra—simultaneously withdrew from proposed trials of “datacasting”.

What is the point of promoting the technology if the government intends to stifle its use or concentrate access in the hands of a powerful few? This is one occasion when a policy of ‘let a thousand flowers bloom’ is the best protection for the community from the abuse of monopoly power. Another issue that is of importance to datacasters and will limit their emergence is that the entertainment value of datacasting is likely to be constrained as it may be perceived to be commercially unattractive to potential datacasters. This debate is not about TV but about the real potential with this technology to bring a wide range of services to the Australian community not currently available using parallel technologies.

The degree of technological specificity of the proposed bill will in effect prevent potential datacasters keeping up with advancements as they become available. The complexity of the definition of datacasting and the use of a content based definition will promote complexity and uncertainty in this emergent industry. These restrictions will stifle innovation and the technological opportunities for consumers alike. The inherent restrictions in a content based definition specifically concerning educational programming will harm the provision of children’s programs. The value these programs have to the community in general must be recognised. And, finally, we also must question the distinction that has been made to news and current affairs programs, a distinction that is totally inappropriate. This use of a content based definition needs to be amended to remove the artificial anomalies it brings to the provision of datacasting services. On the Lateline program on 10 May 2000 industry leaders discussed this very issue with the minister. As Paul Budde, a consultant in the field, said:
Datacasting of digital television has very little to do with the old free-to-air television.

But this government seems to believe that datacasters simply strive to be broadcasters and therefore restricts them unduly and is
transferring old rules that simply do not apply in this environment.

The use of a content based definition rather than there being a distinction between datacasting and broadcasting is a contentious issue. No-one has denied that these are different things. The Labor Party proposes the definition of datacasting be distinguishable from broadcasting and be worded as broadcasting being the linear, passive, scheduled production of television programs on a repeatable or ongoing basis and datacasting by reference to it not being broadcasting. Labor’s definition for datacasting stipulates that a datacasting service means a service, other than a broadcasting service, that delivers information, whether in the form of data, text, speech or images or in any other form, to persons having equipment appropriate for receiving that information where the delivery of the service uses the broadcasting bands. The correct focus should be on the difference between broadcasting and datacasting. This definition allows the Australian Broadcasting Authority to distinguish clearly between a datacasting service and broadcasting service. The distinction between datacasting and broadcasting is made on the technology and the service provided, not the content, and also remains technologically neutral. There are commonalities between datacasting and broadcasting which have to be recognised. However, the service provision is different, and that also has to be recognised in this bill.

The Labor Party fully support the emergence and development of a datacasting industry. Hence, we support an industry that in its beginning stages has the flexibility for new services to develop over time. However, we also support the continued role of the national broadcasters. Many people in rural and regional Australia benefit from the variety of programming. The imposition of a licensing charge on the national broadcasters would be an illogical move. For example, if the government funded broadcasters have to pay this fee back to the government, then their funding will have to be increased to compensate them accordingly. If their funding is not increased to compensate payment of the fee then this is tantamount to a further reduction in the funding requirements of the national broadcasters. It is illogical that the ABC and SBS be charged a datacasting licensing fee.

Multichannelling by the national broadcasters is another feature of digital television that will be invaluable. The reasons this is such an important feature of this new technology are that it will allow the national broadcasters to become more cost effective in their programming and will provide a greater regional focus along with a greater multicultural focus of programming. The national broadcasters—the ABC and SBS—are in a special position to encourage the take-up of this technology; therefore, to hold them back is tantamount to setting up this technology to fail in Australia. The ABC and SBS have already stated that to allow them to multichannel will allow them to fulfill their charters better and more comprehensively. This is not about the ABC and SBS extending their charters and competing with the commercial broadcasters; it is about the government recognising the inherently special role that the national broadcasters play. It is about ensuring that regional and rural Australia are properly catered for in the new environment. The reality is that the national broadcasters primarily serve the regions, and it is the national broadcasters that will in effect provide the best service for the bush. Therefore, it is socially and economically responsible for the national broadcasters to be given the ability to use this technology, especially datacasting and multichannelling, to fulfil their charters, particularly in regional areas.

The argument put forward by the Federation of Commercial Television Stations, FACTS, that to support the national broadcasters is tantamount to uncompetitive behaviour is an absurdity and should be refuted. The national broadcasters in no way impact on the revenue earning potential of the commercial stations. SBS occupies approximately one per cent of the advertising revenue, and obviously the ABC is not in that business at all. So, what is the competition that the commercial stations are referring to? In fact, it is the reverse, as commercial operators seek to subsume the traditional markets of the public broadcasters. The benefits to regional and rural Australia of continued support for the national broadcasters to multichannel within the constraints of their respective
charters far outweigh any criticisms there may be.

It seems in respect of this bill there are many anomalies and overlaps that are not consistent with previous policy statements by the minister. This is of particular concern in respect of enhanced programming. The problem is specifically when enhanced programming may in fact overlap as multichannelling. The pay TV industry is concerned with this as they obviously do not want their industry to suffer undue competition from free-to-air broadcasters, who have also benefited from a free loan of spectrum space to engage in these services.

Community broadcasters, represented by the Community Broadcasting Association of Australia, are also concerned, and rightly so, about the lack of provisions in their sector for digital transition. Community broadcasters occupy a necessary and relevant space, and should be treated as such. They are obviously not the same as the national broadcasters, yet should not have to face undue constraints on them. There should be legislative certainty established by the minister, rather than this haphazard way of waiting and seeing, which seems to be the case with community broadcasters in this bill.

Captioning arrangements are another facet of this bill that are necessary for people who are hearing impaired. I support the necessary improvements in captioning arrangements, particularly having led a union that had a lot of boilermakers in it—a lot of people who worked in very heavy industry, who were subjected to constant noise every day, day in, day out, over many years and many of whom suffer from hearing deficiencies in their later years. The provision of captioning arrangements allows those people to be able to access news, current affairs and other information as efficiently as do those who have not had to suffer that impact upon their hearing loss. However, in comparison to the UK and the US these arrangements do not go far enough. I recognise the difficulties for regional and rural broadcasters, but at the same time we cannot ignore the necessity of it for those who require captioning and the worth and benefit to them, and hence to the community.

Digital technology is a new technological advancement. High definition is not being used in other parts of the world. We have no benchmark to determine how successful this technology will be or how extensive its use. Therefore, the restrictions that are being placed on the emergence of this industry in Australia are incomprehensible and could effectively destroy its ability to reach its full potential. Our national broadcasters occupy a unique role, particularly in rural and regional Australia, and in some areas are one of two broadcasters and in others the sole broadcaster.

This technology has the potential to enable people in rural and regional Australia to access a diversity of information as yet unknown to them and should not be restricted as it will be if this bill goes ahead in its current format. We cannot ignore the size of this country and the isolation that is often felt by people in regional Australia, so, again, it is incomprehensible that it is these people that will suffer from the short-sighted restrictions being put forward in these bills, especially in respect of the national broadcasters.

We have continuously heard in this chamber and in the other chamber about the focus being put on the needs of people in regional and rural Australia, the needs of people in the bush, to get access to modern day communications, to have the same benefit of the communications environment that exists in the capital cities. The way in which the government is treating the introduction of digital technology, is treating the restrictions in terms of data broadcasting, will simply further impede the capacity of this parliament and further impede the capacity of companies in the communications industry to be able to provide real and lasting benefits to people in rural and regional Australia in terms of allowing them to also get maximum benefit out of the new information environment within which we live. It would be an absolute farce, another farce, to once again see the junior coalition partner—the so-called National Party of Australia; the people who purport to represent the people in the bush—go along with supporting this bill and, again, by doing so deny the opportunity for people in rural and regional Australia to have real access to real services, real technology, that would al-
low them to play a real part in the Australian economy and within the Australian community.

Senator LUDWIG (Queensland) (10.43 a.m.)—Before I go to the substantive matters that I wish to address in this debate on the Broadcasting Services Amendment (Digital Television and Datacasting) Bill 2000 this morning I also as an aside wish to give thanks for the contribution of Senator Campbell, who has coalesced some of my thoughts about the issue, particularly the issue about regional and rural Australia, when I recall my youth. We stand here on a precipice of change, a change that will come about. It will come inexorably about. It will come about despite this government’s narrowmindedness about change and about how it embraces new technology and how it goes about trying to restrict what would otherwise be a very useful innovation.

In fact, when I look back, I can say that in my youth I have always been with television. The debate is not about television as such; it is about new technologies. I was born some time after television was introduced into this country in 1956, so I have always had it as background noise and as a medium to watch. One of the times that I found myself unable to watch it was in rural and regional Australia, in Cunnamulla. One of the profound things that occurred in my youth was that I ran into the living room, looking for the television, ‘the box’, and it was not there. It was not there because, for a range of factors, technology had not been supported, pushed and delivered to regional and rural Australia. So, for a while, there was no box. When I was in Roma, the same thing occurred: colour television was upon us, and it was one of the earlier things my family purchased to ensure that we would have colour. I recall watching test patterns in colour.

Youth are interested in changing technology. The youth of today are interested not in Collins Street National Party people but in people who wish to embrace new technologies, look at change and embrace change. If you recall the need for changing technologies, the youth of today will participate and expect these types of changes. They will expect that the government of the day leads the way forward and allows new technologies to be embraced. An article in the Sydney Morning Herald headed ‘TV’s big dollars in the balance’ says:

The three big would-be datacasters, Telstra, John Fairfax and News Corp, last week attempted to place serious pressure on the Coalition, ALP and Democrats by pulling out of datacasting trials. It is disappointing to find that datacasting as it stands is a matter that is being played with in a manner that might in fact throw it into the dustbin. The article also says:

The bottom line, however, is that Meg Lees is likely to find her position far closer to the Government’s than the Opposition’s.

The general belief is that she will be happy enough with amendments that allow the ABC and SBS to multi-channel (broadcast more than one channel).

I turn also to the Sydney Morning Herald of Thursday, 22 June. The headline reads ‘Alston to push for digital TV solution’:

The Communications Minister, Senator Alston, was prepared to talk with both parties, a spokesman said last night.

It seems to be that there is at least a wish to bring about a digital revolution, to bring about new technology and to bring it about in a manner so that the youth and regional and remote Australia can access it in a meaningful way and that it is not restricted or unduly affected by legislative enactments.

We also look at the development of technology. The development of technology has not been impeded by government in any serious way. I recall when computers were first about. Having been through a generation which spans not only television but also the development of computers, my early exposure to computers themselves was about punch cards. I was part time at the Queensland Institute of Technology, where computer science and technology was being taught through punch cards and a mini mainframe. To do 4GL language, we had to use overheads, because the technology to bring that into a classroom had not been developed at that point. It had not got to a point where we could then disseminate it and develop it. Very quickly, the technologies came about. Very quickly, the educational institutions picked up the technology and delivered it to students. It took a lot longer to get out to regional and rural Queensland and regional Australia. It took a lot longer, for a range of
reasons, but those reasons should not include government’s restrictive enactments. The technology should be able to be delivered in a timely and appropriate way.

Turning to the substantive elements of the matter, the purpose of the bill is to refine arrangements for the introduction of digital television and establish a system for the regulation of datacasting services. The conversion to digital broadcasting requires amendments to the Broadcasting Services Act 1992 and the Radiocommunications Act 1992. The former act sets out the ownership and programming conditions for broadcasting licences and is administered by the Australian Broadcasting Authority. The latter act regulates the usage of the spectrum, including the licensing of transmitting apparatus, and is administered by the Australian Communications Authority.

Datacasting is defined in the digital conversion act as a service, other than a broadcasting service, that delivers information to persons having equipment appropriate for receiving that information, where the delivery of the service uses the broadcasting service bands. This definition of datacasting, as it stands, is overly restrictive and complicated and goes beyond restricting datacasting to services that do not constitute broadcasting. Labor believes that, while datacasting cannot be de facto broadcasting, the definition should be amended to remove the artificial and unnecessary limitations on datacasting. This restrictive definition has had a considerable impact on would-be datacasters. According to the Internet Industry Association of Australia, the restrictive provisions in this bill are:

...the kiss of death for the development of a multi-billion-dollar datacasting industry in Australia.

They go on to say:

A golden opportunity to have the entire Australian population online within three years was about to be thrown aside.

Similarly, Telstra has recently stated that it is:

...disappointed with the Datacasting Bill as it raises serious questions about the viability of datacasting in Australia.

It is crucial that this emergent industry is not stifled in its development and innovative capacity by overly restrictive regulation and that the benefits for Australia’s technological advancement, improved consumer services and employment and economic opportunities should not be constrained. For the same reasons, we also oppose the genre based content definition of datacasting and call upon the government to depart from that approach. The current provisions prevent datacasters from providing content in genres regarded as the province of free-to-air television.

The genre restrictions will also greatly restrict the viability of datacasting and are fundamentally anti-competitive. The monthly newsletter on Australian telecommunications and media law cites a number of companies voicing their strong opposition to these provisions in the bill, with OzEmail arguing that it would not be financially viable to invest in developing a datacasting business within these constraints. Labor, on the other hand, supports an approach that favours flexibility, minimises barriers to entry and allows new services to develop over time.

The basis of the amendments we propose to put forward to achieve this is in the report on the Broadcasting Services Amendment (Digital Television and Datacasting) Bill 2000 of the Senate Environment, Communications, Information Technology and the Arts Legislation Committee. The report provides an overview of both the bills in question, together with some very good background material on the new technology we are referring to today—datacasting, digital television and HDTV. The report also contains a minority report from the Labor senators. In the executive summary on page 64 there is an outline of matters that go to developing appropriate and proper digital and datacasting services in Australia, and a number of recommendations have been put forward in support of that. Those recommendations provide, subject to the regulatory conditions of the existing broadcasting regulatory framework, a new definition of a datacasting service; namely, that a ‘datacasting service’ means a service—other than a broadcasting service—that delivers information, whether in the form of data, text, speech, images or in any other form, to persons having equipment appropriate for receiving that information, where the delivery of the service uses the broadcasting services bands.
Like the government’s framework, this proposed framework confirms the 1998 legislative position that datacasting services cannot be broadcasting services. Similarly, the proposed framework provides that those matters allowed without constraint in the government’s bill remain unconstrained in the model effected by these proposals, for example, parliamentary broadcasts. Unlike the government’s bill, which seeks to limit or restrain the creative and economic potential of what might be offered by potential datacasters, this framework considers both the physical attributes of emerging digital services and the intent of services provided, in order to make a distinction between broadcasting and datacasting services.

Labor believes the national broadcasters should have the ability to multichannel content consistent with the operation of their respective charters; broadcasters should be allowed to broadcast radio programs for datacasting purposes and should be exempted from payment of datacasting fees; regulatory arrangements pertaining to the ABC and SBS should be incorporated into their respective acts; the silly decision to impose datacasting fees on the national broadcasters should be reversed; they should be exempted from payment of those types of fees; and national broadcasters should be allowed to broadcast radio programs for datacasting purposes.

There is broad support for allowing the national broadcasters the ability to multichannel. There is no valid justification for denying the national broadcasters the ability to multichannel, particularly when those arguments are balanced against the resultant benefits. The ABC do not come into what you would call direct competition; unlike the commercial free-to-air broadcasters, they do not have paid advertisements. They do not come into direct competition with the subscription broadcasting industry or the pay TV industry, but they perform essential public and national interest good, particularly in rural and regional Australia—and should not be abandoned. The government’s restrictions on the ABC and SBS being able to multichannel will do disproportionate harm to rural and regional Australia as those areas are deprived of what could be a flourishing new information service. On the issue of regional Australia, Steve Lewis writes in today’s Australian Financial Review:

Regional Government members of parliament have been warned the Coalition’s digital broadcasting reforms will reduce the amount of sport and other programs delivered to the bush by pay-TV operators.

The article goes on:

Austar United, the regional pay-TV operator, also suggested that its $800 million proposed investment in regional Australia could be threatened if the government’s proposals were legislated.

The article quotes a letter to government regional members of parliament by the chief executive officer of Austar United, Mr John Porter:

In his letter, Mr Porter expressed ‘concern at the Government’s latest proposed amendments to the digital television regime’.

The aspect that is of concern, and the theme I have developed today, is that regional and rural Australia will suffer as a consequence of this government’s bills. Similarly, they will lose out with the problems that they face more generally, in addition to the direct issues of access to new technologies, digital television and datacasting services. Labor senators acknowledge the legitimate concerns of the national broadcasters that the genre based content definition of datacasting might impinge on programming decisions that are properly the province of their boards. However, the definition of datacasting in the bills gives occasion for this concern. Specific provisions that might apply to datacasting by the ABC and SBS might more appropriately be contained within the Australian Broadcasting Corporation Act 1983 and the Special Broadcasting Service Act 1991. The former Managing Director of the ABC recently commented that it was extraordinary that the government was preserving the status quo with a regulatory regime that was far too restrictive. He stated that the ABC will be at a huge disadvantage with these bills, which have a severe effect on its ability to keep pace with the digital revolution. The provisions offering enhanced services by free-to-air broadcasters are substantively different from those previously proposed.

Labor believes that the government’s enhanced services framework, to more accurately reflect the framework announced in 1999, should contain matters, firstly, that the
Senate committee addressed, which go to allowing overlap of broadcasts where an unexpected delay or extension in the time of one broadcast coincides with the scheduled broadcast of a news bulletin; secondly, that go towards maintaining enhanced service provision for free-to-air broadcasters at the level described by the December 1999 announcements of this government; and, thirdly, that allow simultaneous transmission of content additional to the primary broadcast content, provided the additional content has a ‘direct and obvious’ link with the primary broadcast.

These bills contain a range of provisions that develop a framework for the regulation of digital television, and a range of deficiencies have been identified in the following areas, as stated in the Senate report: the datacasting regulatory regime, the rights of administrative appeal and the regulation of technical standards. It is believed that a range of proposals to assist with the regulatory framework and to develop more appropriate regulatory conditions are necessary. Those that go to the ABA’s power to rationalise and clear spectrum for datacasting should be enhanced. In addition, a ‘use it or lose it’ provision for datacasting transmission licences should be incorporated into the datacasting framework, and the calculation of a commercial television licence holder’s datacasting fee should be subject to parliamentary disallowance. Lastly, review of datacasting transmission licences should include competitive and regulatory arrangements and ‘revenue to the Commonwealth’ provisions.

Turning to the regulatory issues, Labor believes that the bills deny interested parties the ability to access stay powers or seek injunctive relief in relation to the ABA. In summary, it is not about datacasting being backdoor or de facto broadcasting. The government’s model is simply not sensible. Datacasters will not be broadcasters. Labor has relied on an attributes basis to distinguish them rather than a content basis, which is the model of the government. Labor’s approach underpins our objective for Australia to become a knowledge nation. (Time expired)

The ACTING DEPUTY PRESIDENT (Senator Calvert)—Before I call Senator Schacht, I will remind him—he has been here long enough to know—that it is classed as disorderly and against the standing orders to walk between the chair and the person speaking.

Senator SCHACHT (South Australia) (11.04 a.m.)—Will I be flogged at lunchtime or put away in the dungeon of the privileges committee?

Senator Kemp—Disgraceful behaviour!

Senator SCHACHT—Thank you, Mr Acting Deputy President. I apologise for this extraordinary breach of democracy. The sovereignty of the Senate has been impugned.

Senator Kemp—Apology accepted.

Senator SCHACHT—I am not apologising to you, Minister, but to the chair. I have always apologised to the chair. I rise to speak on the Broadcasting Services Amendment (Digital Television and Datacasting) Bill 2000 and the Datacasting Charge (Imposition) Amendment Bill 2000. These bills are part of the long, ongoing saga that this government has created for itself about how to establish a regulatory regime for the new broadcasting and telecommunications technologies that are now sweeping the world and sweeping Australia. The government’s whole attitude to this area over the last four years has been completely dominated by how it thinks it can curry favour with the various existing media moguls and proprietors in this country. You do not have to be a genius to work that out. Obviously, politicians on all sides are sensitive to those who control, own and run the media that report political developments and political issues in this country. But, in my view, it has been humiliating in many ways that this government has done everything possible to curry favour with a particular media proprietor. There is no doubt that, on a whole range of issues, it has decided to align itself with the fortunes of PBL, or Mr Packer and his companies. This has upset Mr Murdoch and his companies and, accordingly, there have been some public statements.

I believe that, whenever you attempt to conduct a policy structure for media, broadcasting or telecommunications in this country, if you start on the basis of currying favour with a particular media proprietor. There is no doubt that, on a whole range of issues, it has decided to align itself with the fortunes of PBL, or Mr Packer and his companies. This has upset Mr Murdoch and his companies and, accordingly, there have been some public statements.

I believe that, whenever you attempt to conduct a policy structure for media, broadcasting or telecommunications in this country, if you start on the basis of currying favour, you will end up with a mess. The only principle that should guide the formation of policy for the media in this country is to aim
for maximum diversity of ownership of the media and maximum plurality of content. I have said before that all politicians of all parties of all governments have never been 100 per cent pure about that; there has always been the pressure and the concern about what the media will do to government and politicians if they appear to be opposing the interests of the media.

There is no doubt that, as public policy makers, we should, wherever we can, separate our nervousness or anxiety about how we may be reported or treated by a particular media outlet from the issue of what is best for the operation of a pluralistic, democratic system. We should try to get it right in the long term rather than trying to appease the interests of various media owners. As a former shadow minister for communications, I am as aware as anybody of the pressures that operate in this area on all politicians on all sides, but I have always believed that, if possible, you should argue for those two principles: diversity of ownership and plurality of content.

The bills before us do not do anything to extend the diversity of ownership of the major media forms in this country. I think we may be missing an opportunity in the operation of digital data and datacasting to ensure that there are more effective new players coming into the market to add to that diversity of ownership. But time will tell whether my comments about that are correct or whether I am unnecessarily pessimistic. We are debating these bills because, two years ago—when the government first introduced the legislation for a regime to regulate digital broadcasting, data broadcasting and the introduction of high definition television—the Senate refused to give the government carte blanche to regulate by administrative decision in all of these areas. We insisted in the Senate that the government would have to come back to the parliament and debate the definitions in the various areas of multichannelling, digital data, et cetera. I think we have been proved correct in that it was a good policy for the Senate to have adopted with the opposition, the Democrats and the Independent senators.

It is disappointing, though, that when the government returned here with this legislation they still took an unnecessarily restrictive and narrow view of what these rules and regulations should be. They took the bizarre decision that the ABC and SBS, as national broadcasters, should not be able to multichannel. This has been roundly condemned by everybody else in the community, and I am told that even the commercial broadcasters support the ABC and SBS having the right to multichannel. Of course, we want to provide increased broadcasting services in rural areas, and multichannelling will be one way that that can be achieved if the ABC and SBS are able to do it. At the moment, in some areas of regional and rural Australia, people get an effective reception of only two channels: one is the ABC and one is commercial. They may also receive some SBS. They may now be able to get several further channels and get a diversity of programming, whether it is entertainment, education, sport or arts programs. We would all welcome that.

The rest of us—those other than the inner cabal of the cabinet—could not work out the policy justification for denying the ABC and SBS the ability to multichannel. It appears from public comments from both the Labor Party and the Democrats that there is now a majority in the Senate to force those amendments so that those two public broadcasters will be able to multichannel. I see that today it appears the government have finally seen commonsense, have rolled over and will agree to it. That is a very welcome decision by the government, and it is a good decision for our national broadcasters.

When I went to one of the committee hearings on this legislation, the new Managing Director of the ABC, Mr Shier, was there. He was very forthright, as was the Chairman of the ABC, who is a close friend of the Prime Minister, and they were arguing strongly for multichannelling capacity for the ABC. Mr Shier made quite a reasonable case for it. As Mr Shier has been appointed by a board that is now overwhelmingly appointed by the present government, one could see that even those who have been appointed to the ABC board with the support of the government could not understand the government’s decision.

I say as an aside that, although I agree with Mr Shier’s remarks and the need for the ABC
to multichannel and multibroadcast, I cannot agree with some of the ways he has gone about reorganising the ABC. The way a number of senior people have been treated is a good example. I understand, for example, that some of the very senior executives of the ABC who have had their jobs wiped out, who have effectively been sacked, never had an opportunity to speak to Mr Shier before they were actually in the conversation in which he dismissed them. That was even though he had been there for some two or three months. I find that an odd way for a chief executive to work. I find it odd that he did not discuss it with the existing senior managers and make his own judgment about their capabilities. To just leave them hanging for two or three months and then to call them in and say, ‘You’re dismissed. I’ve got no job for you,’ is a bit of an odd way to work. I do not think it engenders good morale in an organisation if people can have their heads lopped off without any prior warning or discussion. The proof will be in the pudding of Mr Shier’s appointments and restructuring of the ABC. I look forward to hearing his explanation at the next Senate estimates hearing of how his new structure for the ABC and his new appointments will improve the quality of the ABC as a national broadcaster.

I now turn to the digital datacasting definitions. The proposals by the Labor Party offer a very sound and sensible definition. The government clearly had a very restrictive definition purely to satisfy the interests of the free-to-air operators in Australia. Those definitions are unnecessarily restrictive and do not allow the full development of datacasting in this country as a new form of service to Australian consumers. Therefore, I hope the Senate carries the definitions put forward by our shadow minister Stephen Smith on behalf of the Labor Party, and I hope the government again sees sense—as it did over the multichannelling for the ABC—and accepts these amendments. The government’s definitions will collapse anyway, because they are so restrictive. They will have the ABA endlessly chasing data broadcasters down every burrow and warren trying to find out whether there was a breach here or a breach there. It will not be light-handed regulation, designed to restrict data broadcasters from developing the new services—to the advantage of existing free-to-air broadcasters only, not to the advantage of Australian consumers.

We should acknowledge that the free-to-air broadcasters got a major advantage from the initial legislation in the introduction of digital broadcasting by having a guarantee that their existing licences would last until 2007. That is a guarantee that they are the only ones who will be free-to-air broadcasters in this country—a significant advantage. I cannot think of any other major industry where the existing players have been guaranteed by government legislation, with no increased or further payment, an existing entitlement to stop competition coming in against them. At the time, two years ago, we tried to reduce the period of time. We agreed there should be some guarantee to help the cost of the introduction of high definition television, to encourage its uptake and the development of programming and the equipment that would be needed, which is costly. There was a reasonable case, but we did not think the length of time granted was necessary or appropriate.

Some economically dry commentators in the media—and even in the Treasury and the cabinet—would have liked to have seen the auction of those licences in the next year or so, particularly the auction of all the digital spectrum for either HDTV broadcasting or standard digital broadcasting. In view of what is being paid around the world, the government has forgone an opportunity to raise not hundreds of millions of dollars but billions of dollars of revenue. Some other media commentators—led by the News Ltd organisation, which does not have a licence and which is prohibited, under the existing cross-ownership rules, from having a licence—keep pointing out that the existing free-to-air broadcasters have a great economic gift available to them whereas elsewhere in the world it would have been put up for auction. If people are willing to pay several billion dollars to get into the new third level of mobile telephone technology, one can imagine what others would have been willing to spend to get the licence for digital television. Only recently, the last FM licence in Sydney was sold for $120 million. Let me repeat: one FM
radio licence for broadcasting in Sydney went for $120 million at auction. You can therefore imagine what digital licences could have brought in if they had been auctioned right across Australia.

The government is forgoing that. If they restrict the definitions of digital data too much, maybe no-one will bid. There is not much point in bidding for something that is too restrictive. There must be an interesting argument between people like the Treasurer, the Minister for Finance and Administration, the Assistant Treasurer and people from Treasury, who are always looking at ways of raising revenue. They have been forced to forgo an opportunity to raise more revenue to pay for the services of the community. Some more money for the ABC and SBS could be provided from the income of these licences if they were put properly to the Australian people.

I want to conclude on a matter that shows the government is not able to understand that technology is going to make this legislation irrelevant. That is why we are recommending a number of statutory reviews over the next two or three years. This piece of legislation will fall apart and be ineffective almost from the day it is gazetted if it gets through the parliament in the way the government wants it to. I draw the attention of the chamber to an article by journalist Ivor Ries that appeared on 15 June in the *Australian Financial Review*. Part of the story indicates that Telstra is now seriously considering bidding for the AFL football rights for 10 years and paying a figure that is rumoured to be in excess of $1 billion. That is for the full AFL television rights for free-to-air television, pay TV and the Internet. Telstra would use those rights to put the AFL on Foxtel, which it half owns. When I saw the article, I thought, ‘This does raise a number of interesting implications.’ I am sure Mr Packer, Mr Stokes and Mr Asper—who own the three free-to-air commercial stations—might have a view about bidding against Telstra. If Telstra does put a bid in, I bet anything you like, Mr Acting Deputy President, those three media owners will hot-foot it to the Prime Minister immediately, demanding that Telstra not be able to bid, because it is against their interests.

Telstra does have the money to bid. Telstra does have the delivery system. It would clearly on-sell to the free-to-air stations, put the AFL football on its pay TV operation and, above all else, reserve for itself AFL Internet rights to develop its part of the communications network. In all, it may well be a very good outcome for Australia that the national carrier, 51 per cent owned by the Australian people—although the government is trying to sell it off—would, in public interest terms, be providing a greater service and a greater spread of AFL football around Australia. To see the Crows win more premierships in the near future would be a good outcome.

What it does show is that this government is flat-footed. If the national telecommunications carrier is seriously preparing a bid for AFL television rights, it just shows you that the old mindset of this government in handling regulatory arrangements is outdated. Will the government use its 51 per cent ownership to direct the Telstra board not to bid for AFL football rights? It will be an interesting test because the minister, Senator Alston, has always refused in any way to direct the Telstra board. I suspect there will be no direction. The weights will just be put on individual board members who have been appointed by the minister if they believe it is not in the interests of this government to upset the existing media owners.

This legislation is, as I said before, going to die and be ineffective almost from the day it comes into effect if it is not amended by the sensible amendments being put forward by the opposition and the Democrats. ABC multichannelling is a must. The definition to widen the broadcast of digital datacasting is a must. The issues of how to effectively manage the new regulatory regime have not been covered in this legislation. So we look forward to the debate in the committee stage and hope that the Senate will be able to convince this government that the legislation at the moment is overwhelmingly defective and is not in the interests of the Australian people.

**Senator BROWN (Tasmania) (11.23 a.m.)**—I concur with many of the remarks and proposals put forward by Labor and Senator Schacht. Indeed, politics sometimes is on its head, but I think the Greens will take
the most free-market approach to this important matter, while we have the coalition taking the most conservative—

Senator Schacht—The Stalinist view of the world.

Senator BROWN—Certainly the most controlled and narrow view of the world. After all, the digital spectrum does belong to everybody; it is a public resource. How that resource is handled is a matter for government. What this legislation does is lock up that resource for a few—in particular, for a few already big players. It is the existing commercial networks that are being given that resource dirt cheap.

Following on from what Senator Schacht said, there is no doubt that the auctioning, allocation, tendering for and selling of that resource would potentially enrich the public coffers, the public owners, by many billions of dollars. With the government looking in the future to ways of resourcing important items like the environment, it is one of those options that it has quite unnecessarily closed down. The existing free-to-air networks fear that, if the datacasting provisions are too lax, other players will be able to backdoor broadcast—that is, rather than just provide teletext type services, they will be able to provide content that will be in competition with this service. Well, why not? The Productivity Commission found that the rules are too restrictive, and I agree with Labor that the whole thing needs to be rejigged. There is a real concern that the influence of the current big players in television in particular has blinded the government to a public obligation to open up this technology for the advantage of Australians—it is inevitably going to happen; it is just that we are going to be decades behind—and also to give information technology a boost so that Australia goes to the forefront instead of being at the back of what is going to be one of the great industries of the 21st century, one of the great sources of wealth and, of course, one of the great sources of jobs.

I note that the Democrats will be supporting many of the measures that Labor has mooted, or they will be putting forward similar measures, to allow liberal use of datacasting, but I am concerned that they are going to oppose some of the Labor amendments which would allow a very broad definition of datacasting. I would have thought the Democrats would be keen on busting up the existing media monopolies when the opportunity came or at least affording Australians the broadest access to different media outlets possible.

High definition TV comes into this. It is important, but everyone seems to have just about given up on it because it has been government policy for so long. It was legislated last year and has led to very little action. Mandatory high definition TV along those lines seems unique to Australia. It needs to be reviewed. It has just been the wrong way to go. It may suit the existing networks, but increasingly even that seems to be not totally the case. But it will not service the best interests of the most important people as far as we as representatives in a democracy are concerned, and that is the 19 million Australians out there who are looking forward to the best in the world when it comes to communications. I note the comments of Alan Kohler in the Financial Review on Saturday, 17 June where, amongst other things, he said:

Why John Howard and his Communications Minister, Richard Alston, remain so determined to press on with a bill that now has absolutely no support beyond the three commercial TV networks has become an abiding mystery to observers of media policy. It shouldn’t be.

Every meeting between executives of Fairfax or News Corp and Government ministers over digital TV policy begins with a tirade about the biased political reporting of the two companies’ newspapers, especially The Sydney Morning Herald and The Daily Telegraph. When the minister—usually Alston—has got that off his chest, they then start talking about the unrelated matter of broadcasting policy.

Unrelated? Well, it turns out that the two big newspaper companies and Telstra, all desperately keen to become broadcasters, have been such big losers out of the digital TV policy that they are giving up. So well have potential competitors been blocked from the TV business, there is universal agreement, outside the Government and the networks, that Australia’s conversion to digital TV is doomed.

The policy is not just a dud that won’t achieve its aim of converting the nation to digital by 2008. It also represents a decision by the Government to forgo billions in revenue, as well as the well-
understood benefits of competition and the chance to thrust Australia to the global forefront of technology, all to protect the existing broadcasters from having to deal with competition from newspaper and phone companies.

Even the networks agree full conversion to digital in 2008, as required by the policy, will probably be impossible. The head of the Federation of Australian Commercial Television Stations, Tony Brannigan, told a Senate committee last week (regarding digital take-up): “I would not be at all confident that by 2008 we would be much beyond the 50 or 60 per cent mark.”

That is a column worth reading in full.

The ABC and SBS are important focuses in this. They should have the right to datacast and multichannel without restriction so that they can reach more people with more content, and with a different form of content. ABC and SBS are fundamental to the spectrum of information available to Australians. They are outlets, in relation to not only news but also entertainment, which are coveted by people all around the world. With new technology, it is very important that they are players so that the particular quality of service they bring the public is available in the new formats. I am very pleased to hear that the Democrats and the Labor Party are much more aware of that than the government. Quite clearly, they are quite determined to see that the ABC and SBS have their opportunity in this new world of information technology.

So the Greens support the amendments coming from this side of the house. We will be supporting those that give the fullest reach to choice and alternatives.

Senator Kemp—That is strange for you.

Senator BROWN—No, it is clear-headed thinking, Minister. It is a swap around, if you like, in philosophical terms. But, while it is strange for the Greens to be saying they are free-market oriented in this, it is tragic that the government has got the blinkers on and, at the behest of some big players, is trying to restrict this market down in a way that, as far as I know, no other country in the world is doing.

So it is strange for us, but we are not in government. Mr Howard and his ministers are in government, and the word ‘strange’ does not apply there—but the words ‘bad government’ do. This is a missed call. This is a very big policy mistake for this nation. It needs to be rectified, and here is the opportunity. Again, here is the Senate fulfilling a very important role, not just as a check on government but also as a stimulus to government changing its mind. I believe that change will come out of this debate that is taking place, and I believe that change will come out of the power of the Senate to say ‘think again’ to the government. That is what is important here. (Quorum formed)

Senator ALSTON (Victoria—Minister for Communications, Information Technology and the Arts) (11.37 a.m.)—I rise to conclude the debate on the package of bills relating to digital television. In 1998, all the main parties supported an extension of the moratorium on new commercial free-to-air television broadcasters until the end of 2006; the loaning of seven megahertz of spectrum free of charge to all free-to-air broadcasters, including the ABC and SBS, with a requirement that they broadcast in high definition; a requirement to simulcast in analog and digital for at least eight years; and a prohibition on multichannelling by free-to-air commercial broadcasters until 2005.

The legislation before the Senate reflects the framework agreed by the coalition, Labor and the Democrats in 1998 and builds on this framework by establishing the rules that will govern datacasting and enhancements. In relation to datacasting—the issue that has caused most conjecture over the last month—it seems to me that no-one in the parliament is seriously disputing the government’s position that datacasters cannot be broadcasters and that they must offer a service that is different to broadcasting. Rather, the issue is: what is the most effective means of ensuring that while datacasters are not broadcasters they can still offer an attractive array of non-broadcasting services?

The government considered this matter in great detail during the reviews that were conducted between June 1998 and the introduction of this legislation earlier this year. The clear conclusion from these reviews was that the genre based regime is the most effective and practical means of providing certainty to broadcasters and datacasters. The government rejects the claim that the genre based regime is so tight that it will not allow data-
casters to establish viable businesses. It must be remembered that the datacasting spectrum will enable datacasters to reach nearly 100 per cent of the population offering a wide array of information, e-commerce and educational products and services.

Probably the most vexing issue in this debate is the provision of Internet content by datacasters. The point that needs to be made on this issue is that to seek to exempt material merely because it is on the Internet is really seeking to water down the rules which prevent datacasters from being broadcasters because any content can be placed on the Net, from text to full motion video. A number of senators may well be aware that there have been stories in recent days regarding the virtual avalanche of new Internet television sites springing up in the United States. Those who are asking the government to make different rules for content controlled by datacasters but which is really on the Internet are really asking for the rules to be relaxed across the board.

A number of other issues have been raised during the debate. I am sure they will be discussed at greater length during the committee stage next week. In relation to enhancements, it has always been puzzling to me that the same people who argue that the datacasting rules should be relaxed argue that the enhancements should be more tightly constrained. The claims by some that the government has welshed on a deal in relation to enhancements are totally false. In 1998, the government made it clear that it would not allow free-to-air broadcasters to multichannel—that is, to provide full-blown sports channels, news channels, movie channels or any other simultaneous channels.

The overlap provisions only relate to those few instances where a sporting event runs over time due to unforeseen circumstances such as weather delays and play-offs. To only allow the overlap when the other program is a news program is nonsensical. The same sport at the same venue at the same time provision is tightly confined and only one sport is likely to be affected—that is, tennis, and only in the early rounds of tennis matches. Any claims that such a narrowly applicable provision will have a massively detrimental impact on existing businesses are gross over-statements.

Obviously, the issue of whether the national broadcasters should be allowed to multichannel will be further considered in the committee stage. However, it is the government’s view that all free-to-air broadcasters should be treated equally in the digital environment. The 1998 decision not to allow the free-to-air broadcasters to multichannel, so as not to encroach on the primary business of the fledgling pay television industry, was supported by all the main political parties. A decision now to allow the national broadcasters to provide unrestricted multichannelling would run contrary to the 1998 decision. I conclude by thanking all those who have contributed to the debate and by commending the main political participants for the way in which they have sought to tackle this complex and prominent matter of public policy in a serious and constructive fashion.

Question resolved in the affirmative.

YOUTH ALLOWANCE CONSOLIDATION BILL 1999
Consideration of House of Representatives Message
Consideration resumed from 11 May.
House of Representatives amendment—
(1) Schedule 4, page 123 (before line 6), before item 1, insert:

1A Paragraph 541B(1)(b)
Repeal the paragraph, substitute:
(b) the person:
(i) is undertaking in the particular study period (such as, for example, a semester) for which he or she is enrolled for the course; or
(ii) intends to undertake in the next study period for which he or she intends to enrol for the course;

either:
(iii) in a case to which subsection (1A) does not apply—at least three-quarters of the normal amount of full-time study in respect of the course for that period (see subsections (2) to (4)); or
(iv) in a case to which subsection (1A) applies—at least two-thirds of the normal amount
of full-time study in respect of the course for that period (see subsections (2) to (4)); and

1B After subsection 541B(1)
Insert:
When two-thirds study load applies
(1A) This subsection applies for the purposes of subparagraph (1)(b)(iv) if the person cannot undertake the normal amount of full-time study in respect of the course for that period:
(a) because of the usual requirements of the institution in question in respect of the course; or
(b) because of a specific direction in writing to the student from the academic registrar, or an equivalent officer, of the institution in question; or
(c) because the academic registrar, or an equivalent officer, of the institution in question recommends in writing that the person undertake the amount of study mentioned in subparagraph (1)(b)(iv) in respect of the course for specified academic or vocational reasons.
Paragraph (c) applies for no longer than half of the academic year.

Senator NEWMAN (Tasmania—Minister for Family and Community Services and Minister Assisting the Prime Minister for the Status of Women) (11.44 a.m.)—I table a supplementary explanatory memorandum relating to the government requests for amendments and a consequential amendment to be moved to this bill. The memorandum was circulated in the chamber on 19 June 2000. I move:

That the committee—
(a) does not press its request for amendment no. 1 not made by the House of Representatives and agrees to the amendment made by the House of Representatives in place of that amendment; and

(b) does not press its request for amendment no. 2 not made by the House of Representatives.

Senator STOTT DESPOJA (South Australia—Deputy Leader of the Australian Democrats) (11.44 a.m.)—The Democrats are pleased to see the introduction of these amendments. They are long overdue. We are happy to allow the government to push ahead with its amendments in order to satisfy the outcome that we have all been hoping for—the Democrats since 1990, the opposition since April and the government since the budget—of ensuring a discounted rate for assets for farming families. We are sorry that it has taken so long. We are proud that the Democrats kept the government to its 1996 election promise. I am happy to see the withdrawal of any amendments standing in my name and to not press the request in order to achieve this outcome. We are aware of a government argument that the initial amendment, as it states on the notes on requests and amendments that were circulated for the Senate, was technically difficult as a consequence of the drafting process. As you would know, we recirculated a new amendment that dealt with that technicality. So it rests now only on the ethical or moral arguments of the government as to why it could not press ahead with the original Democrat amendment. As I say, we will not be postponing this process any further and we are glad to see that rural students will be assisted in this way, after a long period of time, unfortunately.

Question resolved in the affirmative.
Requests and amendment (by Senator Newman)—by leave—agreed to:
Schedule 4, item 9, page 126 (line 14) to page 128 (line 8), omit the item, substitute:
9  **Point 1066A-B1 (table and notes)**

Repeal the table and notes, substitute:

<table>
<thead>
<tr>
<th>Column 1 Item</th>
<th>Column 2 Person’s family situation</th>
<th>Column 3 Rate per year</th>
<th>Column 4 Rate per fortnight</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Column 3A Person with dependent child</td>
<td>Column 3B Person without dependent child</td>
</tr>
<tr>
<td>1</td>
<td>Not a member of a couple and person:</td>
<td>$9,206.60</td>
<td>$3,848.00</td>
</tr>
<tr>
<td></td>
<td>(a) is under 18 years of age; and</td>
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<td>(c) is not an independent young person; and</td>
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<td>(d) is not living away from the person’s parental home because of a medical condition of the person</td>
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<td></td>
<td>(iii) living away from the person’s parental home because of a medical condition of the person</td>
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<tr>
<td>3</td>
<td>Not a member of a couple and person:</td>
<td>$9,206.60</td>
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</tr>
<tr>
<td></td>
<td>(a) has reached 18 years of age; and</td>
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<td>(b) is living at a home of parent or parents</td>
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<td>Not a member of a couple and person:</td>
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<tr>
<td></td>
<td>(a) has reached 18</td>
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</tbody>
</table>
### Table B—Maximum basic rates

<table>
<thead>
<tr>
<th>Column 1 Item</th>
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<th>Column 4</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>Person’s family situation</td>
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</tr>
<tr>
<td></td>
<td>Column 3A Person with dependent child</td>
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<td>Column 4A Person with dependent child</td>
</tr>
<tr>
<td>5</td>
<td>Partnered</td>
<td>$7,716.80</td>
<td>$7,027.80</td>
</tr>
<tr>
<td>6</td>
<td>Member of illness separated couple, member of respite care couple or partnered (partner in gaol)</td>
<td>$9,206.60</td>
<td>$7,027.80</td>
</tr>
</tbody>
</table>

**Note 1:** For *member of a couple, partnered, illness separated couple, respite care couple and partnered (partner in gaol)* see section 4.

**Note 2:** For *dependent child, homeless person and independent young person* see section 5.

**Note 3:** For *living away from the person’s parental home* see subsection 23(4D).

**Note 4:** The rates in columns 3A and 3B are adjusted annually in line with CPI changes (see section 1198B).

### 9A Point 1066A-B1 (table and notes)

Repeal the table and notes, substitute:

### Table B—Maximum basic rates

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<td>1</td>
<td>Not a member of a couple and person: (a) is under 18 years of age; and (b) is not a homeless person; and (c) is not an independent young person; and (d) is not living away from the person’s parental home because of a medical condition of the person</td>
<td>$9,575.80</td>
<td>$4,001.40</td>
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<td>2</td>
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Note 3: For living away from the person’s parental home see subsection 23(4D).

Note 4: The rates in columns 3A and 3B are adjusted annually in line with CPI changes (see section 1198B).

(1) Schedule 4, item 10, page 128 (line 9) to page 131 (line 8), omit the item, substitute:
10 Point 1066B-B1 (table and notes)

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<td>6</td>
<td>Member of illness separated couple, member of</td>
<td>$9,206.60</td>
<td>$7,027.80</td>
<td>$354.10</td>
</tr>
</tbody>
</table>
Table B—Maximum basic rates

<table>
<thead>
<tr>
<th>Column Item</th>
<th>Column 1</th>
<th>Column 2</th>
<th>Column 3</th>
<th>Column 4</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Item</td>
<td>Person’s family situation</td>
<td>Rate per year</td>
<td>Rate per fortnight</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Column 3A Person with dependent child</td>
<td>Column 3B Person without dependent child</td>
<td>Column 4A Person with dependent child</td>
</tr>
</tbody>
</table>

respite care couple or partnered (partner in gaol)

Note 1: For member of a couple, partnered, illness separated couple, respite care couple and partnered (partner in gaol) see section 4.

Note 2: For dependent child, homeless person and independent young person see section 5.

Note 3: For living away from the person’s parental home see subsection 23(4D).

Note 4: The rates in columns 3A and 3B are adjusted annually in line with CPI changes (see section 1198B).

10A Point 1066B-B1 (table and notes)
Repeal the table and notes, substitute:

<table>
<thead>
<tr>
<th>Column Item</th>
<th>Column 1</th>
<th>Column 2</th>
<th>Column 3</th>
<th>Column 4</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Item</td>
<td>Person’s family situation</td>
<td>Rate per year</td>
<td>Rate per fortnight</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Column 3A Person with dependent child</td>
<td>Column 3B Person without dependent child</td>
<td>Column 4A Person with dependent child</td>
</tr>
</tbody>
</table>

1 Not a member of a couple and person:
(a) is under 18 years of age; and
(b) is not a homeless person; and
(c) is not an independent young person; and
(d) is not living away from the person’s parental home because of a medical condition of the person

$9,575.80 $4,001.40 $368.30 $153.90

2 Not a member of a couple and person:
(a) is under 18 years of age; and
(b) is:
(i) a homeless person; or
(ii) an independent young person; or
(iii) living away from the person’s parental home because of a medical condition of the person

$9,575.80 $7,308.60 $368.30 $281.10
Table B—Maximum basic rates

<table>
<thead>
<tr>
<th>Column 1 Item</th>
<th>Column 2 Person’s family situation</th>
<th>Column 3 Rate per year</th>
<th>Column 4 Rate per fortnight</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Column 3A Person with dependent child</td>
<td>Column 3B Person without dependent child</td>
</tr>
<tr>
<td>3</td>
<td>Not a member of a couple and person: (a) has reached 18 years of age; and (b) is living at a home of parent or parents</td>
<td>$9,575.80</td>
<td>$4,810.00</td>
</tr>
<tr>
<td>4</td>
<td>Not a member of a couple and person: (a) has reached 18 years of age; and (b) is not living at a home of parent or parents</td>
<td>$9,575.80</td>
<td>$7,308.60</td>
</tr>
<tr>
<td>5</td>
<td>Partnered</td>
<td>$8,026.20</td>
<td>$7,308.60</td>
</tr>
<tr>
<td>6</td>
<td>Member of illness separated couple, member of respite care couple or partnered (partner in gaol)</td>
<td>$9,575.80</td>
<td>$7,308.60</td>
</tr>
</tbody>
</table>

Note 1: For member of a couple, partnered, illness separated couple, respite care couple and partnered (partner in gaol) see section 4.

Note 2: For dependent child, homeless person and independent young person see section 5.

Note 3: For living away from the person’s parental home see subsection 23(4D).

Note 4: The rates in columns 3A and 3B are adjusted annually in line with CPI changes (see section 1198B).

(3) Schedule 4, item 16, page 132 (lines 1 to 5), omit the item, substitute:

16 Point 1067G-B4 (table)

Repeal the table, substitute:

Table BC—Maximum basic rates (long term income support students)

<table>
<thead>
<tr>
<th>Column 1 Item</th>
<th>Column 2 Person’s situation</th>
<th>Column 3 Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Not independent, lives at home and not a member of a couple</td>
<td>$218.50</td>
</tr>
<tr>
<td>2</td>
<td>Not independent, required to live away from home and not a member of a couple</td>
<td>$328.30</td>
</tr>
<tr>
<td>3</td>
<td>Accommodated independent person and not a member of a couple</td>
<td>$218.50</td>
</tr>
<tr>
<td>4</td>
<td>Independent, not an accommodated independent person and not a member of a couple</td>
<td>$328.30</td>
</tr>
<tr>
<td>5</td>
<td>Member of a couple</td>
<td>$296.80</td>
</tr>
</tbody>
</table>

Note: The rates in column 3 are indexed annually in line with CPI increases (see sections 1191-1194).
16A Point 1067G-B4 (table)

Repeal the table, substitute:

Table BC—Maximum basic rates (long term income support students)

<table>
<thead>
<tr>
<th>Column 1</th>
<th>Column 2 Person’s situation</th>
<th>Column 3 Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Not independent, lives at home and not a member of a couple</td>
<td>$227.20</td>
</tr>
<tr>
<td>2</td>
<td>Not independent, required to live away from home and not a member of a couple</td>
<td>$341.40</td>
</tr>
<tr>
<td>3</td>
<td>Accommodated independent person and not a member of a couple</td>
<td>$227.20</td>
</tr>
<tr>
<td>4</td>
<td>Independent, not an accommodated independent person and not a member of a couple</td>
<td>$341.40</td>
</tr>
<tr>
<td>5</td>
<td>Member of a couple</td>
<td>$308.70</td>
</tr>
</tbody>
</table>

Note: The rates in column 3 are indexed annually in line with CPI increases (see sections 1191-1194).

(4) Schedule 4, item 19, page 132 (line 10) to page 134, omit the item, substitute:

19 Points 1067L-B2 and 1067L-B3

Repeal the points, substitute:

Person who is not a long term income support student

1067L-B2(1) If the person is not a long term income support student (see section 1067K), work out:

(a) whether the person is a member of a couple (see section 4); and
(b) whether the person has a dependent child (see subsections 5(2) to (9)); and
(c) if the person is not a member of a couple, whether the person has a YA child (see subpoint (2)).

The person’s maximum basic rate is the amount in column 3 of the table that corresponds to the person’s situation as described in column 2 of the table.

Table BA—Maximum basic rates (persons who are not long term income support students)

<table>
<thead>
<tr>
<th>Column 1</th>
<th>Column 2 Person’s situation</th>
<th>Column 3 Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Does not have a dependent child or a YA child</td>
<td>$270.30</td>
</tr>
<tr>
<td>2</td>
<td>Is a member of a couple and has a dependent child</td>
<td>$296.80</td>
</tr>
<tr>
<td>3</td>
<td>Is not a member of a couple and has a dependent child or YA child</td>
<td>$354.10</td>
</tr>
</tbody>
</table>

Note: The rates in column 3 are indexed annually in line with CPI increases (see sections 1191-1194).

(2) In this point:

YA child, in relation to a person who is not a member of a couple, means a child who is receiving youth allowance, is under 18 years of age and would be a dependent child of the person if he or she were not receiving the allowance.

Person who is a long term income support student

1067L-B3 If the person is a long term income support student (see section 1067K), work out whether the person is a member of a couple (see section 4).

The person’s maximum basic rate is the amount in column 3 of the table that corresponds to the person’s situation as described in column 2 of the table.

Table BB—Maximum basic rates (persons who are long term income support students)

<table>
<thead>
<tr>
<th>Column 1</th>
<th>Column 2 Person’s situation</th>
<th>Column 3 Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Is a member of a couple</td>
<td>$296.80</td>
</tr>
<tr>
<td>2</td>
<td>Is not a member of a couple</td>
<td>$328.30</td>
</tr>
</tbody>
</table>
19A Points 1067L-B2 and 1067L-B3

Repeal the points, substitute:

Person who is not a long term income support student

1067L-B2(1) If the person is not a long term income support student (see section 1067K), work out:

(a) whether the person is a member of a couple (see section 4); and
(b) whether the person has a dependent child (see subsections 5(2) to (9)); and
(c) if the person is not a member of a couple, whether the person has a YA child (see subpoint (2)).

The person’s maximum basic rate is the amount in column 3 of the table that corresponds to the person’s situation as described in column 2 of the table.

Table BA—Maximum basic rates (persons who are not long term income support students)

<table>
<thead>
<tr>
<th>Column 1</th>
<th>Column 2</th>
<th>Column 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Item</td>
<td>Person’s situation</td>
<td>Rate</td>
</tr>
<tr>
<td>1</td>
<td>Does not have a dependent child or a YA child</td>
<td>$281.10</td>
</tr>
<tr>
<td>2</td>
<td>Is a member of a couple and has a dependent child</td>
<td>$308.70</td>
</tr>
<tr>
<td>3</td>
<td>Is not a member of a couple and has a dependent child or YA child</td>
<td>$368.30</td>
</tr>
</tbody>
</table>

Note: The rates in column 3 are indexed annually in line with CPI increases (see sections 1191-1194).

(2) In this point:

YA child, in relation to a person who is not a member of a couple, means a child who is receiving youth allowance, is under 18 years of age and would be a dependent child of the person if he or she were not receiving the allowance.

Person who is a long term income support student

1067L-B3 If the person is a long term income support student (see section 1067K), work out whether the person is a member of a couple (see section 4).

The person’s maximum basic rate is the amount in column 3 of the table that corresponds to the person’s situation as described in column 2 of the table.

Table BB—Maximum basic rates (persons who are long term income support students)

<table>
<thead>
<tr>
<th>Column 1</th>
<th>Column 2</th>
<th>Column 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Item</td>
<td>Person’s situation</td>
<td>Rate</td>
</tr>
<tr>
<td>1</td>
<td>Is a member of a couple</td>
<td>$308.70</td>
</tr>
<tr>
<td>2</td>
<td>Is not a member of a couple</td>
<td>$341.40</td>
</tr>
</tbody>
</table>
(1) Clause 2, page 2 (after line 2), after subclause (2), insert:

(2A) If this Act receives the Royal Assent before 1 July 2000, items 9A, 10A, 16A and 19A of Schedule 4 do not commence.

(2B) If this Act receives the Royal Assent on or after 1 July 2000, items 9, 10, 16 and 19 of Schedule 4 do not commence.

Resolutions reported; report adopted.

NEW BUSINESS TAX SYSTEM
(ALIENATION OF PERSONAL SERVICES INCOME) BILL 2000
NEW BUSINESS TAX SYSTEM
(ALIENATED PERSONAL SERVICES INCOME) TAX IMPOSITION BILL (No. 1) 2000
NEW BUSINESS TAX SYSTEM
(ALIENATED PERSONAL SERVICES INCOME) TAX IMPOSITION BILL (No. 2) 2000

Second Reading

Debate resumed from 21 June, on motion by Senator Ellison:

That these bills be now read a second time.

upon which Senator Cook had moved by way of amendment:

At the end of the motion, add:

“and that the Senate condemns the Treasurer for his continued soft treatment of tax avoiders, specifically by failing to:

(a) fully implement the announced policies which he publicly committed to introduce; and

(b) reach the revenue projections promised in his announcements, thus breaching his commitment to revenue neutrality for the business tax package”.

Senator GEORGE CAMPBELL (New South Wales) (11.48 a.m.)—When this debate was adjourned the other day I was quoting from a submission—

Senator Chris Evans—You were not puffing as much.

Senator GEORGE CAMPBELL.—No, I was not puffing as much. I was quoting from a CFMEU submission to the Economics Legislation Committee. The submission states:

As I see it, under this legislation virtually no-one with less than 80 per cent of income from one source will be affected, so how come the government’s response to the revenue estimates is the same as Ralph? I just cannot see how that can be so and that is a matter that the committee should pursue much further with Treasury. For those who have 80 per cent or more of their income from one source and its associates, the legislation provides that a contractor can avoid being taxed as an employee if he can achieve a Personal Services Business Determination from the tax commissioner. In this regard the legislation is almost falling over itself to help contractors to continue to avoid tax. It provides for four tests, as is being discussed, only one of which has to be passed. So there are three tests for a personal services business—the ones we had before—and a fourth for those who fail all of those: that the contractor is contracting to produce a result, not just work for a certain period, that he supplies his tools of trade and is liable for the cost of rectifying defective work. So, again, every effort has been made to minimise the impact.

In addition, in order to be considered a legitimate personal services business, only one of the four tests needs to be met. The CFMEU argued that the measures in themselves are inadequate and will not address tax avoidance. They said:

It will not be too difficult for lots of creative people with all their accountants assisting them to en masse avoid the so-called crackdown on the tax avoidance in the building industry.

The CFMEU went on to say:

I predict that the cash economy will be back in a very big way in the building industry . . .

Given the weakness of the tests they will result in tax avoidance flourishing. It also said:

The government’s revenue forecast for the Bills is “very substantially overstated”.

ACOSS also share concerns over these measures. In a letter to the CFMEU, ACOSS highlight:

The main weakness of the Bill and it’s such a serious one as to undermine the basic objectives of the Ralph proposal lies more in the tests for determining whether a person is an employee or contractor rather than the transitional arrangements. In our view a tax-payer should not be exempted from the provisions of the bill on the basis that he or she “passes” just one of these tests. The
tests should instead be treated as factors that the ATO takes into account in assessing whether the PAYG system should apply, where a taxpayer applies for a determination ... even then we believe these tests should be tightened up.

It is clear that the alienation of personal services measures developed by the government will not address avoidance of taxation. The real challenge for the coalition government is to adopt the Ralph review’s recommendation and to raise the standard of the alienation of personal services criteria so that the law will be effective. As it currently stands, this is a Clayton’s law that the government has designed to be easily exempted from, and it will be of no benefit to either the national revenue or the contractors involved. It will ensure that the package of bills relating to business tax reform do not—and it cannot—meet the government’s own critical test of revenue neutrality. (Quorum formed)

Senator KEMP (Victoria—Assistant Treasurer) (11.56 a.m.)—Naturally, I listened with great interest to the speeches during the second reading debate.

Senator Chris Evans—You would have known that the debate was finished if you had been listening.

Senator KEMP—I was just finalising my research notes for my response, Senator. As usual, the speeches were patchy. There were some points made which were of interest. During the committee stage of the bill, we can deal in detail with a number of those issues. The New Business Tax System (Alienation of Personal Services Income) Bill 2000 is one of a number of business tax bills that the government has introduced into the parliament to implement its broad-ranging business tax reform. The government is implementing these business tax reforms following 12 months of extensive consultation with the business community through the review of business tax, headed by John Ralph.

I think it is worth putting on record the remarkable work done by the Ralph committee. Certainly from my experience, it was a quite unique process of consultation with the business community. There has always been debate in the business community, which I think in recent years has perhaps reached a level of intensity that we have not seen before, about the need for greater consultation. Indeed, the Ralph committee delivered that consultation in a unique way. Mr Ralph has been given a lot of credit, very appropriately, for the chairmanship of that committee and for the very constructive and consultative way that the committee worked.

In many ways, the Ralph committee report was a landmark because not only has it led to a lot of changes which will be of great benefit to the tax system in this country in creating a more competitive tax system but it points to the way in which major reforms can be undertaken and the constructive role that the business community—and indeed other groups which were directly brought into the process—can play. After a period of consultation, a report was produced which, I think, was very widely welcomed. There will be continuing debate on some of the recommendations, and option 2 is clearly one of those where there will be continuing debate. But the truth of the matter is that it was a remarkable effort and it produced a very wide range of reforms which this and related bills, in part, reflect. In September and November last year, the Treasurer announced the government’s response to the recommendations of the review, and since then there have been further consultations with business on the implementation details of these measures, as foreshadowed in September.

To summarise, the government’s business tax reforms contain a broad range of measures, including a number of integrity measures—some of which have already been legislated—and including the one we are debating here today. The government has already, for example, legislated important measures preventing loss duplication and preventing value shifting through debt forgiveness and the taxation of consideration received from the signing of leases. As part of its business tax reforms the government has also already legislated significant cuts in company tax and capital gains tax rates which will give Australia an internationally competitive business tax system. The government has also introduced scrip for scrip rollover relief and additional rollover relief and exemptions from capital gains tax for small business. These
business tax reforms complement the broader reforms that the government has introduced, such as cuts in personal income tax rates, changes to family assistance and reform of Commonwealth-state relations and indirect taxation reform.

The bills being debated today implement an important business tax measure that will improve the fairness of the tax system. The measures in these bills are based on the recommendations of the Review of Business Taxation. The bills will prevent individuals reducing their tax by diverting the income generated by their personal services to a company, partnership or trust, or limit work related deductions available in those cases, and to an individual contractor in similar circumstances. The provisions of these bills will apply where individuals and enterprise entities receive at least 80 per cent of their personal services income from one source, unless the commissioner makes a determination that the income is from conducting a personal services business.

To recap, the commissioner may make such a determination on one of four grounds: firstly, having two or more unrelated clients; secondly, having one or more employees; thirdly, having separate business premises; or, fourthly, the individual or entity is producing a result, supplies their tools of trade and is liable for the cost of rectifying defective work. The government has also included in the bills a specific transitional provision to minimise the compliance burden associated with moving to the new tax system. Under this transitional provision, the Commissioner for Taxation will be able to make a declaration that has the effect that the regime will not apply to a class of contractors under the prescribed payments system who have payee declarations with the commission as of 30 April 2000, the day the bills were introduced. The declaration will apply for a period of two years, ending 30 June 2002.

In designing this transitional provision the government has had regard to the fact that payers under the prescribed payment system are currently subject to withholding arrangements and are specifically recognised as independent contractors under the tax laws. The government has also had regard to the logistics of the commissioner being able to process a potentially large number of requests for individual determinations for the 2000-01 income year. The transitional arrangement will remove any additional compliance burden from the new rules that independent contractors currently in a prescribed payment system face in transferring to the new tax system.

There were a number of specific issues raised by senators during the debate. I would note that the bills deal only with issues of taxation, and so I suggest that I deal with these matters as they arise in the committee stage of the bills. I would also like to record that the contributions from senators, typically in this case, were patchy. I would like in particular to mention Senator Quirke, who made a contribution to these bills.

Senator Carr—It was a very fine contribution.

Senator KEMP—Given the fact that he had zero notice, and given the fact that he was not sure what bills we were debating, I think it was a very fine effort on his part. I do not say that in a disparaging fashion at all, because it is the duty of the whip, as things occur in the chamber of an unpredictable nature, to stand up and fight the good fight. I am happy to go on record as saying that Senator Quirke made a sterling effort in this particular regard. These bills, quite appropriately, have the support of all parties in this chamber, I trust.

Senator Carr—The government is going to vote for its own bills!

Senator KEMP—I would have to say also that the wit of Senator Carr shows no sign of improvement, his having been here for so long. I think it has probably got worse, Senator Carr, in fairness to you. Mr Acting Deputy President, I will ignore the interjections—

The ACTING DEPUTY PRESIDENT (Senator Hogg)—Very wise.

Senator KEMP—And express the hope that the bill has a speedy passage.

Question put:
That the amendment (Senator Cook's) be agreed to.
The Senate divided. [12.10 p.m.]

(The President—Senator the Hon. Margaret Reid)

Ayes………… 31
Noes………… 28
Majority……… 3

AYES
Allison, L.F. 
Bolkus, N. 
Brown, B.J. 
Carr, K.J. 
Cook, P.F.S. 
Crossin, P.M. 
Denman, K.J. 
Greig, B. 
Hutchins, S.P. 
Ludwig, J.W. 
McKereri, J.P. 
Murphy, S.M. 
Ray, R.F. 
Schacht, C.C. 
Stott Despoja, N. 
Woodley, J.

NOES
Alston, R.K.R. 
Brandis, G.H. 
Campbell, I.G. 
Coonan, H.L. 
Egglesston, A. 
Ferris, J.M. 
Heffernan, W. 
Kemp, C.R. 
Lightfoot, P.R. 
Mason, B.J. 
Newman, J.M. 
Reid, M.E. 
Tichen, T. 
Troeth, J.M.

PAIRS
Collins, J.M.A. 
Evans, C.V. 
Faulkner, J.P. 
Forshaw, M.G. 
Lundy, K.A. 
Murray, A.J.M. 
Quirke, J.A.

* denotes teller

Question so resolved in the affirmative.

Senator HARRADINE (Tasmania) (12.12 p.m.)—by leave—I wish to make a personal explanation. Things seem to be shifting rapidly, and I had assumed that we were going on to the committee stage of the Broadcasting Services Amendment (Digital Television and Datacasting) Bill 2000. So I apologise that I missed that division.

Original question, as amended, resolved in the affirmative.

Bills read a second time.

Ordered that consideration of these bills in committee of the whole be made an order of the day for the next day of sitting.

FINANCIAL MANAGEMENT AND ACCOUNTABILITY AMENDMENT BILL 2000

Second Reading

Debate resumed from 8 June, on motion by Senator Ian Campbell:

That this bill be now read a second time.

Senator COOK (Western Australia—Deputy Leader of the Opposition in the Senate) (12.14 p.m.)—The Financial Management and Accountability Amendment Bill 2000 is necessitated by virtue of the GST. Those who are the authors of this flat, regressive tax should stop for a moment and contemplate—because oh, what a terrible web they weave! This bill is that one that enables the appropriations to be added to, in order that government departments pay the GST. It is a necessary piece of legislation from that point of view. It raises a series of technical matters, some of which I would like to deal with in a moment; but the basic reason for this somewhat circuitous piece of legislation is that we have a GST and, in looking at the application of that tax, the requirements put on government departments, agencies and instrumentalities mean that we have to take with one hand and give with another—or vice versa, according to the circumstances.

The second thing I want to say before I turn to my substantive remarks is that there is, as Senator Harradine indicated in an intervention a few moments ago, a somewhat jerky management of the program. We have had a piece of legislation just complete its second reading stage, but the government has delayed the consideration of the committee
stage of that legislation—on the alienation of personal income, an important part of the business tax reform package—because it is not convenient to go on. This follows part of the GST package being deferred the other day as well, when we were in a position to proceed with it. The program is being jerked around at a moment’s notice to suit what is happening offstage. Offstage, what is happening has just been revealed in a press conference by the Leader of the Australian Democrats, Senator Meg Lees; and that is because the government has been hiding a report on the impact of the GST on caravan parks and boarding house rental accommodation. This report was leaked to the Sunday program, to the interviewer Laurie Oakes, and disclosed a couple of nights ago.

It is now clear that the government’s undertaking to the Australian community about the impact of the GST on caravan park rentals and on boarding house rentals has been understated. Their promise was that it would go up by 1.9 per cent, but it has been revealed by the government’s own report, which has now been leaked, that it will in fact go up by at least five per cent. Those people living on the margins in Australia, dependent on residency in caravan parks and boarding houses—and quite a huge number of Australians are, thanks to the attitude of this government, in such a situation—will have imposed on them new and unexpected charges that they were led to believe, prior to the election, would not occur. We know that the Democrats had asked for this report but we know as well that they never followed up on it, and they are now trying to resurrect the situation. The press conference that has, I understand, just concluded has led to an announcement by the Democrats that they will seek some compensatory amendments for the impact of the higher charges, and we will shortly have a debate about that.

My point in raising this matter is not to have that debate now—because we will certainly join it when it comes on—but simply to make the point that the program in this chamber has been jerked around at the caprice of the government and the Democrats—who offstage have been manoeuvring to cover their embarrassment about the impact of the GST on ordinary Australians living in caravans and boarding houses—and that the Senate is not being provided with an opportunity to sequentially consider some of this legislation. We are being made the caprice of side deals offstage. That does interrupt the program, and it is important to make the point now lest, later on, someone says that the program is delayed. Let the finger be pointed at those who have jerked the program around: the government and the Australian Democrats.

I now turn to the legislation before us. As I said in my introductory remarks, this is one of the weird pieces of legislation necessitated by virtue of the GST. Let me address it by quoting, from the explanatory memorandum, the outline of this bill. The explanatory memorandum says:

The purpose of this Bill is to appropriate moneys to Commonwealth entities to meet certain payments arising from the introduction of the Goods and Services Tax (GST).

The appropriation will apply only where the Commonwealth can recover the amount of the payment as an input tax credit (recoverable GST) under the GST law.

The amounts of appropriation shown in the Appropriation Bills 2000-2001 do not include an allowance for recoverable GST. The figures represent the net amount that Parliament is asked to allocate for particular purposes. This approach is in line with the accepted accounting practice for GST, which specifies that revenues, expenses and assets are to be recognised net of the amount of recoverable GST.

Consequently, additional appropriation is required to cover the following payments that give rise to recoverable GST:

- payments to suppliers to the extent of the GST embedded in the acquisition price; and
- payments of GST on creditable importations.

That is the basic outline of the bill. The bill certainly does reflect exactly what the explanatory memorandum has described. It is important to note as well that the financial impact of this legislation is described thus:

The additional appropriation will have no effect on recorded revenues, expenses and assets. It will not have any impact on the cash or Fiscal Budget balances.

Some agencies may find it necessary to draw, for a short time, on bridging finance that is available under current agency banking arrangements in
order to address the cash flow effects of the GST on departmental expenditures. So there will be a cost in the form of bridging finance, a cost not quantified in the explanatory memorandum. I foreshadow now that that might be an issue, uncontroversial though it is, that in the committee stage of this legislation we will be asking the government to provide a figure on. We would like to know what the estimate is of the financial impact of this legislation in view of the fact that under the financial impact requirement no figure is given—although it is pointed to that a cost will be incurred. We would simply like to know in the public interest what that cost will be.

This bill only arises because of the GST, and in layman’s language what it is doing here is ensuring that government departments will have to pay the GST in certain circumstances. We are allocating funds to them so that they can do that and pay the GST back to the government, and this looks just like a book entry. The bill has chosen to do this as a special appropriation. In order to check what the precedent for this type of action is and what, in parliamentary terms, the proper explanation of this process might be and to assess the impact procedurally, I turn to the eighth report of the Senate Standing Committee for the Scrutiny of Bills. Under the heading ‘Indefinite appropriation proposed: new section 30(a)’, the report, in referring to this bill, states:

Schedule 1 of this bill proposes to insert a new clause—

I will skip all of the introductory descriptive parts and pick up the statement as follows:

However, proposed new section 30(a) limits the amount of any increase to the total of the GST qualifying amount for any acquisition or importation.

The memorandum notes that this appropriation will apply only where the Commonwealth can recover these amounts, and it goes on:

Therefore, this particular additional appropriation, though indefinite and arguably not subject to separate parliamentary scrutiny—

and I would emphasise those words— is akin to a book entry which notes that a GST amount is payable and then recoverable.

It is the emphasis that I placed here that I wanted to draw the Senate’s attention to. By agreeing to this bill, we are providing an ‘indefinite’ appropriation—not one that we would claw back into this chamber and make accountable—that is ‘arguably not subject’ to the parliamentary scrutiny which follows, of course, the indefinite nature of this legislation. My office, in order to tie down the precedent and the nature of this, asked for an opinion from the Clerk of the Senate. I have before me a letter he wrote to my adviser in this field, Mr Jody Fassina, who is an excellent adviser indeed. I wish to read into the Hansard the remarks of the Clerk on this legislation. His response, headed ‘Financial Management and Accountability Bill 2000’, states:

You asked for a note on this bill. The bill would insert a new section into the Financial Management and Accountability Act 1997 to increase every annual and standing appropriation under every act of the Commonwealth parliament by the amount necessary to fund payment of the GST by the Commonwealth departments and agencies which are authorised to spend money by those acts. The bill is therefore an appropriation bill, in that it would appropriate money to add to existing appropriations.

As the explanatory memorandum accompanying the bill explains, the addition to the appropriations would not result in an increase in actual expenditure because the GST applies only notionally to Commonwealth departments and agencies, and the amounts they pay as GST will be recovered through input tax credits.

I want to particularly draw the chamber’s attention to the next two paragraphs:

It is not unusual for the Parliament to pass standing appropriations, that is, appropriations which continue as long as the relevant act of Parliament remains in force, and most standing appropriations are of indefinite amount, in that the act says only that funds are appropriated to the extent necessary to meet a particular commitment. The Financial Management and Accountability Act 1997 contains provisions which add to existing appropriations: section 28 appropriates money for the purpose of repayments by the Commonwealth which are required by any other act or law.

This bill, however, is unusual, and I believe unprecedented, in that it would add an indefinite amount to every—

that word is emphasised—
annual and standing appropriation in effect. Moreover, this would be an extraordinary kind of appropriation, in that it would not involve actual expenditure, but would be purely a ‘bookkeeping’ device.

It is important to have that opinion on the record so it is clear that we know what is being done here. From the point of view of the opposition, it delivers to us a dilemma. The dilemma is: should we require this legislation to be periodically presented to us with the appropriation bills in the normal time to ensure that the purpose of parliamentary scrutiny is served and the accountability of the government is met or should we agree to an open-ended appropriation knowing that in so doing we create a precedent and one that we would be loathe to have visited in any other conceivable set of circumstances on the processes of the parliament? We balance those considerations against the consideration that this government tax clearly imposes on those departments and agencies an onerous responsibility for them to meet it. If the bill did not carry, they would be debited on their normal appropriations by the amount that this bill will enable them to pay—and after all it is only a book entry.

The approach the opposition have taken to the government’s handling of the GST is noteworthy in terms of our approach to how we should deal with this legislation. Our approach has been to fight tooth and nail to prevent the introduction of this tax. It is a matter of record that that is what we have done; it is a matter of record that the Labor Party are opposed to the GST. It is also a matter of record that, of late, government ministers have stood up in this chamber and said that the Labor Party support a GST. Coming from a most unreliable source, that is hardly a credible statement and, coming from the authors of the GST, is something that hardly anyone pays any attention to. It is also the case that, whenever that fatuous and facile allegation has been made, we have disowned it because it is not our position. Funnily enough, we think that the Labor Party speak for the Labor Party, not the Liberal Party. This is just the Liberal Party trying to shift the blame onto us for the type of tax that is being introduced. Emphatically, yet again—underlined, in italics, raised into bold print and blackened—we say: we are opposed to the GST. Now let us put that issue aside.

What we have done, though, having tried to prevent the introduction of this tax, is that we have enabled the processes that underpin it to be the government’s. We have supported government legislation on how they will go about collecting this tax and how they will go about offsetting the regressive nature of this tax. As a consequence, we have supported the measures for pensioners, tax cuts and a range of other things as well. We have done that quite deliberately and for a reason. If we cannot defeat this tax, we want it to be the tax the government want so that when the Australian community is called to the ballot box, whenever that is, and a judgment is to be passed on the government, the government cannot say to the Labor Party, ‘You made us do certain things that caused this tax to be other than what we wanted.’ So this is the government tax as they asked for it, replete with all the details they sought. Of course, the government’s defence will be that they did a deal with the Australian Democrats which changed the nature of what they originally asked for. It is true; they did. And it is true that it did change the nature of what they originally asked for. But they agreed to it; it was, after all, an agreement. By agreeing, they have to accept the responsibility for the dog’s breakfast that is going to be imposed, in a few days time, on the Australian community. Taking all that into consideration, it is appropriate for us in these circumstances to support the necessary remedial legislation, although it is unusual, although it is open-ended and although it creates a precedent, so that government departments and/or agencies that are met with a bill because of this tax will not be disadvantaged. It would be unfair of us to handicap them, if that were to be the case, in any way.

I will return to the Clerk’s advice. We have a high regard for the office of the Clerk of the Senate and for the impartial advice that that office from time to time provides to this chamber. It is not always the case that we necessarily agree with that advice, and it would be inappropriate for me to pretend that we do. This is often an area that is heartily
contested. But what he says here is confirmed not just by him—which would be a weighty enough argument on its own for this chamber to sit up and take notice—but also by what is in the explanatory memorandum produced to accompany this bill. If anyone wanted to take issue with what the Clerk has said, they would have a mighty difficult task to argue him down. We do not take issue; we think he is absolutely spot-on—right on the money. We support the views and the warning that he has given to this chamber in his letter. I want to emphasise that warning: this is open-ended, it is unprecedented and it is on account of the GST. We will not be opposing this legislation, but I want to mark in the Hansard the spot where we have raised these considerations, reflected the Clerk’s advice and clearly put before the chamber—and in the mind of the chamber—the nature of this precedent so that it is not repeated on any other occasion and that we are only moving to this position because of the GST. If we can roll back the GST to cover this point at some future time when we get our hands on the Treasury books, we will obviate this precedent as well. (Time expired)

Senator SHERRY (Tasmania) (12.35 p.m.)—The Financial Management and Accountability Amendment Bill 2000, while technical in nature, is a very important piece of legislation. My colleague Senator Cook has touched on the subject matter. My colleague Senator Cook has touched on the subject matter. This legislation does provide for an indefinite—I stress the description ‘indefinite’—provision for the assessment of GST on Commonwealth government departments. It is the first time that any tax legislation has been dealt with in this way. That is understandable because it is the first time this country has had a goods and services tax—a massive new tax on just about everything in the Australian community, whether it is a good or a service. The GST, being an extraordinarily massive new tax imposed on the Australian community, requires some fairly extraordinary treatment to cover its impact on government departments—in this case we are dealing with Commonwealth departments. In respect of the treatment of government departments, we are still to receive a detailed response from Treasury about the way in which the GST impact will be treated at a state government department level. A number of Labor senators, including me, pursued this issue recently at estimates. While we were obviously asking Commonwealth Treasury officials and Commonwealth finance department officials about what relates to a state government matter, it is still highly relevant to ask, in the context of the impact of a GST, how it will be dealt with at a state level, and I look forward with interest to a response to those questions.

This legislation provides further confirmation that the GST is a federal government tax. In the budget papers, there is an attempt—and I think it is a very half-hearted attempt, frankly—to maintain that the GST is not a Commonwealth government tax. Again, this was the subject of some intensive questioning at the Senate estimates committee hearings because Treasurer Costello, the Prime Minister and various members of the Liberal-National parties in government have attempted to maintain the fiction that the GST is in fact a state tax. Of course, this is an absolutely absurd position to be taking. I do not think many people in the Australian community seriously believe that the GST is a state tax. The revenue will be given to the states; however, the goods and services tax in this country is being implemented under a Commonwealth head of power. It has nothing to do with state tax laws whatsoever. If we want further evidence that this is a Commonwealth tax and not a state tax, the Australian Bureau of Statistics, which is an impartial judge in this area, has referred to it and classified it as a Commonwealth tax, not a state tax. Of course, the legislation we are considering here, whilst technical in nature and important in terms of the way in which Commonwealth departments will be treated, does provide further evidence that this is a Commonwealth tax, not a state tax. I think it is important to make those points because the government still tries to maintain a fiction in this area. As I said, it is not an overly important issue because, frankly, no-one in the general community or the business community believes that this tax is being imposed by state governments.

Senator Cook has made some comment about the program. The program has been
shifted around significantly in the last few days when we have been dealing with GST related matters, and the Labor opposition, as usual, are being cooperative. The government has its program. We may not agree with the goods and services tax. However, the government does have the right to deal with legislation on a day-to-day basis as it sees fit. However, as I have noted previously, we are dealing with continual roll-backs of the goods and services tax in a wide range of areas. We are being hit with amendment after amendment and page after page. I think there are well over 1,000 amendments to the government’s original GST legislation, and we will shortly receive another amendment. It is not being presented to this legislation; it will obviously be presented to some other GST legislation. That amendment will go to the very important issue of the impact of the GST on boarding houses and caravan park rentals.

There has been a great deal of public comment about this. We know that for the last five months—and I am glad Senator Newman is in the chamber as the minister responsible in this area—Senator Newman and the Treasurer have refused to publicly release the very important report by Econtech that was commissioned in this area to assess the impact of the GST on rents in the general community. It was discovered that the government’s prediction that rents would increase by a little over two per cent, depending on the circumstances, was in fact totally incorrect and that rents will increase by more than double the initial government claim. They will increase at an average of about 4.7 per cent, perhaps higher, depending on individual circumstances. Senator Newman, Senator Kemp, Mr Costello and the Prime Minister sat on this report for approximately five months. They refused to release it until part of it was leaked to Laurie Oakes, the well-known journalist. The government sat on this report and were finally forced to release the report. The government’s secret report showed that rents in this country were going to be double what the government were initially claiming they would be.

There has been a great deal of public comment about this. I understand that a press conference was held a short time ago by the Leader of the Democrats, Senator Lees. She announced that a deal had been reached with the government to increase rental assistance from seven per cent to 10 per cent. This is currently being analysed in some detail. My understanding is that it will not have a significant impact in ameliorating the disastrous effect of the GST on rents for people in caravan parks and boarding houses. It will probably be worth only $1 or $1.50 a week to some of the people who will be hurt by the GST in this area. But it is significant also that the government—Senator Newman, earlier this week; Senator Kemp; the Treasurer, Mr Costello; and the Prime Minister—said that they would not change the government approach to the GST in this area. They have now done a backflip—and not because of the National Party. The poor old National Party has become irrelevant because of some pressure from the Democrats and the Labor Party. I seek leave to continue my remarks later.

Leave granted; debate adjourned.

BUSINESS

Government Business

Motion (by Senator Ellison) agreed to:

That government business order of the day No. 8 (Financial Management and Accountability Amendment Bill 2000) have precedence over other government business till not later than 2 pm this day.

FINANCIAL MANAGEMENT AND ACCOUNTABILITY AMENDMENT BILL 2000

Second Reading

Debate resumed.

Senator SHERRY (Tasmania) (12.44 p.m.)—I emphasise that the government—including, variously, Senator Newman, the Treasurer and the Prime Minister—have been saying that there will be no change in the important area of the GST impact on rents, but today the Leader of the Australian Democrats has made an announcement on behalf of the Treasurer. I note the Treasurer himself did not front the press conference; he would have had to answer some fairly embarrassing questions about why they have done a partial backflip in this particular area. This is
yet another backflip in a series of very important backflips on the GST.

A few remarks should be made about the approach of the Australian Democrats to this matter. We have a GST because it is the policy of the Liberal-National parties. They have pushed this matter continuously since the election and since the infamous backflip on the ‘never ever’ commitment given by the Prime Minister. We have a GST also because the Australian Democrats did a deal with the Liberal-National parties—and, when it suits the Treasurer, he blames the Democrats for the fallout from some of the consequences of that deal, whether it is in respect of food or in respect of rents. But the Australian Democrats have discovered the issue of rents. My colleague in the other place, our frontbench spokesperson in this area, Mr Swan, has made many quite correct comments about the impact of the GST on rents. On a number of occasions, he has called for the public release of the government’s secret report that they have tried to keep buried for the last five months. The assiduous work of Mr Swan and other members of the Labor Party brought this issue to the public’s attention. Then the Australian Democrats, who signed up to the deal on the GST, jumped on the bandwagon at the last moment, as they did with the taxation treatment of beer.

The poor old National Party have kicked and screamed over this issue over the last fortnight. We know what happened at their conference. The poor old National Party have pleaded at various times, publicly and privately, with the Treasurer and the Prime Minister to change position in respect of the treatment of rents on caravan parks and boarding houses. But who listens to the National Party in this government? They do not count; they do not matter. It has come down to the Australian Democrats—even in a fairly minor way—to get the government to do a backflip, yet again, on another important aspect of the implementation of the GST at an incredibly late hour. We have only a few days until the implementation of the GST.

Senator Newman was here earlier. I had invited her to give the Senate an explanation of the public announcement that was made this morning by Senator Lees. Senator Newman has defended the impact of the GST on rents. She has defended it on a number of occasions in this chamber, and she had a duty—not just to the Senate but to the public of Australia—to give us some sort of explanation while she was in here and while we were debating important GST legislation to explain why this backflip occurred. Regrettably, she failed to do so.

**Senator ELLISON** (Western Australia—Special Minister of State) (12.48 p.m.)—The **Financial Management and Accountability Amendment Bill 2000** is technical in nature and its details have been outlined in the second reading speech. I will not go over the details, other than to say that the bill accommodates the fact that the Commonwealth, like other entities, will be paying the GST. We need to have an appropriation which accounts for the amount of GST which is payable and recoverable. In that, there is no great moment, mystery or magic, despite what the opposition would have the Australian community believe.

I might briefly address the point raised by Senator Cook when he referred to the Scrutiny of Bills Committee’s eighth report of the year 2000. Senator Cook did not state that a letter from the Minister for Finance and Administration comprehensively—and I use the term of the committee when I use that word; I use that word because I intend to, because it was a comprehensive reply by the minister for finance—addressed the two queries raised by the committee. On the indefinite nature of the appropriation created by the bill, Minister Fahey quite correctly pointed out that many appropriations are indefinite as to amount in the sense that the amount appropriated in any given year can be determined only in retrospect.

A vivid and common example is the standing appropriation which relates to social security. In any year, you cannot forecast how many claimants there will be for a particular government benefit, so you set aside a standing appropriation, which is not finite—it does not have a specific figure. When the financial year has passed, you are then able to work out exactly what was paid out. At the start of that year, you would not be able to estimate with precision how many claimants
there would be. That is an example of a long-standing indefinite appropriation. There are other appropriations which are open-ended as to amount, but the nature of the expenditure is tightly controlled—for example, the appropriation to the Commissioner of Taxation for the making of refunds. Who is to know in any given year how much in refunds will be paid to Australian taxpayers? The indefinite nature of the appropriation is by no means unprecedented. In fact, it enjoys quite common practice in the system of Australian government over a period of time.

The other matter which was dealt with in Minister Fahey’s letter was the question of scrutiny by parliament. This issue was raised by the Scrutiny of Bills Committee, which does a very good job. As a former member, I can vouch for the excellent job it does in looking at the legislation before the parliament. Minister Fahey states that the bill does not diminish the extent of any scrutiny by parliament. The appropriations in the bill are very similar to appropriations which have been established under sections in annual appropriation acts in respect of net appropriations. I quote Minister Fahey:

As in the appropriation under scrutiny, each of these appropriation supplements are basic appropriations to the extent of receipts of a specified character.

What Minister Fahey is saying is that this appropriation enjoys the same scrutiny as any other appropriation. Indeed, at the estimates committees, of which we have just had lengthy sittings, questions can be asked easily by the opposition in relation to amounts which have been appropriated in relation to these matters. So it is not a question of there being some indefinite figure, a mysterious figure, which will remain so in relation to the appropriation of moneys; it is something which deals with the GST. When we come to supplementary estimates committee hearings, these figures can be obtained, just as any other figure can be obtained in relation to any other indefinite appropriation.

This amendment to the bill is essential because it provides for section 83 of the Constitution to be followed so that amounts spent must be appropriated for. That is in the system of our government, and not to do that would be inappropriate. Also, for accounting purposes, it provides for an appropriation for these GST amounts which can be recovered.

Perhaps I can just add that the amounts which are in the budget and to which we refer in everyday business are net amounts, and they are exclusive of the GST which has been paid. They are, in fact, the real cost, if you like, to the taxpayer or to the government. It makes sense that, in dealing with figures, we provide net figures exclusive of the GST. That is why you have those net figures provided for in the budget context.

I note that the opposition will not oppose this bill. But if the opposition gets into government—and it may get into government one day, although that is a very big ‘if’—I note that it will be keeping this bill because it will be keeping the GST. It has not said that whenever, if ever, it gets into government it will not be keeping the GST; it has merely said that it will roll it back. If the opposition rolls back the GST, that means it is going to keep it. If it is going to keep it, it means that it has to carry on the provisions of this very bill—and that is why the opposition is not opposing it today.

Question resolved in the affirmative.

Bill read a second time.

In Committee

The bill.

The CHAIRMAN—The question is that the bill stand as printed. Those of that opinion say aye, to the contrary no. I think—

Senator COOK (Western Australia—Deputy Leader of the Opposition in the Senate) (12.55 p.m.)—I have a question, Madam Chairman. I was a bit slow, and I apologise for that. I wonder whether I can be indulged in my old age and infirmity in being slow to rise in the face of your very efficient presentation of the question.

Senator Carr—Rushed.

Senator COOK—No, I would not say that. I have great respect for the chair. Madam Chairman—

Opposition senator interjecting—

Senator COOK—That is right. I have to refer to her as ‘the Chairman’ under standing orders.
Senator Carr—So you should, too. The standing orders are extremely important.

The CHAIRMAN—No, I am quite happy to be called ‘Chair’.

Senator COOK—Although there is the Joan Kirner remark: ‘I do not have any sex in this position.’

Senator Carr—No, that wasn’t Joan Kirner. She would never say a thing like that.

The CHAIRMAN—No, that was former Senator Coleman.

Senator COOK—Let me make another run at this question, if I may. I have a question for the minister at the table. It was a question foreshadowed in my speech in the second reading debate. In the explanatory memorandum to this bill, under ‘Financial Impact Statement’, there is a reference to costs for some agencies because those agencies will need to address the cash flow effects of the GST, and they may require bridging finance. My question—which, as I have said, I foreshadowed in my speech in the second reading debate—is: that means there will be a cost incurred, although it is unquantified in the explanation that is given, so can the minister provide the Senate with what the nature of that cost is and what the quantum will be?

Senator ELLISON (Western Australia—Special Minister of State) (12.57 p.m.)—I am advised that the cost mentioned by Senator Cook will be absorbed in the normal output costs of the department.

Senator COOK (Western Australia—Deputy Leader of the Opposition in the Senate) (12.58 p.m.)—Thank you for that answer, Minister. But I just draw your attention to the second paragraph, under the heading of ‘Financial Impact Statement’ of the explanatory memorandum. I quote it now:

Some agencies may find it necessary to draw, for a short time, on bridging finance that is available under current agency banking arrangements in order to address the cash flow effects of the GST on departmental expenditures.

Are you saying that they will be drawing on their own reserves and that, therefore, there is no cost? If that is the answer, it seems to me to ignore the time value of money and the ends to which those funds would have been put had they not been tied up in meeting the GST requirements of the department or agency.

Senator ELLISON (Western Australia—Special Minister of State) (12.58 p.m.)—I understand the operation of this is that the bridging finance mentioned is a normal practice in this sort of situation where there is not a cash surplus available to the department and that it is merely a facility which is used to meet a cost, and that is then remedied when they have a cash surplus situation.

Having said that, at the end of the day it is anticipated that there will be no additional cost because it will be absorbed in the output costs of the department. But the bridging finance is something which applies to the internal working during the course of the financial year. It is not a question of having an extra cost over and above moneys appropriated for the department which would have to come out of the budget in further years; it is something which is dealt with internally within the department, and the bridging finance facilitates the department to meet that cost on a pro tem basis.

Senator COOK (Western Australia—Deputy Leader of the Opposition in the Senate) (1.00 p.m.)—I think I understand that explanation, so let me ask you this question in more direct terms. Is the bridging finance provided from within the appropriations that the Senate has ticked off for the relevant department, or is it summoned up from the department of finance and given as a bridging amount in addition to the appropriations provided to the department? That is the question. It is obvious why I am asking it. If the funds are drawn from within the appropriation, then some other program within the department is set back, or not proceeded with and those funds that would have been used to do that are given to the servicing of the GST requirement on the department. If that is the case, then departments have not got the appropriations necessary in order to meet their commonly expected program needs.
Senator ELLISON (Western Australia—Special Minister of State) (1.01 p.m.)—The short answer is that it comes from appropriations made for the various departments. The supplementary part of Senator Cook’s question dealt with the effect of that, if that was the case. Most departments have cash reserves that they have in place in any given year that they can draw on. There are a number of ways for departments to meet these costs. In fact, in any given year, some departments may well have discontinued programs which can give them some leeway in relation to that. There are a number of ways to meet this without cutting back on programs.

Senator COOK (Western Australia—Deputy Leader of the Opposition in the Senate) (1.02 p.m.)—I just want to get at the financial impact of this, and it is still a little opaque, if I may say so. If the funds are drawn from within the department’s appropriation, then it is a cost to the department in some form. The explanation is then that most departments or agencies have a reserve, which leaves open the question: what happens in the case of those departments or agencies that do not have a reserve? How many of them are there and how much do they have to cut their program expenditure in order to meet the GST costs?

Sticking with the question of the departments that have a reserve, my understanding is—and I may require correction on this, so I mark the point—that those reserves maintained by departments are invested in some form, usually on the overnight money market or whatever, which is to say that those reserves earn income by virtue of their investment to the Commonwealth, either to the department or to the department of finance. To the extent that those reserves are not invested and deployed to meet the GST costs, the earning power of those reserves is reduced. So there is a cost, and it is not set out as to what it is.

Minister, it may be that this is—to use the colloquial—a suck it and see operation and it may be that this is in fact, able to be directly quantified. Will you confirm for me that for those departments and agencies that do not maintain a surplus there is a cost to their programs and that, for those that do, there is a cost by reducing the amount of earnings the surpluses would have attracted by virtue of their investment into some fund or earning capacity while they are waiting to be called up?

Senator ELLISON (Western Australia—Special Minister of State) (1.04 p.m.)—In any year a department could expect its cash surpluses to be drawn upon for any number of reasons, and this is no different from that. Cash reserves, it is thought, would apply to most departments, because an example is the allowance for depreciation in normal departmental accrual appropriations. That is something which is allowed and that is a cash allowance from which a department could make a drawing.

Leaving that aside, there are other ways that the department could meet these costs. It does not mean that you have to go out and cut a program. There may be a number of areas where, as I have said, there could be a discontinuance of a program which has been part of government policy, administration. There are a number of ways that savings can be made and have been made in various departments and agencies. But the area that would be of prime attention in this case would be the cash reserves. The government would not concede that programs would have to be cut back because of this.

Senator COOK (Western Australia—Deputy Leader of the Opposition in the Senate) (1.05 p.m.)—I get a premonition that maybe I am not going to get an answer in dollar terms to my question. Let me persist one more time from a slightly different perspective. While it is true, as you have said, that departments can make savings in all sorts of ways, the examples you have offered are that maybe the government decides to discontinue a program or that the administration of a program might change—which I read as code for people losing their jobs and there being fewer people to do the same job.
as before, and the savings are made by cutting staff numbers.

My understanding is that, in the case where those savings are made, the department of finance, rightly, rides pretty strongly over departments to make sure that a savings dividend is offered by departments annually as well and that there is a constant department of finance requirement over the departments to find savings in any case. But leaving all of that aside, what you have pointed to in your answer is that to the extent that cash reserves which have been invested are removed from investment and deployed to pay for the GST there is a loss of earnings on what the amount would have been of those funds that are now used for the GST. I will try one more time, Minister. Now that we have established there is a cost, can your advisers—who as I note in the advisers box are senior and competent members of the department of finance—provide us with a figure of what they expect the cost of this bridging finance will be. If they cannot provide us with that today, would you take it on notice and provide an answer.

Senator ELLISON (Western Australia—Special Minister of State) (1.07 p.m.)—We will take that on notice. I can say that what Senator Cook is referring to is the question of a cash flow. I take it from the last question that the nub of the issue here is how the problem, if it is one, is to be borne by the department. What I am advised is that the tax commissioner will allow amounts received from the Australian Taxation Office to be offset against amounts owing to the Australian Taxation Office, such as withholding tax and salaries. So what you do is balance input tax credits against the tax you withheld on the payment of salaries for staff. When you weigh up the two, the difference is not anticipated to be great. In fact, it is the government’s expectation that the cost to departments would be quite small. So on a cash flow basis it is not envisaged that this will be a burden.

That then flows through to the question of how the various departments meet this. I think you have to look at the scale of the burden which we say will be small. That then takes away the concern of it coming from the cutting back of programs or anything of that sort. This is really not an issue which is going to impinge on the running of departments and agencies to the extent of cutting back programs. As to the extent of the figures involved, it is impossible to have any prognostication at this stage. It is something which we will take on notice.

Senator COOK (Western Australia—Deputy Leader of the Opposition in the Senate) (1.09 p.m.)—I will conclude on this point: you say that the cost is small—the cost is not great—and that the burden is not great. I think that is what you said in that answer. My worry about this is that, when references of that type are made, it is a bit like my dentist, who leans over me with a pair of surgical pliers to extract a tooth and says, ‘This won’t hurt a bit.’ My experience in those circumstances has been that it hurts quite a lot.

I do not know what ‘small’ or ‘not great’ or ‘not a burden’ means in dollar terms. Because the GST is a highly controversial tax, and because government departments and agencies under this bill are required to pay it and there is a special appropriation for them, we would like to know what the full cost of levying this tax might be. Pardon our cynicism, but when we ask about the cost of it we get answers like, ‘It’s not great,’ or ‘It’s quite small,’ or ‘It’s not a burden.’ So that the Australian people really know how much they will have to cough up to meet this tax—and it is a question of the accountability of this government to this chamber and, through this chamber, to the community, who are concerned about it—it is reasonable to ask what the true cost is. The minister has indicated to me that it might not be possible to provide a figure, but he has indicated to me that he will answer my question on notice. I look forward to receiving, in that answer on notice, some sort of effort to quantify the amount. I indicate now that this is an issue that the opposition will follow through—as it seems there will be at least one more budget before the next federal election—in the estimates process in the future.

Bill agreed to.
Bill reported without amendment; report adopted.

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

TAXATION LAWS AMENDMENT BILL (NO. 6) 2000
Second Reading
Consideration resumed from 20 June, on motion by Senator Ian Campbell:
That this bill be now read a second time.
Question resolved in the affirmative.
Bill read a second time, and passed through its remaining stages without amendment or debate.

PETROLEUM (SUBMERGED LANDS) LEGISLATION AMENDMENT BILL (No. 2) 2000
Second Reading
Debate resumed from 8 June, on motion by Senator Ian Campbell:
That this bill be now read a second time.

Senator SCHACHT (South Australia) (1.13 p.m.)—The opposition support this bill, and the shadow minister for resources, my colleague Martin Evans in the other place, has explained why the government supports this bill. It particularly relates to Western Australia and the advantages of payments being made to that state under the agreements of the North West Shelf joint venture participants. We commend the bill to the Senate.

Senator ELLISON (Western Australia—Special Minister of State) (1.14 p.m.)—I thank the opposition for its support of this bill. This, of course, does relate to Western Australia, my home state. The repeal of Section 130 in this instance will allow the Commonwealth to pay the remaining liability in a one-off payment which will deliver administrative efficiencies and allow the simplification of petroleum taxation revenue arrangements between the Commonwealth and WA. 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.

TRANSPORT LEGISLATION AMENDMENT BILL 2000
Second Reading
Debate resumed from 8 June, on motion by Senator Ian Campbell:
That this bill be now read a second time.

Senator MACKAY (Tasmania) (1.15 p.m.)—I would like to make a few comments in relation to what has happened with this bill that I think the opposition would like put on the record. I have to say that the opposition was dismayed by the level of mismanagement in relation to this bill. In fact, it was a complete dog’s breakfast. It isn’t now, but it was at that point when it first came on. The bill actually comes from the original bill, which was called the Transport and Territories Legislation Amendment Bill 2000. The Transport and Territories Legislation Amendment Bill 2000 was, in fact, an omnibus bill which incorporated controversial and non-controversial elements. The omnibus nature of that bill obviously created some difficulties for us and, as I understand, led to a convention where, if possible, omnibus bills would be avoided. The reason that that convention arose was precisely because of what happened in relation to this bill, and I appreciate that a frontbencher would not be aware of it.

The opposition was willing to support the practical amendments contained in the bill, but there were other controversial elements which could not be supported, thereby necessitating the break-up of the bill, which is what has happened now. At the point where this came to the Senate, the opposition did not make an offer to the government to break the bill up in order that this could be dealt with. What happened was that, as we were dealing with the bill, a whole set of amendments was circulated, virtually during the second reading stage of the bill. I do not wish to cast aspersions on this chamber, because I do understand it was a difficulty from a minister who is not in this chamber.

We had new amendments circulated half an hour prior to the bill coming on to deal with Australian National Railways in the wind-up, something which was not related, in fact, to the territories bill which was before
There was a scramble as a result of that. We were happy to accept it, but we have processes that we had to go through in terms of consultation with the appropriate shadow minister. So what happened—and the government has now fixed it and I do appreciate that—is that there was a major difficulty causing an embarrassment all round, not simply in relation to the government. We were given very little time to consider them, and I have to say that we were not happy with the management of this bill in relation to the minister in the other chamber who deals with transport.

What we have got now is a bill that contains these additional amendments as well as the transport aspects of the omnibus bill. We support this bill. It is in relation to some technical matters that relate to the facilitating, the wind-up of AN. It has been supported by the House of Representatives and we will be supporting it, but we just wish to make the point that omnibus bills ought to be avoided where possible, and the opposition would like the government to convey to the minister in the other place that, as far as we are concerned, it makes it extremely difficult for us to agree to what are non-controversial matters if issues are placed before us at very short notice. As I said, this is not casting aspersions at all on Senator Macdonald—it was nothing to do with Senator Macdonald—but I do wish to say through Senator Macdonald to Minister Anderson that in future we could avoid a lot of unnecessary confusion on all sides if what has happened now had happened earlier. With those remarks, I indicate that we will be supporting the bill.

Senator IAN MACDONALD (Queensland—Minister for Regional Services, Territories and Local Government) (1.19 p.m.)—I thank Senator Mackay for her comments and her support for this bill. It was part of what we thought was a fairly technical and unexciting omnibus bill to correct a few anomalies in various bits of legislation for which the Department of Transport and Regional Services has responsibility. A couple of parts of it were time critical. Regrettably, and I think I made this apology last time—again, it was not Mr Anderson’s fault, but due to some administrative oversights that occasionally happen—there were some elements of this which were not advised to the opposition at the appropriate time. I think I have made that apology before, and I repeat it. I take on board again what Senator Mackay has said about consultation and involvement.

As a government, we always want to make sure that both the opposition and, particularly, the Democrats, who we understand have limited resources, are fully briefed on issues that come before the chamber so that, even if they do not agree with the legislation, they do at least understand it. A couple of bills I have had through here, I have to say, with the greatest of respect to the Democrats, I feel at times they have not understood and have simply taken the easy way out and said, ‘We will follow the Labor Party because perhaps at times their philosophical approach is closer to ours.’

I also should mention that where the omnibus bill really got into trouble was when we found an amendment attached to it which started dealing with mandatory sentencing in the Northern Territory. Whilst an omnibus bill is very broad and wide and while it covers a lot of different bills and pieces of legislation, I have to say, again with the greatest of respect to the Democrats, that it is not really the avenue for dealing with mandatory sentencing. It is an important issue but it should not be dealt with here.

Where we are left now, of course, is that we still have the other bill halfway through this chamber. There are a couple of pieces of that that have raised some opposition. I am not sure whether it is opposition directly or otherwise; I have not quite caught up with the industrial relations element of that bill. That still has to come back along the line. Whether it is to be passed or not passed will depend upon the will of this chamber, but we still have to deal with that. Certainly the mandatory sentencing did not help with that bill. Hence, we have taken the appropriate way to get this time critical bill through—and that is what we are doing here today. I appreciate the support from Senator Mackay.

Question resolved in the affirmative.
Bill read a second time, and passed through its remaining stages without amendment or debate.

**NATIONAL HEALTH AMENDMENT BILL (No. 1) 1999**

Second Reading

Debate resumed.

Senator FORSHAW (New South Wales) (1.24 p.m.)—I rise to indicate that the opposition will support the passage of this bill. It is an important piece of legislation. I note that the bill runs to only four pages, but the explanatory memorandum runs to 46 pages. That intrigued me as I started to read the explanatory memorandum. I might point out that contained within it is a very comprehensive history of the development of the community pharmacy agreements.

This particular legislation will implement the third community pharmacy agreement and that agreement will operate from 1 July this year for the next five years. That agreement follows on from the two earlier agreements, the first of which commenced back in 1991 under the former Labor government and then was subsequently updated with the second community pharmacy agreement in 1995.

Without going into the detail, I invite honourable senators to peruse the explanatory memorandum. There is very good history documented there of the work that was done by the previous Labor governments in promoting expansion of community services into rural and remote areas—rather than being concentrated, as they were, in the more urbanised and metropolitan areas. It also notes some of the other initiatives in respect of community education and in respect of the provision of pharmacy services for persons in aged care facilities.

This third agreement will come into operation pursuant to this amending legislation, as I said, and operate for the next five years. It has a number of key features. In particular, there is a new allowance, the Rural Maintenance Allowance, to be instituted which will replace the current Isolated Pharmacy Allowance and Remote Pharmacy Allowance. That measure includes initiatives of some $76 million over the next five years to continue the process of improving access for people in rural and remote areas to pharmacy services. There is a further program, the Pharmacy Development Program, which will involve $188 million of expenditure over five years. That is intended to promote greater quality of service and better information for consumers utilising the services of pharmacists, and, of course, in particular, accessing pharmaceutical drugs under the PBS system.

There is also provision for a new dispute resolution mechanism and new arrangements in relation to the medication reviews that were implemented under previous agreements. Those reviews are a system of providing ongoing assistance and monitoring for persons in residential care facilities.

We are happy to support this legislation because it continues the very good work and the visionary approach adopted by the previous Labor governments. For that reason, we are pleased to see this government continuing with those initiatives in this most important area of health for all Australians.

Senator PATTERSON (Victoria—Parliamentary Secretary to the Minister for Immigration and Multicultural Affairs and Parliamentary Secretary to the Minister for Foreign Affairs) (1.28 p.m.)—I thank honourable senators for their contribution and thank the opposition for its cooperation, and also the other Independents and the Democrats. I commend the bill to the chamber.

Question resolved in the affirmative.

**QUESTIONS WITHOUT NOTICE**

Goods and Services Tax: Income Tax Cuts

Senator COOK (2.00 p.m.)—My question is to Senator Kemp, the Assistant Treasurer. Was the Treasurer deliberately or inadvertently misleading the public on AM yesterday when he claimed that the average family would receive a $50 a week 'reduction in tax'? Isn’t it the case that, while it may be accurate to claim a $50 a week cut in income
tax for one-income families, it is wildly misleading to claim a reduction in tax when there is a new indirect tax—the $24 billion tax, the GST—on utility bills, building products, homewares, clothes, all services and almost everything else? Isn’t this the great untruth exposed—that there are income tax cuts but these are to pay for the increase in indirect taxes and there is no ‘reduction in tax’ as the Treasurer said?

Senator KEMP—I must say that Senator Cook standing up here and asking a question complaining that someone may have misled by a statement—

Senator Bolkus—Why don’t you just try answering the question, just for a change.

The PRESIDENT—Senator Bolkus, you are behaving in a disorderly fashion.

Senator KEMP—This is a very bad start to question time, Senator Bolkus. You are meant to show a more moderate approach. I well remember, and I think we all do in this chamber, that before the 1996 election—I think it was in November 1995, if my memory serves me correct—Senator Cook went on record saying that the budget was in surplus and would continue in surplus. We discovered not too many months later that the budget was in deficit and that, unless strong remedial action was taken, it would continue in deficit. I never recall you standing up and correcting that; I never recall you saying that. It was a serious attempt to mislead the Australian public.

Equally, you misled the Australian public in 1993 when you promised the famous l-a-w law tax cuts which were never delivered. What we got after the Keating government managed to sneak back into office, of which Senator Cook was a senior minister, were rises in the wholesale sales tax, and what on earth happened to the l-a-w law tax cuts? What is different between that government and the government of the day is that this government delivers on its promises. We promised major tax cuts, arguably the largest tax cuts in Australian history, some $12 billion worth of tax cuts. These are huge. They will deliver very substantial benefits to Australian families.

Senator Bolkus—No-one believes you.

Senator KEMP—They will believe us, let me tell you, on 1 July.

Senator Bolkus—The money has disappeared.

Senator KEMP—They will believe us on 1 July and the following months.

The PRESIDENT—Senator Bolkus, I ask you to cease interjecting and shouting out during the answers. There is an appropriate time for you to have your say.

Senator KEMP—I suspect Senator Bolkus is a bit sensitive because I am reminding him of the disgraceful performance of the government of which he was a member.

Senator Cook—You haven’t bothered to answer the question.

Senator KEMP—All I am saying, Senator Cook, is that we are delivering major tax cuts as we promised. These are tax cuts which will benefit many Australian families in the order of $40 to $50 a week. They will be better off as a result of our tax cuts and family packages. I think the Treasurer was absolutely right to point out the very substantial benefits that will flow through. Those figures have been used, I believe, time and time again.

If I could have added to the Treasurer’s remarks, I would have said that the problem is that Labor, as part of their policy, are refusing to guarantee tax cuts. I would have put those very substantial tax cuts which the Treasurer mentioned into that perspective. Senator Cook, if you stand up and complain about the tax cuts—and I think the implication of your question is that the tax cuts are too small: I say that they are the largest tax cuts in Australian history, but you say they are too small—the implication of that is quite interesting, because does that mean that the Labor Party are promising to deliver larger tax cuts? If so, why on earth are they not promising to guarantee the tax cuts which we are delivering? I think the Treasurer made a very important contribution to the debate, as he always does.

Senator COOK—Madam President, I ask a supplementary question. I remind Senator Kemp of his fourth most famous quote: ‘Senator Cook is too honest.’
Senator Kemp—That is not bad.

Senator COOK—That is what you said and I accept the description. My supplementary question, since the minister declined to actually answer the primary question, is: why do the government’s multimillion dollar advertisements and the Prime Minister’s letter to householders persistently play up the income tax cuts and make no mention whatsoever of the $24 billion GST?

Senator KEMP—I thank Senator Cook for reminding me of one of my famous quotes. I think there must have been a touch of irony when I said that. I do not think the way you expressed that appropriately conveyed that. It is appropriate to mention the tax cuts. The tax cuts are never mentioned by members of the Labor Party and we wonder why. Why would the Labor Party not be mentioning tax cuts? Do they think the tax cuts are too small or do they think they are too large? Do the Labor Party want to remove those tax cuts to fund a roll-back? That is the question, Senator Cook. The truth of the matter is that, as the months roll on and the tax cuts and family assistance benefits are delivered, the Labor Party are going to be relentlessly pressed on this, as they should be, to expose their utter hypocrisy. (Time expired)

Employment: Growth

Senator MASON (2.08 p.m.)—My question is directed to the Minister representing the Minister for Employment, Workplace Relations and Small Business, Senator Alston. Will the minister inform the Senate of how many new jobs have been created since the coalition came into office and how the economic policies of the coalition will further assist jobs growth and reductions in Australia’s unemployment rate? Is the minister aware of any alternative policy approaches? What would be the impact if any of these were implemented?

Senator ALSTON—This is a very important question from Senator Mason. There are now more than nine million Australians in employment. Since we have been in government almost 700,000 new jobs have been created, with 381,000 being full time. If you go back over the last six years of Labor you find that they created less than half the number of jobs that we have created in our four years—that is, 300,000—and only about 10 per cent of those were full time. This is the crowd that always complain about casualisation and the like. They could not deliver on full-time jobs. The reason we have unemployment down to 6.7 per cent is that we have been able to tackle the fundamental economic challenges—we have brought inflation down, we have strong economic growth, we have lower interest rates, and we have reformed the industrial relations agenda. That is critical if you are serious about getting the unemployment rate down.

What do we read about today? Labor are going to have another go at setting an unemployment target of five per cent. We all remember that that went down like a lead balloon at the last election because people knew they could not possibly deliver on it. How on earth can you say, ‘We’re going to do better than you, but we are going to turn the clock back on all your initiatives’? You are going to go back and revisit all those failed and discredited employment projects where you basically paid people billions of dollars to sit on the sidelines. The failed make-work programs and training schemes did not get anyone into serious employment but just kept them amused basically and enabled you to pander to the unions, who usually had a role in administering them. That is the way they are going to turn the clock back. They are going to repeal the trade practices provisions in relation to secondary boycotts. Once again, that will be back in the industrial relations forum where it ceases to be a serious legal issue. No doubt, strike pay will be brought back as well.

Quite clearly, the Labor Party has this fundamental credibility problem. No one for a moment believes that you would get anywhere near a target of five per cent. No wonder Beattie actually scrapped it not so long ago. He said it wasn’t worth trying to aim for something as ambiguous as that. Of course, with Labor’s policies you might as well double it if you are realistic about where things are likely to go.

Now we learn that the national executive meeting tomorrow is going to consider a
draft blueprint. What is a draft blueprint? That is what you have before you have an interim provisional document—in other words, a policy discussion. You go on with all these iterations and you, unfortunately, just do not quite get around to having a policy before the next election; you just have a series of vague promises, a few feel good statements, something that you hope will fool the punters into thinking that you are serious about economic reform when we know you are not.

If you really want to know where Labor is going on industrial relations reform, you have to look at what the hard men in the unions are saying. They are salivating. They cannot wait to get another crack to impose their wishes on the Labor Party. Craig Johnston boasted recently that he had had more than 200 orders issued against him by the Industrial Relations Commission. This is the bloke who is represented in the Senate by Senator George Campbell, I might say. He is also under pressure for rigging ballots. You never hear any criticism of that at all. What you do know is that in order to pay the fines imposed on blokes like Mighell and Johnston you are now going to have employers forced to attend a $500 a head fundraising gesture. What does the Trades Hall Council secretary say? He says, '$500 would be a pretty small price to pay for industrial peace.' Once again, we are back to these very grubby protection rackets. We are back to the unions dominating industrial reform, or non-reform. There is absolutely no prospect of unemployment going anywhere other than north under Labor. (Time expired)

Australian Business Number: Privacy

Senator CONROY (2.13 p.m.)—My question is to Senator Kemp, the Assistant Treasurer. Is the minister aware of tax commissioner Carmody’s speech on 9 June in regard to the Howard government’s abuse of ABN applicants’ privacy and in particular his statement:

We will write to each enterprise on the register advising them of the Government’s decisions on the opt-out option and include the revised privacy notifications.

Has the commissioner written yet to each and every one of the 2.7 million ABN applicants? Why was mention not made of the commissioner’s commitment in the minister’s press release of 21 June titled ‘Privacy restrictions on Australian business register’?

Senator KEMP—I will check on the speech that was given by the commissioner. The commissioner does not clear his speeches with me, Senator. I will check on the speech. I will check on the other matters that you raised in your question.

Senator CONROY—Madam President, I ask a supplementary question. While the minister is doing that perhaps he could explain why, despite the commissioner’s commitment to write to all 2.7 million ABN applicants, a tax office spokeswoman on 10 June contradicted Commissioner Carmody’s commitment by stating that the mail-out would only go to the people affected? Aren’t all 2.7 million ABN applicants affected? If not, how many will actually be written to, if any at all?

Senator KEMP—As I said, I will check on the information that is contained in your question, which is the appropriate thing to do. You will understand, Senator Conroy, that I am a little loath to accept from you what you purport to be statements.

Senator Conroy—I’m hurt.

Senator KEMP—I am sorry that you are hurt, Senator Conroy, and I am sorry that I had to say that. The trouble is that I have been burnt on one or two occasions with alleged quotes from Senator Conroy.

Senator Conroy—More than one or two, Kempy.

Senator KEMP—He has quoted more than one or two. I have noticed that the quotations are often highly selective—a bit like the quotations that we often receive from Senator Ray, I might say—highly selective, as you well know, Senator Ray.

The PRESIDENT—Order! Senator Kemp.

Senator KEMP—Thank you, Madam President. I just thought I would sneak that one in. (Time expired)

Tax Reform: Transport

Senator WATSON (2.15 p.m.)—My question is directed to the Minister repre-
senting the Minister for Transport and Regional Services, Senator Ian Macdonald. Minister, everybody knows that the new tax system will provide substantial benefits for business. Could you focus on the benefits the abolition of the regressive wholesale sales tax system will have on those communities that particularly rely on the transport industry?

Senator IAN MACDONALD—Senator Watson asks me to reflect upon what will happen to those communities who currently pay Labor’s tax in relation to transport and other things which impact upon those communities. Senator Watson, as a Tasmanian senator, will be pleased to know that under the government’s proposal all diesel fuel excise for marine fuels will disappear. So that is great news for Tasmania, Senator Watson, and as a great Tasmanian you will be very pleased to hear that. But there is much better news. The Labor Party’s tax policy is 12 per cent, 22 per cent and 32 per cent on a wide range of goods. Under the Liberal-National coalition, we are getting rid of all those taxes—the 12 per cent, the 22 per cent and the 32 per cent.

For rail, on which rural and regional communities rely very heavily to transport goods, the diesel fuel excise will be completely wiped out—35c a litre cheaper. For marine, as I have mentioned—and Senator Watson, in particular, will be pleased—the diesel fuel excise will be gone completely. For road, the cost of fuel for transport will go down by 24c litre. Labor put it up from 8c to 44c a litre; we are bringing the diesel fuel excise down by 24c a litre. As for the tax on trucks themselves, on tyres and spare parts—there are a couple of senators representing the Transport Workers Union: Senator Conroy is one and Senator Hutchins is another and I know that when Senator Hutchins and Senator Conroy were driving trucks they would have understood what the wholesale sales tax was. You can just imagine Senator Conroy driving a truck. Senator Conroy, if you ever get near a truck, the way it goes is the sort of pointy end. Senator Hutchins would know that but I doubt that Senator Conroy would. The 22 per cent wholesale sales tax on trucks will go and 22 per cent will come off tyres. And for rural and regional residents in those communities $4 billion will come off the cost of exports.

What was Labor’s policy? Of course they have no policy at all. Their spokesman here, Senator Mackay, said at estimates that they will tell us about their regional policy—but after the next election. Perhaps, as well as Country Labor running a competition for the name of their newsletter, we could run a competition on some policies that Labor might have for country Australians. I will donate two Keating inspirational videos if anyone can tell me a Labor policy for country Australia up to 31 December. Second prize will be no Keating videos, so that is the better prize. There are no policies from Labor on rural and regional Australia, so let us go by their past actions. Tax on transport fuel: under the Liberal-National proposal, it will go down 24c; under Labor it went up from 7c to 44c. Diesel fuel on marine things and rail: under Labor it was 35c a litre; under the Liberal-National proposal, it will be absolutely nothing. Trucks and tyres: Labor’s policy was 22 per cent wholesale sales tax; the Liberal-National policy is to do away with it completely.

Senator Ian Campbell—Caravans have 22 per cent on them.

Senator IAN MACDONALD—My friend mentions that caravans have a 22 per cent wholesale sales tax on them. They are Labor’s policies.

Opposition senators interjecting—

The PRESIDENT—Order! The level of noise is becoming too loud.

Senator IAN MACDONALD—Well, I understand the Labor Party are very embarrassed by the caravan park issue. They charged 22 per cent wholesale sales tax on them. When Labor is asked about what they are going to do about caravans, what is their answer? Mr Beazley does not quite know. So there is good news for country Australia in the government’s proposals. (Time expired)

Child Care: Funding

Senator JACINTA COLLINS (2.20 p.m.)—My question is to Senator Newman as Minister for Family and Community Services. Does the minister agree with the Brotherhood of St Laurence, who argued in a re-
port released last Sunday that the Howard government’s new child-care benefit is ‘too low to reverse the problems facing low income earners’ and ‘mostly just catch-up for the years in which subsidies were not increased with the CPI’? Minister, doesn’t this confirm what Labor has been saying—that the increase in benefits fails to compensate adequately for the government’s decision to freeze indexation in 1997 and 1998, a decision which ripped $85 million out of child-care support?

Senator Newman—No, not so. Here, again, we have this old Labor canard of ripping hundreds of millions of dollars out of child care.

Senator Jacinta Collins—The Brotherhood of St Laurence said it.

Senator Newman—Just because they believe the Labor Party is no reason to endorse it in this place. The fact is that that is not true, and any Labor Party worth its salt would make the effort to go through the budget papers. I would have hoped that the Brotherhood of St Laurence would understand how free with the truth the Labor Party can be and would have done their own research into the funding of child care. It is not true that this government has cut $850 million out of child care, or any sum. Every year we have allocated more money for child care than the Labor Party ever did. In the last four years we have spent something like $5 billion on child care, which is considerably more than the Labor Party spent in the last four years when they were in government. Let us get those facts on the table. But it does not seem to matter what the facts are because the Labor Party keep trotting out this tired, old, untrue statement year after year. Some people in the gallery are not careful enough in checking the facts themselves. They take what Labor says to be the bible. I am afraid that they, too, are culpable of perpetuating a myth which is just not true.

I have seen the Brotherhood of St Laurence report. I remind the Senate that it is very much focused on reports of a $16 increase in fees. Let me remind the Senate that fees are not, and never have been, set by federal governments. They are very heavily dependent upon a number of things, as is any small business, such as changes in the market, interest rates, industrial relations issues and also the costs imposed on them by state governments in terms of workers compensation. I know in my home state of Tasmania there is a very heavy burden of workers compensation on child-care centres. It would be a really great start if the Labor government in Tasmania did something about the high cost of workers compensation burden on both child-care centres and aged care institutions.

The rate of fee increases for child care in Australia has halved under this government. It is at four per cent per annum—which is still higher than the cost of living, and that is because of some of the things that I mentioned—compared with fee increases of something like 8½ per cent per annum under Labor. I hope that the Brotherhood of St Laurence would be able to differentiate between the high cost of child care under the previous administration and the lesser rate of growth in child-care costs under this government.

Of course, come 1 July, there will be substantial improvements in the assistance given to families, on the basis of both the extra $7.50 per child and the higher benefit rate, the 10 per cent increase, for part-time care, which, for many families, is the preferred type of care that they want to access now because many parents are trying to combine work and family in a way that allows them to spend more time with their children. That means they are more in the market for part-time care than they were in the past. Under Labor’s high interest rates, both parents were forced to be full time in the work force in order to keep the roof over their heads. They are some of the things I am saying to the people of Australia and to the Labor Party, who are quite unable to accept the fact that we have inherited the results of their profligacy. I suggest the Brotherhood of St Laurence might like to look very carefully at the different treatment of child care under the two governments. (Time expired)

Senator Jacinta Collins—Madam President, so that the minister understands the facts correctly in my supplementary question, I remind her that I referred to the Commonwealth ripping $85 million, not
$850 million, out of the budget. I would like to go back to the brotherhood’s report. Is the minister aware that the brotherhood also stated, ‘Sole parents studying or working part time’—and the minister said she was concerned for them—‘in poorly paid jobs were particularly vulnerable to the rising costs, and they appear to be leaving good quality care’? Doesn’t the brotherhood also warn that the imminent child-care benefit increase will not be sufficient to make good quality care accessible to sole parents? And in the light of the Welfare Review Committee report due next week, will the government heed the advice of reputable organisations, like the brotherhood, and implement some real welfare reform by making child care affordable again?

Senator NEWMAN—I am delighted to think that the Labor Party has reviewed its figure of how much we are supposed to have ripped out of the system. Senator Evans persists in talking about cuts in the order of $800 million so, if you have brought it down to $85 million, you are going in the right direction, but look in the budget papers and you will find that that is not true, either. I have already pointed out in my answer that the increase of 10 per cent for part-time care is going to be of substantial benefit to the people that you have spoken about in your supplementary question. People who need child care while they participate in part-time study or part-time work are going to be very much the beneficiaries of that. In addition, of course, they are very much the beneficiaries of the lower cost of family day care—a matter on which I get a number of letters from child-care centres saying that it is not fair that family day care is cheaper. You cannot have it both ways, Senator. (Time expired)

Evatt, Justice Elizabeth: United Nations Human Rights Committee

Senator BOURNE (2.27 p.m.)—My question is addressed to Senator Hill representing the Minister for Foreign Affairs. Can the minister confirm and also explain why the government will not renominate Justice Evatt to the United Nations Human Rights Committee, despite her outstanding contribution to that committee acknowledged worldwide? Can the minister comment on reports that Australia is in danger of losing its seat on the committee if it fails to renominate Justice Evatt?

Senator HILL—The government appreciates the significant contribution Justice Evatt has made to promotion and protection of human rights in the United Nations since 1984. The government is strongly committed to the international protection and promotion of human rights and the key role of the United Nations in that regard. Justice Evatt had two four-year terms on the Human Rights Committee and that followed two four-year terms on the United Nations Committee on the Elimination of Discrimination Against Women.

It is the government’s view that it is appropriate after such long periods of time to give others a chance and to introduce new blood. There are a number of Australians who are well qualified to provide this service for Australia. It is an important body. The government has decided to nominate another distinguished Australian, international lawyer Professor Ivan Shearer. The government will be promoting him in a contest which will be difficult, which is the last point that Senator Bourne touched upon. There are 21 candidates for just nine vacancies but, nevertheless, as Australia’s candidate, we will be doing our best to have Professor Shearer elected.

Senator BOURNE—Madam President, I ask a supplementary question. I am sure neither the minister nor anybody here would say anything against Professor Shearer, but I am also sure we are all aware that his specialty is law of the sea; it is international law, but it is law of the sea. I ask the minister: if Justice Evatt’s terms since 1984 make it long enough to be in one place, when is he about to retire and when is the Prime Minister going? Also, is this a matter which adds to the public and international perception that Australia is withdrawing further and further from the United Nations because, indeed, Professor Shearer is very unlikely to gain that seat whereas Justice Elizabeth Evatt is virtually assured? There is probably smaller than a one per cent chance that she would not regain that seat.
Senator HILL—I am pleased the Australian Democrats are not running the campaign. Professor Shearer is distinguished in a number of fields of law, including humanitarian law. He is very well suited for this particular position. He will be a strong candidate.

Senator Bolkus—She’s got a point, and you know it.

Senator HILL—He even helped educate me—and probably you, Senator Bolkus.

The PRESIDENT—Order! Frontbench members on my left should not be interjecting so much.

Senator Schacht—No wonder the law profession is crook.

Senator HILL—As I said to—

The PRESIDENT—Order! Senator Hill, just a moment. I just made the observation that frontbench members on my left should not be participating in this sort of dialogue. They know that.

Senator Bolkus—He is a member of your local branch of the Liberal Party.

Senator HILL—I am confident that he has not put Senator Bolkus on his CV. He is a distinguished international lawyer with broad experience across the humanitarian field. He will be an able contributor to a very important United Nations body. Australia will strongly support his candidature, but I have acknowledged that it will be a difficult contest. As I said, Justice Evatt has had an eight-year period—two successive terms. In the nature of the United Nations it is difficult for one country to continually get their candidate up, but we will certainly be doing our best.

Goods and Services Tax: Heavy Vehicles

Senator HUTCHINS (2.32 p.m.)—My question is directed to Senator Kemp, the Assistant Treasurer. Can the minister explain why the GST input tax credit cannot be claimed on the purchase of heavy vehicles used predominantly by the transport industry and rural and regional Australia? Is the minister aware that Kenworth trucks blamed the GST for the sacking of 88 staff, with spokesman Mr Glen Walker stating in the Australian of 26 May:

For some unknown reason the Federal Government has seen fit not to permit a refund until 2002. Obviously buyers are going to hold off until then. Wouldn’t you say that this is conclusive proof that the denial of GST input tax credits for heavy vehicles will destroy jobs?

Senator Cook—He’s got you, Rod.

Senator KEMP—Senator Cook, it would take more than Senator Hutchins to get me. He is a very hardworking senator, Senator Hutchins.

The PRESIDENT—Senator Kemp, ignore Senator Cook.

Senator KEMP—Unlike some other senators, a very hardworking senator is Senator Hutchins—unlike some other senators on that side, I should say.

Senator Sherry—Stop waffling. He’s waffling.

The PRESIDENT—Order! Senator Kemp, just a moment. There are too many people participating, and it is the minister who has the call.

Senator KEMP—The government’s tax reforms will significantly reduce the amount of tax on new motor vehicles after 1 July 2000—we all know that—and that is very good news. My colleague Senator Macdonald, the very popular and very effective minister, has indicated in his comments the huge advantage of the removal of the existing 22 per cent wholesale sales tax. I do not know whether in your question you factored in the removal of the 22 per cent wholesale sales tax, Senator. Perhaps you might clarify that when you stand up and ask a supplementary. There is a phased reduction, as the senator said, for the introduction of GST input tax credits for businesses, and that was designed specifically—and it has been stated on many occasions—to alleviate delayed purchases in the lead-up to the GST.

Frankly, I think the motor industry are well aware of this policy—I think I am correct in saying that they support that approach—because there was concern about the issue of people delaying purchases in businesses in the lead-up to the introduction of the GST. Many senators on the other side constantly asked Senator Minchin and me questions about motor vehicle sales, including trucks. We were able to say that, for most months,
the trend figures were particularly good and not too much under the experience of the previous year. That is why we have that phased approach. As I said, I think it was designed to avoid people delaying purchases, perhaps for six months, until the introduction of the GST.

What we are doing is removing wholesale sales tax and bringing in a GST. It is interesting that someone would purport to argue that somehow this is not good for the trucking industry. I do not know whether that was the implication in your question, Senator. If that was not the implication, you can correct me. We are removing a range of very heavy imposts, and the trucking industry will benefit very substantially—as Senator Ian Macdonald has said on so many occasions—from a range of other measures in the ANTS package, particularly the measures which relate to diesel.

The fact of the matter is that this government has presided over a growing economy; an economy which is expanding, making Australia one of the high growth economies. We are seeing unemployment come down, we are seeing employment increase. Senator, I have not looked at the particular problems that that particular trucking firm may have. I will, if you like.

The PRESIDENT—Order! Minister, the time for your answer has expired.

Senator KEMP—Perhaps a supplementary and I can continue. (Time expired)

Senator HUTCHINS—Madam President, I ask a supplementary question. I think the minister agreed with me, actually; I am not sure. It took about four minutes, but I think he agreed with me. But given that the input tax credits are to be denied—and I think you said that they were—how does the minister then explain Senator Ian Macdonald’s press release of 30 May titled ‘Labor ignorance on GST and regional Australia frightening’, where he says:

... with the Wholesale Sales Tax of 22% completely going from huge transport vehicles, from tyres and spare parts, the transport industry will be able to claim back any GST that they pay on those capital purchases?

Isn’t Senator Macdonald in fact wrong in stating that the GST can be claimed back on these capital purchases?

Senator KEMP—Again, I would really have to look closely at this. You are purporting to quote my colleague Senator Macdonald. I would really have to check that very carefully. As I have said in relation to Senator Conroy, it is a very brave person over here who would accept any quote from that side of the chamber. Let me just make the point that—there is some advice that I have here—sales of commercial trucks were almost two per cent higher in May 2000 than in May 1999. Light truck and heavy truck sales in May 2000 are significantly up on May of the previous year. As I said, in relation to the firm mentioned by the senator I would have to look closely, but the overall trend from those figures that I have quoted shows that there have been increasing sales.

DISTINGUISHED VISITORS

The PRESIDENT—Order! I draw the attention of honourable senators to the presence in the chamber of Mr Amir Khosru Chowdhury, a member of the parliament of Bangladesh. On behalf of honourable senators I welcome you to the chamber and trust that your visit here will be informative and enjoyable.

Honourable senators—Hear, hear!

QUESTIONS WITHOUT NOTICE

United Nations: Special Session on Women, Development and Peace

Senator PAYNE (2.40 p.m.)—My question without notice is to the Minister for Family and Community Services and Minister Assisting the Prime Minister for the Status of Women. The minister recently attended the United Nations special session on women, development and peace in New York. Would the minister please advise senators of Australia’s participation and, in fact, leadership in women’s issues at this important world event?

Senator NEWMAN—I am delighted to respond to Senator Payne’s question, because the government strongly supported the United Nations special session, which was an important milestone in international efforts to promote equality for women. As Minister
Assisting the Prime Minister for the Status of Women, I led the Australian delegation.

**Senator Cook**—Well, make a ministerial statement to the chamber.

**Senator Newman**—Senator Cook does not like to hear good news from the government. Australia joined with other member states of the United Nations to reaffirm our commitment to women. There were 2,300 official delegates from 160 nations and 2,040 women representing non-government organisations. It was truly an important event for women, being the culmination of the five-year review of the Fourth World Conference on Women held in Beijing in 1995.

The government welcomes the outcomes of the special session, the political declaration and outcomes document, which will continue to contribute to a significant advancement in the status of women around the world. The outcomes document reflects progress on several important issues for women and contains strategies in key areas such as the gender impact of HIV/AIDS. Australia received plaudits from many of the international visitors and leaders, especially for our approaches to domestic violence and child care. The delegation shared Australian best practices with other nations across a wide range of areas, including domestic violence, cancer prevention, gun control, as well as the political representation of women in the federal parliament, which is double the international average.

Australian women have advanced in relation to the rest of the world in the critically important areas of education, employment, leadership, poverty alleviation and legal protection against discrimination. Our employment statistics, for example, prove this—350,000 more women are now employed than in March 1996, when we came to government. There is a record high percentage of working age women in the labour force, with 65.5 per cent in April of this year. This demonstrates that women are sharing in the benefits of good economic management by government. The Howard government is committed to continuing this world-class approach to women’s issues and hopes that its own experiences and leadership will continue to be of interest and of value in interest and of value in empowering women around the world.

The other measures that were discussed at the General Assembly were trafficking of women and girls; eradicating violence against women, including marital rape and honour killings; strengthening and supporting families; assistance for pregnant adolescents to complete their education; and indigenous and rural women. The outcomes document contains strategies to develop and strengthen policies to support family security, support and protect women and their families; promote programs to enable women and men to reconcile their work and family responsibilities; to develop and strengthen programs to support and strengthen the multiple roles of women in contributing to the welfare of the family, which acknowledges the social significance of maternity, motherhood and parenting; and design and implement programs to provide social services and support to pregnant adolescents and adolescent mothers, in particular to enable them to continue and complete their education. The government showcased its achievements and innovative measures for women at the special session. It was a privilege to represent the country statement for Australia at this gathering of women from around the world.

**Aboriginal Sacred Site: Prison**

**Senator Chris Evans** (2.44 p.m.)—My question is directed to the Minister for the Environment and Heritage, Senator Hill. Has the minister recently received an application from a local community under the Aboriginal and Torres Strait Islander Heritage Protection Act, concerning a proposal by the Western Australian government to build a prison on an Aboriginal sacred site in Eden Hill? Is the minister aware that any approval by him to allow the prison to be built on the site will inevitably result in Aboriginal prisoners being incarcerated on a sacred site? In the spirit of the minister’s commitment to working with Aboriginal communities on indigenous matters—to which he referred in answer to Senator Ferris’s question yesterday—will he rule out allowing the construction of the prison on this sacred site?

**Senator Hill**—Yes, an application was received under the protection of sites legisla-
tion. I am currently meeting the requirements of that legislation through its assessment process and I will be making the appropriate decision in due course, which will actually be relatively soon.

**Senator CHRIS EVANS**—I have a supplementary question, Madam President. I thank the minister for his answer and his indication that he will be making a decision soon, because I am not sure if the minister is aware that work is continuing at the Eden Hill site while he is considering his response to the application. I would like to ask whether he considers it is appropriate that that work is allowed to continue while he considers the application.

**Senator HILL**—The honourable senator will know that there are a number of procedures that have to be undertaken. Under the terms of the legislation, a notice has to be given to the Western Australian government in order that they can respond as to the appropriateness of their own legislation to address these issues. That has been done. Furthermore, an inquiry has to be undertaken in terms of the legislation. A person was appointed to conduct that inquiry, the inquiry has now been completed and the response has just recently been received by us. All this has occurred as quickly as possible in terms of the time constraints of the legislation. I have heard suggestions that some work is being done. I have caused inquiries to be made as to whether that is so, and I will be acting appropriately. I am aware of the concern that is being expressed by some people in this regard and I will meet my responsibilities under the legislation in full.

**Kalejs, Mr Konrad**

**Senator GREIG** (2.47 p.m.)—My question is to Senator Chris Ellison, today representing the justice portfolio of Senator Vanstone. I ask the minister: is the Australian government aware that in 1988 Justice Petrone, a United States immigration judge, found beyond reasonable doubt that Mr Konrad Kalejs participated in the persecution, incarceration, brutal treatment and forced labour of Jews, gypsies and political prisoners, and that this finding was later acknowledged in 1990 by a Canadian court? What weight, if any, does the government place on these US and Canadian court decisions about Mr Kalejs? Is it true that, at any given moment, Mr Kalejs could leave Australia and thus frustrate present extradition treaty negotiations with Latvia? Minister, will your government now immediately confiscate Mr Kalejs’s Australian passport to prevent him from skipping the country and to ensure that he meets with justice in Latvia? Or are we going to find that he may soon be meeting with Mr Christopher Skase in Majorca?

**Senator ELLISON**—Of course, what another court determines is a matter for that jurisdiction, and that is for a very good reason: other courts have different laws of evidence that apply, and the finding of guilt in another court does not necessarily mean a finding of guilt in an Australian court. In relation to the Kalejs situation and the extradition treaty with Latvia, I do understand that negotiations on a draft text of an extradition treaty were completed on 25 April this year, with the aim of finalising that by the end of July. After that, each country will have to submit a signed treaty to its parliamentary approval processes. Of course we have our treaties committee which will be looking at that.

I am aware, on behalf of the minister of justice, of press reports that Latvia is likely to charge Mr Kalejs and seek his extradition, but no request has yet been received. Any request would be dealt with on its merits, and Mr Kalejs would receive due process under Australian law. Latvia could make a request, I might say, once charges have been laid, but Australia would need a legal basis in order to grant extradition. If a request is received before the treaty enters into force, we would consider applying the extradition act to Latvia on a nontreaty basis to allow the request to be dealt with. That, I think, deals with the aspect of Senator Greig’s question in relation to Mr Kalejs and any possible extradition to Latvia, and also in relation to the situation relating to the proposed treaty with Latvia. I do say that, in relation to any other court and any other jurisdiction, it does not follow that there is a correlating finding of guilt in an Australian court. But the relevance of any finding of guilt for the purposes of an extra-
dition treaty would have to be canvassed in that treaty.

Senator GREIG—I have a supplementary question. I thank the minister for his answer but note that he did not answer my specific question about whether the government would confiscate Mr Kalejs’s passport. Can the minister confirm, however, that the reason Mr Kalejs and other suspected war criminals can and do live in Australia is that there is no effective mechanism legislatively or with a special investigations unit to ensure the investigation and prosecution of people here on our shores? What guarantee can the minister give the those victims of holocaust—whether that was the Nazi holocaust or other genocide—do not have to live near or confront people in Australia who have carried out acts of genocide?

Senator ELLISON—Well, the golden thread of Australian law is presumption of innocence. Of course, to assume that someone is guilty is very dangerous indeed. We have here a situation where there are allegations and where there has been action in another court in another jurisdiction. Of course this government regards any war crime as a most serious situation but, above all, we must maintain the presumption of innocence in Australia and we must be very careful how we deal with the situation and not let emotion rule the day.

Goods and Services Tax: HECS

Senator CARR (2.51 p.m.)—My question without notice is to Senator Kemp, the Assistant Treasurer. Can the minister explain to the almost one million past and present students repaying HECS debts how the GST will affect their repayments, both directly and indirectly?

Senator KEMP—There is not a GST on a HECS debt; there are indexation arrangements, which have been in place for a long time. In fact I suspect the indexation arrangements were put in place under the previous government.

Senator CARR—Madam President, I ask a supplementary question. Can the minister confirm the information provided by officials at the last round of estimates that one million past and present university students will face a 5.4 per cent increase on their HECS bill next year?

Senator KEMP—As I said, I think you have to understand that students’ HECS will not be subject to GST. There will therefore be no impact from the GST on the level of the HECS charge. HECS repayment thresholds, which are adjusted each year to reflect changes in average weekly earnings, will also not attract the GST. Outstanding HECS debts are indexed to reflect movements in prices in general and to ensure that their real value is maintained. In real terms, students will only repay what they have borrowed. What Senator Carr does not say of course is that in the repayment period, when students have sufficient income, those income levels will be affected by the income tax cuts which we are delivering and which Senator Carr’s party refuses to guarantee.

Economy: Growth

Senator McGAURAN (2.54 p.m.)—My question is to the Assistant Treasurer, Senator Kemp. Will the minister inform the Senate of details of the Westpac-Melbourne Institute leading index of economic activity which confirm the success of the Howard government’s responsible management of the Australian economy? Is the minister aware of any alternative policy approaches?

Senator KEMP—I thank my colleague Senator McGauran for that important question. It is always a pleasure to receive a question in this chamber and it is a particular pleasure to receive one from him.

Opposition senators interjecting—

The PRESIDENT—Order! I would ask senators not to interject.

Senator KEMP—On Monday I was able to inform the Senate of the good news contained in the March quarter national accounts, which showed an annual economic growth of some 4.3 per cent. Importantly—and I think senators recognise this—this was the 12th consecutive quarter in which annualised growth was over four per cent. Interestingly enough, the last time this particular feat was achieved was not by the Keating government or the Hawke government; it was achieved between 1968 and 1971. It is a massive achievement. In other words, the eco-
onomic management of the coalition government was made possible by a period of sustainably high growth in a low inflationary environment. Senator Sherry will be delighted with this—or perhaps he will not be delighted, because frankly the one thing that the Labor Party really hate is good news about the economy. You would have to say that the one thing they really do not like is good news about the economy.

Senator George Campbell interjecting—

Senator KEMP—Very few Labor Party members have had the courage of Senator George Campbell and pointed out the very poor performance of real wages under the Hawke and Keating governments. Senator, you have many crosses against your name, but on that particular issue—your honesty—you get a tick for pointing out the shocking performance of former Labor governments in relation to real wages. Yesterday we received further evidence that the Australian economy is continuing to grow strongly. The Westpac-Melbourne Institute leading index of economic activity for April has been revised upwards. The index, which indicates the likely pace of economic activity six to nine months into the future, grew by about 4.2 per cent in the year to April. The press release notes the stunning 7.2 per cent surge in real profits. At the same time, we have seen other signs in the economy of how well it is growing. We have good news on virtually every economic front. I am sorry that the faces over there are so sombre and so sad, but let me just take you through the good news. I know that this depresses you, Senator Sherry, but let me take you through it: wages are rising, unemployment is falling, inflation remains low, growth is at record levels, household income is up, industrial production is up, real unit labour costs are down and profits are strong. This is great news and it reflects on the very strong management of the Howard government.

Senator Knowles—It is a stark contrast with Labor.

Senator KEMP—As my colleague Senator Knowles says, this contrasts very starkly with the performance of the Labor government. We all remember when we look at those Keating ministers across the table—Senator Faulkner, Senator Cook, Senator Bolkus and Senator Schacht—that these were the ministers who presided over the ‘recession we had to have’. So much damage was done to the economy and to businesses as a result of the appalling performance that these ministers in this chamber contributed to.

(Time expired)

Senator McGAURAN—Will the minister for good news further develop his good news answer?

Senator KEMP—That is a very good question.

The PRESIDENT—That is scarcely a supplementary question.

Senator KEMP—I think it picks up the general thrust very well, Madam President. The good news, as I have said, is that the economy is performing so well. The bad news is the complete lack of any sign of responsibility within the Labor Party. We are seeing the Labor Party in total policy confusion. This is their secret—and I state this again—

Opposition senators interjecting—

Senator KEMP—No, I am sorry, the clock is ticking on, but I am going to go on. The Labor Party are trying to run scare campaigns on a tax which they now support. It is quite outrageous. It shows that the government have got their act together and the government believe in reform. It is a great source of pride to us that on 1 July we will be delivering a new tax system. Colleagues, we will be delivering, among other things, major tax cuts to Australian workers and Australian families. (Time expired)

Goods and Services Tax: Bones

Senator COONEY (3.01 p.m.)—This question is to Senator Kemp and it is again about the GST. I ask Senator Kemp: what is the difference for tax purposes between bones sold for soup and those sold for dog food?

Government senators interjecting—

The PRESIDENT—The minister is entitled to hear the question.

Senator COONEY—I asked the difference between bones sold for soup and those sold for dogs. There is a great purpose behind
this. The minister will remember the industrial action taken by drovers’ dogs at a meatworks in the west of Melbourne some time ago now. It is a great strategy and I wish I had time to tell those who do not know about it what happened.

Government senators interjecting—

The PRESIDENT—Senators on my right will cease making so much noise.

Senator COONEY—As I remember it, their successful log of claims included good quality bones. So how are we to distinguish between any particular bones for the purpose of the GST?

Senator KEMP—Let me make this clear. Bones sold for soup are GST free, Senator Cooney, so you will be able to buy your bones and boil your soup. Frankly, Senator, I would be very happy to join you for some soup. There is no question that after the tax cuts come through there will be lots of good soup being made. There will be lots of people wanting to spend at least some of those tax cuts. I look forward to joining you. Bones sold as pet food will be taxable. Let me make that also clear. I do not want to be unkind to you, Senator—

Opposition senators interjecting—

The PRESIDENT—The level of noise in the chamber is getting too high.

Senator George Campbell interjecting—

The PRESIDENT—Senator Campbell, cease shouting!

Senator KEMP—It is not my habit, as I think everyone in this chamber would agree, to be unkind to Senator Cooney.

Honourable senators interjecting—

Senator KEMP—I think that concludes my answer.

Senator COONEY—Madam President, I ask a supplementary question. I am pleased that Senator Kemp was not nasty to me. You will remember that the industrial action was led by the Meatworkers Union. At that time, one of the great officials was Mr Wally Curran, whom you would know well; he was a great man and a great unionist. I want to ensure that the bones that were fought for at that time—
with the minister’s office and have an immediate response to it.

Senator ALLISON (Victoria) (3.05 p.m.)—I move:

That the Senate take note of the failure of the Minister for Finance and Administration to provide either an answer or an explanation.

I remind the minister that I gave notice of this at about 1.30 p.m. today, so the minister ought to have been informed of the fact that I was going to move in this manner. I will remind the senator of the nature of the question: it was on the charter of budget honesty and accrual accounting, which require the government to accurately value assets. I asked: why is it that Telstra is valued at close to zero in the budget when its value is estimated to be around $90 billion, why was the G3 mobile phone spectrum included as an asset and not other parts of the spectrum and how was the G3 spectrum estimate of $2.6 billion calculated? These are questions that are critical to the budget, given that the budget surplus was dependent on the $2.6 billion for the sale of the spectrum. Even since the budget, there have been various reports about whether or not that is a realistic estimate, whether it should be much higher or whether it should, in fact, be much lower than that and whether the existing telecommunications carriers in this country will need to purchase spectrum at all. Given the speculative nature of the spectrum sale, it seems to me to have been a very important question which ought to have been answered well and truly by now. It is more than a month since that question was put. As I said earlier, I did give the minister’s office notice that I would be moving this motion today, and I am most disappointed that the minister has not answered the question, or taken the trouble to have a reason for not answering that question, by this time.

Senator ELLISON (Western Australia—Special Minister of State) (3.08 p.m.)—I have a matter for clarification. I take it that Senator Allison is referring to the Minister for Finance and Administration when she says that the minister was notified. My office has no record of the notification, but I am endeavouring to see whether I can get that answer to Senator Allison as soon as possible.

Senator ALLISON (Victoria) (3.08 p.m.)—To answer that question, yes, my notice did go to the Minister for Finance and Administration, Mr Fahey.

Question resolved in the affirmative.

ANSWERS TO QUESTIONS WITHOUT NOTICE

Goods and Services Tax: Income Tax Cuts

Senator CARR (Victoria) (3.09 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 Cook today, relating to taxation.

This is about whether the Treasurer deliberately or inadvertently misled the public on AM yesterday when he claimed that the average family would be receiving a $50 a week reduction in tax. Senator Cook’s question drew out the fundamental political lie that this government has been peddling throughout its propaganda campaign to try to persuade Australians that the GST is fundamentally a good thing for them. We have now seen the government spend some $431 million promoting and advertising a most unpopular tax. We have seen as much as 12 times the amount of money spent selling this unpopular tax as is being offered to caravan residents and boarding house residents in the way of compensation. We are seeing extraordinary sums of money being devoted to this propaganda effort. The fundamental lie that this government is peddling is that there will be a reduction in tax when we all know that the government is actually proposing a whole series of new indirect taxes which will see the raising of some $24 billion. On the one hand, the government proposes to offer people $12 billion in tax cuts but, on the other hand, it fails to point out that it is raising $24 billion by way of indirect taxes.

The government has also failed to point out in this great political lie that most of the so-called benefits of these tax cuts will soon evaporate insofar as we will see a whole range of price rises, which will lead to quite significant inflation across the country. That will in turn see a rise in income as people chase those price rises and a whole series of
bracket creeps, which will essentially wipe out the tax cut arrangements that the government is now proposing with regard to its income tax policy as distinct from its indirect tax policy. We have noticed that, just two weeks ago, some informed source, some inspired leak from this government, managed to put on the front page of the *Australian* a proposition that this government was seeking to develop a $20 billion war chest for the next election, which of course would essentially be made up of increased revenues that it would be able to secure through various means and of course would allow, as a result of the new taxation arrangements, a massive increase in the capacity of the government to deliver various bribes in the way of re-election policies.

I think we therefore have to understand that the full package—and this government constantly seeks that we do this—ought to be measured properly. The $12 billion in tax cuts that the government talks of have to be measured against the $24 billion in increased revenue that it is raising as a result of indirect tax increases as a result of the GST. Of course, it is understood that all the GST revenue will allegedly be flowing back to the states. I would like to see exactly how much of that will in fact flow back to the states and how much of that money will come back to the Commonwealth as a result of the various clawback mechanisms now being proposed by this government in the way of general assistance grants to the states.

I think the general public, however, understands the fundamental lie of these new taxation arrangements because they know that many of the things that they are asked to pay for on a daily basis will increase in cost. This is the fundamental unfairness of the GST. It particularly strikes low income earners. It particularly strikes people with large families. Large low income families are particularly disadvantaged by this tax, especially if they are young families, because young children require significant expenditure. This situation is of course often accompanied by significant movements out of the work force so that income to families declines. We also see that people in regional and remote areas are likely to face increased expenses as a result of increased transport costs. People have been told that their education expenses will remain GST free, but that is not the case. We see, for instance, that school uniforms, bus and tram fares, stationery, various food required at school tuckshops, music lessons, musical instruments, coaching and extra classes and all those sorts of expenses will attract the GST. Much of what we are told about this new taxation system is built upon a fundamental lie. The fundamental lie is that Australians will be better off, when Australians know that that is not the case, particularly low income earners and particularly people in rural and regional parts of this country. *(Time expired)*

**Senator MASON** *(Queensland)* *(3.14 p.m.)*—I rise to speak on this motion. I was just reflecting on this debate today. I have been in the Senate now for nearly a year, and, from the day I arrived, and every day since I arrived, the Labor Party has been scaremongering. Naively, perhaps, I thought that one of the world’s oldest social democratic parties might have something to say about the changing nature of work, the reform of welfare, information technology and issues that are gripping this country and indeed the rest of the world, but it does not at all.

**Senator Carr**—Like how unfair the GST is.

**Senator MASON**—It is a long way from the Vietnam moratoriums, isn’t it, Senator Carr? The tree of knowledge which the Australian Labor Party always hold up has withered. The light on the hill is dim. Ben Chifley’s pipe has gone out. All you care about now is scab lifting the GST, and there is nothing else left. Unlike the Australian Labor Party, most Australians accept that the new taxation system and the GST is good for Australia. It is good for Australia, and most Australians know it. The only people in the world to defend the system that Australia has currently are those in Swaziland and the Australian Labor Party. You believe in defending the wholesale sales tax. We do not. We think it should be reformed. It reminds me of an old story that my mother often tells about when we changed from pounds, shillings and pence: many people were running around saying that the economy would fail...
over and that small business could never cope. Of course, it did, and Australia has prospered.

After 1 July, business in this country will get on with it, and we will prosper. Some 150 countries around the world have a goods and services tax—all the advanced economies on earth have it—yet somehow the Australian Labor Party think this country is not up to it. We cannot do it. Everyone else can, but we are not up to it. They are wrong. Other countries have a goods and services tax because it is a very efficient way of distributing tax equitably. That is why we are introducing it. It helps exports and it helps jobs. Let us look at a bit of history. I like history, as Senator Carr knows. Let us go back to, say, 1985, the time of the tax summit. What did Graham Richardson say then? He said, ‘I have come to the conclusion, after wrestling with it for a long, long time, that if we do not move forward and go ahead with this tax reform package this government will forever be branded as weak and indecisive.’ How right he was. For 13 years, the Australian Labor Party did not have the courage to move forward. They buckled in the face of union pressure in a most pathetic way, and now their entire political credibility, their political future, rests on the fact of scab lifting the goods and services tax. Behind all this is the vision of the Canadian experience. That is what the Australian Labor Party hope to do. They have not brought one decent policy into this place in the year I have been here.

Senator Gibbs interjecting—

Senator MASON—Instead, they have spent their entire time running around with a scare a day—at least they kept their promise on that, Senator Gibbs. It is absolutely pathetic. Some 80 per cent of Australians—all those listening on their tractors and everywhere in the community—will pay no more than 30 per cent tax. That is fundamentally the most important thing. The Australian Labor Party never like to hear that. The average single income family earning $40,000 a year with two kids will be almost $50 a week better off as a result of the income tax cuts and increased family benefits. The new tax system will abolish inefficient taxes, it will broaden the tax base and it will provide a secure source of income for the states. It has been depressing to see over the last year that this once great party has nothing left to say on any of the major issues.

Senator LUDWIG (Queensland) (3.18 p.m.)—I also rise to take note of Senator Kemp’s answer to Senator Cook’s question on the GST. We are talking about a $12 billion tax cut as compensation for a $24 billion GST impost. It is not a simple tax, it is not fair, it is not equitable and it is not going to work. It is not going to work effectively to address the areas of concern that cry out for it—education, training, youth issues and the family assistance packages. All of those areas need assistance, not a $24 billion tax.

We have a multimillion dollar advertising campaign to try to convince us that it will work. In addition, we have a letter from the Prime Minister to tell us that it is going to be a wonderful, terrific tax. How far do you have to go to convince people? You are not convinced. They are not convinced. In trying to convince the people that it is a fair and equitable tax, Mr Costello said on AM:

No, no, this is one of these areas where you have to be very precise of the figures because you’re talking about very small amounts. There are two issues here: one is boarding houses and caravan parks, and the other is private rents.

Mr Peter Costello then explained how it is going to impact. He said:

... indicated that rents would rise by 4.7 per cent over the long term. Now, 4.7 per cent on a $200 a week rent is, by my calculation $9.40—correct? What the government believes is that post the Senate changes the effect on a $200 rent would be around $7—it is a difference of about $2.40 out of a $200 rent.

But he did not leave it there. He then said:

No, no—

in fact, the whole radio transcript is scattered with ‘No, no.’ I think it is a reflection of what he feels about the GST—well, let me say why first of all I say it is $7.

He tried to explain what the compensation package will be in response:

And on the other side of the equation, a $50 a week income tax, and family increase, which will
more than outweigh any price rises, is completely left out of the equation.

That is what he says: $50. But we heard Senator Kemp, the Assistant Treasurer, say today that it is $40 to $50. There has already been a shift in the margin down the track, so it is $40. If you go and have a look at the size of the GST package itself some 1,466 amendments later, it is 6.95 kilograms. It talks about electricity in terms of the average quarterly bill: householders on 4,450 kilowatt hours per year at 12 kilowatts per day, with a winter concession, which is now $152. Add from $13.70 to $14.45 to the householder’s costs and already they have lost any increase.

If they have a gas bill as well, the average two-monthly billed household uses 9,470 megajoules bimonthly. Off-peak that is weighted now at $85, but after July add $7.65 to $8. These renters are not doing very well when you add just the electricity and the gas, but a family might have children and have to buy nappies. For toddlers weighing between 10 and 15 kilograms, nappies now cost $13.50, but add $1.16 to about $1.22. You already have more outlays and more increases that the average renters are going to have to face. All they get is statistics and figures from Mr Peter Costello to demonstrate to them that they are going to be better off. They do not believe that at all. Trying to convince people of that is going to be an uphill battle that you are not going to win.

Also on the impact, Telstra have decided to put up prices by 10 per cent—not, as Allan Fels suggested, a lot less than that. If you then look at the backflip—and speaking of the backflip, Mr Peter Costello is not even in the country, he has jetted off to Paris, he does not want to stay here in case there are more amendments that might add to it—(Time expired)

Senator KNOWLES (Western Australia) (3.23 p.m.)—If the public of Australia thought this debate had degenerated into a doozyey some time ago, today it has hit rock bottom. Today we are debating the difference between dog bones and soup bones.

Senator O’Brien—No, we’re not.

Senator KNOWLES—That was part of question time today and, if Senator O’Brien does not recall it, I encourage him to get a replay of question time. Today, we had a further extension of the complete and utter misrepresentation of what the new package is all about. Isn’t it interesting to note that the Labor Party Prime Minister in New Zealand, Helen Clarke, has repeatedly said, even prior to the election, ‘What on earth is the Labor Party about in Australia, complaining about the fairest tax system in the world?’ As my colleague Senator Mason said, it is interesting to note that the tax system which the Labor Party is rusted on to—the wholesale sales tax system—is common with only two countries, Botswana and Swaziland. What has happened? Even Botswana has decided to abandon the Labor Party, so the Labor Party has a tax policy in common with Swaziland. Congratulations! What a huge achievement!

It was also interesting that only a couple of weeks ago a parliamentary committee here met with an all party delegation from New Zealand, and they were all confounded by the stupidity of the debate here in Australia about tax. They could not believe the stupidity. They said, ‘We went through this years ago,’ and now there is no party in New Zealand—Labour, National, Green, anyone—which gives a commitment to abolish their tax system. Yet here we have the blast from the past Labor Party still hoping to roll it back. Tell us what it is the Labor Party are going to roll back. I do not know whether it is Senator O’Brien or Senator Gibbs who is going to make a contribution after this, but I know that I have issued the challenge to Senator Gibbs before: Senator Gibbs, please come forward and tell us what it is the Labor Party are going to roll back. Senator Gibbs happens to be smiling very, very fulsomely over there, so I am thinking that Senator Gibbs may let the cat out of the bag today. She may give us what it is—

Senator Herron—She’s getting out.

Senator KNOWLES—She is going to be getting out of the Senate, but that is irrelevant to what we are talking about. The fact of the matter is that she might tell us what the
roll-back is because Senator Cook said back in February, I think, ‘We have nominated some areas in which we will start to roll it back.’ Give us a hint. What are they? We don’t know and the public don’t know. Where is the roll-back?

Senator Kemp—How are they going to pay for it?

Senator KNOWLES—Senator Kemp, that is a very good question. How are they going to pay for it? The answer is just to abolish the tax cuts. That is what happened after the 1993 election campaign. You had l-a-w tax cuts put into law by the Labor Party but, once re-elected, what happened? They were thrown out—just completely thrown out—and now they will not give a commitment to maintain the tax cuts, nor will they give us a commitment on what they are going to do about the GST and roll-back.

What we do know is their record. When they continued to increase wholesale sales taxes—the 12 per cent, the 22 per cent, the 32 per cent wholesale sales taxes—on not one occasion did they ever give anyone any compensation by way of tax cuts or by way of pension increases. That is the record, that is the way in which they should be judged and that is what we can look forward to in the future. This is a totally dishonest debate that is just going on and on and on. Hopefully, in six months time, they will be seen as the fools that they have been for opposing the fairest tax system in the world and for being onside with Swaziland as the only remnants in this world supporting an outdated and unfair tax system.

Senator GIBBS (Queensland) (3.28 p.m.)—It was extremely interesting to listen to the debate from the other side, particularly as we are supposed to be debating dog bones. That was as confusing as Senator Macdonald’s answer today on GST-free marine things. God knows what GST-free marine things are. The mind boggles. It sounded a bit fishy to me. What I would like to talk about is the statements by the Treasurer, Mr Costello, on AM yesterday morning when he was talking about people who pay a rental of $200. First off, he said that they would expect to pay a $7 increase on the $200, which is a 3.5 per cent increase in GST. Minutes later he betrayed himself and said, ‘These people will be paying from $8 to $10 extra a week. This extra $10 a week in rent is not going to affect these families because they will get an extra $50 as a result of the tax cuts.’ For an average family, $50 is really not going to go very far. I wonder whether the Treasurer actually knows what he is talking about. He is floating around different price increases all the time.

The government originally told the public that rents would rise by 2.3 per cent. Econtech, the federal government’s preferred economic modeller, has predicted that rents will go up by twice as much. On my calculations, a 2.3 per cent increase on a $200 rent is $4.60. That is nowhere near the $10 extra that it is said these people will have to pay. We are talking about two million householders in Australia who have to pay rent. Most of those are battlers and average families. An extra $10 a week is a hell of a lot of money to the average family. The government have hidden the Econtech report for six months. We on this side of the chamber wonder why. Are they hiding something? Are they ashamed of this report? Why do the government not publish this full report? What else are they trying to hide in this report? I think it is an absolute disgrace. I think the people of Australia are entitled to know exactly what is in this report.

Let me get back to the $50 increase that everybody is supposedly going to get. Not every average family is going to get a tax rebate of $50. If you take out the $10 a week in extra rent then you have $40 extra a week. An extra $40 a week for an average family is not much when they have to buy clothes. Anybody who has children knows that children grow, so you have to constantly buy clothes. You just do not buy clothes every now and again. Children have this habit of growing. Children also have the habit of eating a lot. They do eat a lot, particularly when they get into their teens. Anybody who has teenagers or has had the experience of teenagers knows that these kids are human threshing machines; they eat everything in sight. When your children are teenagers is probably the poorest time of your life. The extra $50 a week will probably go on food.
That does not take account of the increases in all the other things that this extra $50 is supposed to compensate for, like school books, electricity charges, phone bills and the other sundry things that one has to buy. If you have repairs done around your house or if you have somebody mow your lawn, this extra $50 a week has to cover increases in those costs. It goes on and on.

The GST is disgraceful. What you are doing to the Australian people is an absolute disgrace. You are going to make them poorer and poorer. Everybody in this country is going to be poorer. Senator Harradine yesterday talked about a report on the gap widening. The gap is going to widen even further under you people. You are a dreadful government and you are damaging this country like you would not believe. You will pay at the next election because you are going to be thrashed. (Time expired)

Question resolved in the affirmative.

CORRESPONDENCE FROM THE AUSTRALIAN TAXATION COMMISSIONER TO THE AUSTRALIAN ELECTORAL COMMISSIONER

Senator KEMP (Victoria—Assistant Treasurer) (3.33 p.m.)—Pursuant to the order of the Senate of 20 June 2000, a further letter has been discovered and I table that letter.

PERSONAL EXPLANATIONS

Senator HERRON (Queensland—Minister for Aboriginal and Torres Strait Islander Affairs) (3.33 p.m.)—by leave—On 19 June this year, an article entitled ‘Betrayal of Bonner an Ignoble Act’ with a subheading ‘John Herron’s past comes back to haunt him’ appeared in the Australian newspaper. It was written by Mr Glenn Milne. I wish to inform the Senate that I have made a formal complaint to the Australian Press Council and I have instructed my solicitor to take appropriate action. Neville Bonner was a personal friend and it is a matter of record that I voted for him.

COMMITTEES
Treaties Committee

Report: Government Response

Senator BOSWELL (Queensland—Leader of the National Party of Australia in the Senate and Parliamentary Secretary to the Minister for Transport and Regional Services) (3.35 p.m.)—I present the government’s response to the report of the Joint Standing Committee on Treaties entitled Agreement to extend the period of operation of the Joint Defence Facilities at Pine Gap, and I seek leave to incorporate the document in Hansard.

Leave granted.

The response read as follows—

GOVERNMENT RESPONSE TO REPORT 26 OF THE JOINT STANDING COMMITTEE ON TREATIES

In its Report 26, the Joint Standing Committee on Treaties considered an Exchange of Notes constituting an Agreement between the Government of Australia and the Government of the United States of America to further extend in force the Agreement relating to the Establishment of a Joint Defence Facility at Pine Gap. During its deliberations the Committee sought a private briefing at Pine Gap. In response, the Minister for Defence offered a comprehensive briefing by Defence officials in Canberra.

COMMITTEE CONCLUSION

The Joint Standing Committee on Treaties concluded that it:

‘supports, in principle, the Exchange of Notes constituting an Agreement between Australia and the United States of America to further extend the Agreement relating to the Establishment of a Joint Defence Facility at Pine Gap; and with the limited evidence made available, finds no reason to object to the continuation of the Joint Defence Facility.’

Government Response. The Government welcomes the JSCT’s conclusion.

COMMITTEE RECOMMENDATIONS

Recommendation 1

‘That the Minister for Defence authorise his departmental officials to provide the Joint Standing Committee on Treaties with:

a classified briefing on the purpose and operation of the Joint Defence Facility;
a copy of the classified agreement that gives operational effect to the Agreement between the Australian Government and the United States Government relating to the Establishment of a Joint Defence Space Research Facility (1966); on-site access to the Joint Defence Facility at Pine Gap; and
such other information as may be required to enable the Committee to determine if the treaty action is in Australia’s national interest.  

Government Response

The treaty action referred for consideration was the extension of the non-termination period of a treaty that had been in force since 1966. The terms of the treaty provide that it continues in force unless terminated. It would have continued in force whether or not the proposed treaty action had been taken. The treaty action merely provided formal reassurance that neither party would terminate the treaty for another 10 years. While not necessary for the operation of the treaty, such a reassurance is significant to both the Australian and United States governments from the political and security perspectives.

In providing briefings by its officials, the Government believes that it acted in a transparent and accountable manner in relation to the proposed treaty action. The officials gave the Committee background and insights that, while not classified, were sensitive and not publicly available. All of the relevant treaty texts are on the public record. The practice of successive governments has been that the evaluation and endorsement of arrangements at Pine Gap as in the Australian national interest is the responsibility of the members of the National Security Committee (and its equivalents in the past). Pursuant to this practice, and the need to know principle widely applied in the intelligence field, all the members of the National Security Committee are fully briefed on and have access to Joint Defence Facility Pine Gap. In addition, it has been customary to also brief the Leader of the Opposition and the Opposition spokesperson for Defence, who are also able to visit the site.

Recommendation 2

That the Minister for Defence, in conjunction with the Minister for Foreign Affairs and the Joint Standing Committee on Treaties, develop a protocol for ensuring constructive parliamentary consideration of sensitive security-related treaties. The protocol should:

recognise the legitimacy and importance of the reformed treaty making process;
require that briefings provided to the Committee be comprehensive and at least the equivalent in terms of detail and depth as briefings provided to the ASIO and NCA Committees of the Parliament, provided such briefings be held in camera; and empower the Committee to request the relevant Ministers to be present during such briefings to assist the Committee.

Government Response

Should the Joint Standing Committee on Treaties be requested to review a sensitive treaty-level arrangement in the future, information necessary for the purpose will be made available.

The Government does recognise the legitimacy and importance of the reformed treaty making process. In response to two separate requests from the Committee, the Government did decide that the most detailed and sensitive information concerning Joint Defence Facility Pine Gap was not relevant to the treaty action under review. Beyond this, the Committee received the fullest possible assistance.

The Committee can already request the relevant Minister to be present during briefings.

DISSENTING REPORT

The dissenting report from four members of the Joint Standing Committee on Treaties offered three recommendations:

Dissenting Report Recommendation 1

‘The Minister for Defence should authorise his departmental officials to provide the Joint Standing Committee on Treaties with:

a full (classified level) briefing on the purpose and operation of the Joint Defence Facility;
a copy of the classified agreement that gives operational effect to the Agreement between the Australian Government and the United States Government relating to the Establishment of a Joint Defence Space Research Facility (1966); and on-site access to the Joint Defence Facility at Pine Gap.

If the Government does not accept the recommendation to provide a full briefing to the Joint Standing Committee on Treaties, then the Government should move to establish a National Security Committee of Parliament to oversee the operation of Defence facilities, including the Joint Defence Facility, and other defence-related security and intelligence agencies.’
Government Response
The Government’s response to the first three points is contained in its response to Recommendation 1 of the main Report. The Government’s response to the suggestion of a National Security Committee of Parliament is recorded at Dissenting Report Recommendation 2 below.

Dissenting Report Recommendation 2
‘The Prime Minister, the Minister for Defence and the Attorney-General should move to establish a Joint National Security Committee of Parliament to oversee the operation of Defence facilities, including the Joint Defence Facility, and other Defence-related security and intelligence agencies.

The motion to appoint the National Security Committee of Parliament should provide:
for a committee of seven members of parliament, comprising 4 members of the House of Representatives and 3 Senators, with a majority of government members;
for the House members of the Committee to be appointed by resolution of the House on the nomination of the Prime Minister;
for the Senate members of the Committee to be appointed by resolution of the Senate on the nomination of the Leader of the Government in the Senate;
that the following members of Parliament are not eligible for appointment to the Committee – a Minister, the President or Deputy President of the Senate, and the Speaker or Deputy Speaker of the House of Representatives;
that the Committee be empowered to monitor and review the performance of those agencies involved in gathering and analysing defence-related security and intelligence information; and
that the Committee be empowered to report to Parliament on any matter pertaining to the performance of its duties, provided that the Minister for Defence certifies that nothing in a proposed committee report would jeopardise Australia’s national security interests.’

Government Response
The Government does not propose to take up this recommendation. The Government notes that present arrangements for oversight of Pine Gap already include provisions for identified Government Ministers as well as senior members of the Opposition to receive briefings on sensitive aspects of Pine Gap operations and related matters. It considers that these arrangements provide effective Parliamentary oversight of Pine Gap.

Dissenting Report Recommendation 3
‘The first task of the National Security Committee of Parliament should be to review whether the continuation of the Joint Defence Facility at Pine Gap is in Australia’s national interest. To enable the National Security Committee to form a view on this matter, the Minister for Defence should provide the Committee with:
the full (classified level) briefing on the purpose and operation of the Joint Defence Facility;
a copy of the classified agreement; and
on-site access to the Joint Defence Facility.’

Government Response
The Government does not intend to implement the recommendation that a Joint National Security Committee of Parliament be established. The identified Ministers and senior members of the Opposition are fully informed on the purpose and operation of the Joint Defence Facility, Pine Gap. They have been satisfied that the Facility serves Australia’s interests.

1. The Exchange of Notes was tabled in Parliament on 30 June 1998
4. Ibid, para 4.22
5. On 8 July 1998 Mr Bill Taylor MP, the then Chair of the JSCT wrote to the then Minister for Defence, the Hon Ian McLachlan MP seeking an on-site private briefing at Pine Gap. The Minister replied by offering a comprehensive briefing in Canberra. On 10 December 1998 the present Committee Chair, the Hon Andrew Thomson MP, wrote to the Minister for Defence, the Hon John Moore MP, repeating the request. The Minister replied by again offering a comprehensive briefing.
6. By Senator the Hon Chris Schacht, the Hon Dick Adams MP, the Hon Janice Crosio MP and Kim Wilkie MP.
8. Ibid, para 8.

AUSTRALIAN INSTITUTE OF HEALTH AND WELFARE

Senator BOSWELL (Queensland—Leader of the National Party of Australia in the Senate and Parliamentary Secretary to the Minister for Transport and Regional Services) (3.36 p.m.)—I table the document enti-
tled Australia’s Health 2000, the seventh biennial health report of the Australian Institute of Health and Welfare.

COMMITTEES
Public Works Committee
Report

Senator CALVERT (Tasmania) (3.36 p.m.)—On behalf of the Parliamentary Standing Committee on Public Works, I present the fifth report of 2000, entitled Defence Science and Technology Organisation rationalisation project, Melbourne. I move:

That the Senate take note of the report.
I seek leave to incorporate my tabling statement in Hansard.

Leave granted.

The statement read as follows—

DEFENCE SCIENCE AND TECHNOLOGY ORGANISATION RATIONALISATION PROJECT, MELBOURNE, VICTORIA
(Committee’s Fifth Report of 2000)

Madam President, the report I have just tabled concerns the proposed provision of facilities for the Defence Science and Technology Organisation rationalisation, Melbourne.

The Defence Science and Technology Organisation (DSTO) is the second largest government funded research organisation in Australia after the CSIRO and has a workforce of approximately 2000 employees.

DSTO provides advice on the application of science and technology that is best suited to Australia’s defence and security needs.

DSTO has two laboratories, the Aeronautical and Maritime Research Laboratory (AMRL) in Melbourne and the Electronics and Surveillance Research Laboratory in Salisbury, South Australia.

The principal sites from which the AMRL operates are located at Maribyrnong and Fishermans Bend, Melbourne. Defence has occupied the Maribyrnong and Fishermans Bend sites since the 1920’s.

The Fishermans Bend site is the birthplace of aeronautical research activity in Australia.

The development of Fishermans Bend site has spanned more than half a century and involved a number of large-scale projects. The Public Works Committee has been involved in this development.

AMRL currently conducts activities in four key areas:
operational analysis;
acquisition advice;
warfighter support; and
through-life support of Australian Defence Force assets.

The project encompasses relocating AMRL Maribyrnong activities to refurbished and new facilities at Fishermans Bend and enhancing AMRL capabilities.

The project includes new and refurbished facilities to relocate and consolidate the following existing research activities: maritime platforms, combatant protection and nutrition, and science corporate management.

The project also includes initiatives which will result in integrated common technologies across the areas of mechanical testing; and advance composites manufacture.

The following enhanced capabilities are also proposed:
a new airframes and engines division;
a large scale maritime and aircraft structures testing;
a thermal testing facility; and
a structural component bank.

The project will overcome a number of identified constraints in relation to the existing facilities at Maribyrnong and Fishermans Bend, including:
no opportunity exists to develop fully integrated research facilities or to develop multi-functional shared facilities;
research activities which are currently split over two sites impose operational and cost inefficiencies on AMRL; and
there is little or no ability to increase research outputs or achieve productivity gains as a result of the inefficient siting of facilities.

When referred to the Committee, the estimated out-turn cost of the proposed works was $56.71 million.

The Committee has recommended that the project should proceed.

The relocation, refurbishment and consolidation of existing capabilities will provide operational efficiencies, result in recurrent cost savings, and allow for a multi-disciplinary team approach to be implemented.

Proposed new facilities meet an identified need and will allow for improved operational efficien-
ties and significantly enhance AMRL’s capabilities.

The Committee was apprised of concerns relating to the rationalisation and future sale of Maribyrnong facilities and the heritage values of both the Maribyrnong and Fishermans Bend sites.

In respect to the future sale of the Maribyrnong site, Defence advised and provided the Committee with an undertaking that studies that will be conducted by Defence to look at all issues relating to the sale of the Maribyrnong site will be done through extensive consultation with effected parties.

In respect to heritage, evidence submitted to the Committee indicated that the Maribyrnong site as a whole is potentially significant for its early association with the former Maribyrnong Racecourse and for the historical development by Defence.

Defence advised the Committee that it has directed the Project Consultant to engage a heritage architect to complete a preliminary survey of any historic, natural or indigenous heritage values at both the Fishermans Bend and Maribyrnong sites. Given the potential heritage significance of the two sites, the Committee recommended:

that the survey of any historic, natural or indigenous heritage values at both the Fishermans Bend and Maribyrnong sites be carried out in accordance with the provisions of the Australian Burra Charter; and

that the National Trust of Australia be consulted regarding appropriate persons to be engaged for the survey.

Madam President, I commend the report to the Senate.

Question resolved in the affirmative.

Second Reading

Senator BOSWELL (Queensland—Leader of the National Party of Australia in the Senate and Parliamentary Secretary to the Minister for Transport and Regional Services) (3.37 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—

APPROPRIATION (PARLIAMENTARY DEPARTMENTS) BILL (No. 1) 2000-2001

The purpose of the Appropriation (Parliamentary Departments) Bill is to appropriate the Consolidated Revenue Fund for the expenses of the Parliamentary Departments for the year ending 30 June 2001.

The total amount sought is $154.5 million. Details of the proposed expenditure are set out in the Schedule to the bill.

APPROPRIATION BILL (No. 1) 2000-2001

It is with great pleasure that I introduce Appropriation Bill (No. 1) 2000-2001, which, together with Appropriation Bill (No.2) 2000-2001, is one of the principal pieces of legislation underpinning the second budget of the second term of the Coalition Government.

Appropriation Bill (No. 1) provides authority for meeting expenses on the ordinary annual services of Government.

This bill seeks appropriations out of the Consolidated Revenue Fund totalling $38,531 million. Details of the proposed expenditure are set out in the Schedule to the bill, the main features of which were outlined in the Treasurer’s Budget Speech on 9 May.

I commend the bill to the Senate.

APPROPRIATION BILL (No. 2) 2000-2001

It is with great pleasure that I introduce Appropriation Bill (No. 2) 2000-2001, which, together with Appropriation Bill (No.1) 2000-2001, is one of the principal pieces of legislation underpinning the second budget of the second term of the Coalition Government.

Appropriation Bill (No. 2) provides revenues for agencies to meet:

Expenses in relation to grants to the States under section 96 of the Constitution and for payments to the Northern Territory and the Australian Capital Territory;
Administered expenses; and
Equity injections and loans to agencies as well as administered capital funding and carryovers.
Appropriations totalling $5,128.5 million are sought in Appropriation Bill (No. 2) 2000-2001.
Details of the proposed appropriations are set out in Schedule 2 to the bill.
Debate (on motion by Senator O’Brien) adjourned.

**TELECOMMUNICATIONS (CONSUMER PROTECTION AND SERVICE STANDARDS) AMENDMENT BILL (No. 1) 2000**

INTERNATIONAL TAX AGREEMENTS AMENDMENT BILL (No. 1) 2000

First Reading

Bills received from the House of Representatives.

Senator BOSWELL (Queensland—Leader of the National Party of Australia in the Senate and Parliamentary Secretary to the Minister for Transport and Regional Services) (3.38 p.m.)—I indicate to the Senate that those bills which have just been announced by the Deputy President are being introduced together. After debate on the motion for the second reading has been adjourned, I shall be moving a motion to have the bills listed separately on the Notice Paper. I move:

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

Question resolved in the affirmative.

Bills read a first time.

Second Reading

Senator BOSWELL (Queensland—Leader of the National Party of Australia in the Senate and Parliamentary Secretary to the Minister for Transport and Regional Services) (3.38 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—

**TELECOMMUNICATIONS (CONSUMER PROTECTION AND SERVICE STANDARDS) AMENDMENT BILL (No. 1) 2000**

The Telecommunications (Consumer Protection and Service Standards) Amendment Bill (No.1) 2000 makes several critical and other desirable amendments to Part 2 of the *Telecommunications (Consumer Protection and Service Standards) Act 1999*. That Part establishes the universal service regime for telecommunications. The universal service regime ensures that telephone and digital data services are reasonably accessible to all Australians. These two components of the regime are known as the universal service obligation (or USO) and the digital data service obligation (or DDSO) respectively. Currently around 400,000 telephone services are subsidised under the USO.

The bill has its origins in two particular matters: the interim capping by Parliament of Telstra’s USO costs for 1997/98, 1998/99 and 1999/2000, and the consequential review of USO arrangements in 1999; and the allocation by Parliament of $150 million from the Telstra 2 Social Bonus to provide untimed local calls in remote Australia.

Against this background the bill has two main objectives.

Firstly, to enable the Minister to determine a universal service provider’s USO cost for up to three years in advance, thus providing an effective method of forward costing the USO and with it, a higher degree of certainty and stability for the industry.

Secondly, the bill makes a number of amendments to the USO regime to provide prospective participants in the remote Australia untimed local call tender with certainty about the future USO environment they would be operating within should they win the tender. This certainty will enable prospective tenderers to approach the tender process with more confidence, and make it more likely that the tender will extract the greatest benefit for people in remote Australia and best value for money for the Commonwealth and taxpayers generally.

It is critical that amendments to achieve these objectives be in place before 1 July 2000. This will ensure a smooth transition from the current interim capping arrangements, and prevent any possibility of providers accruing compensation entitlements under the default arrangements which have caused such difficulties in the past. It will also enable the tender to proceed quickly with a view to delivering to remote consumers the benefits intended by Parliament.

To expedite the passage of these urgent amendments, the Government is introducing them in a short first bill. A second, substantive bill will be introduced at a later date to implement all ele-

The Government is also taking the opportunity provided by this bill to make a number of relatively simple changes to Part 2 to simplify its administration and enhance its flexibility. These will assist the Government to progress the USO contestability pilots pending passage of the proposed second bill.

I would now like to turn to the details of the proposed amendments.

As a result of the difficulties with the default process for calculating a universal service provider’s USO cost, where liabilities are determined ex post, a key objective of this bill is to empower the Minister to determine that cost in advance. This will be the preferred method for setting a universal service provider’s cost in the future.

Forward-looking determination of USO costs will be given effect by amendment of section 57 of the current Act, which deals with the calculation of a universal service provider’s net universal service cost. The proposed determination power is modelled on that conferred on the Minister under the capping legislation passed by the Parliament last year.

The amendments to section 57 will enable the Minister to make a written determination specifying an amount that is to be the USO cost or a method for working out the USO cost for a specified person, or for each person in a specified class, for a specified financial year. The Minister’s determination will be able to encompass up to three successive years, thus providing longer-term certainty for industry.

Prior to making a determination the Minister will be able to seek the advice of the ACA and consider any other matter the Minister considers relevant.

A Ministerial determination is required to be notified in the Commonwealth Gazette but it will not be disallowable. This is because determinations will generally relate to significant amounts, and it is important to the operation of universal service providers and the industry as a whole that they be able to stand. Moreover, if a determination were able to be disallowed, the universal service provider may need to make use of the default subsection 57(2) process, which is administratively demanding and has given rise to significant difficulties in the past. The nature of USO cost determinations is such that they will inevitably be subject to intense industry, public and Parliamentary scrutiny, regardless of whether or not they are disallowable. As a matter of course the Minister will need to exercise exceptional diligence in the preparation of such determinations.

In order to provide prospective participants in the remote Australia untimed local call tender with greater certainty and assist the tender process, the bill addresses three main issues.

First, tenderers need to be certain they will become the universal service provider for the area covered by the tender should they win it. Proposed amendments to section 20 of the current Act provides that the person with whom the Commonwealth enters into a written agreement under the Telstra Corporation Act 1991 in relation to the $150 million for the provision of untimed local calls will, where the agreement so provides, become the regional universal service provider for the region specified in the agreement without the need for a separate declaration. The commencement date of the person becoming the provider would be as set out in the agreement, and the date would be able to vary between areas within the region.

Second, tenderers need to know how the grant the successful tenderer will be awarded will affect the level of industry funding of ongoing USO costs. To remove any doubt, proposed amendments will provide that a grant under section 56 or 57 of the Telstra Corporation Act should not be taken into account by the ACA, for example, in giving the Minister advice on an appropriate USO cost or in assessing a claim under the default methodology.

Third, tenderers need to know what ongoing access they will have to information necessary to fulfil their obligations as a universal service provider or otherwise comply with Part 2. Proposed subsection 24A(2) will enable a new or prospective universal service provider to give a departing or former universal provider a notice requiring the former provider to give the new provider information that will assist the new provider do things it is required or permitted to do under Part 2. The information must be sought within 6 months of the person being declared or becoming the new universal service provider. This will enable the new provider to request information, for example, on service location and customer contact details, so that it can manage any customer transfer processes. A former provider will be required to comply with a reasonable request as soon as practicable. In the event that there may be dispute as to whether requested information is reasonable in terms of a new provider’s needs, the Minister will be able to make a written determination. Beyond this, the ACA, as industry regulator would, in the first instance, adjudicate on the reasonableness of any request and the time to meet it. The ACA has
In recognition that in a more dynamic telecommunications environment DDSO providers as well as USO providers could change in an area, similar provisions have been proposed in relation to the DDSO.

In terms of simplifying the administration of the universal service regime and enhancing its flexibility generally, a number of relatively simple amendments are proposed. These changes are seen as useful in the context of the proposed tender and pending full implementation of the Government’s wider USO reforms. In many instances the amendments simply streamline arrangements for actions already possible under the Act. The main amendments in this regard are to:

- enable there to be more than one USO provider in an area at one time without the need, as is now the case, for enabling regulations;
- make it clear that the Minister can consider a range of matters in deciding whether a person should be declared as a USO provider;
- enable carriage service providers as well as carriers to be declared as DDSO providers – thus enabling them to provide their customers with access to industry funded customer equipment rebates and enhancing competitive neutrality; and
- enable the declaration of a universal service provider to come into effect from the time specified in the declaration, as opposed to the current restrictive default of declarations commencing on the first day of the financial year.

There are a number of minor stylistic and procedural amendments as a result of these changes. Where appropriate, similar amendments have been made in relation to the DDSO provisions.

The bill contains a number of application and transitional provisions explaining how the new provisions affect existing instruments.

In summary, the bill makes several critical and other highly desirable amendments to the current regime for universal service in telecommunications. Together, the amendments will significantly enhance the operation of the USO and DDSO to the benefit of the large number of Australians who depend upon them, as well as furthering the goal of providing untimed local calls in remote Australia.

INTERNATIONAL TAX AGREEMENTS AMENDMENT BILL (No. 1) 2000

This bill will provide legislative authority for the domestic entry into force of a new comprehensive double taxation agreement with Romania and an amending protocol to our existing agreement with Finland. The bill will insert the text of the agreement and the protocol into the International Tax Agreements Act 1953 as schedules to that Act.

The agreement between Australia and Romania was signed on 2 February 2000, and the Finnish protocol was signed on 5 November 1997.

Details of the agreement and the protocol were announced and copies made publicly available following the respective dates of signature.

The new Romanian agreement generally accords with the other comprehensive taxation agreements concluded by Australia in recent years.

The Finnish protocol amends the existing Finnish agreement to exempt from dividend withholding tax dividends paid out of fully taxed company profits. It also updates the agreement in other minor respects.

The Government believes the conclusion of the new agreement and protocol will strengthen trade, investment, and wider relationships between Australia and each of these countries.

The Romanian agreement will enter into force when diplomatic notes are exchanged advising that all of the necessary domestic processes to give it the force of law in each country have been completed. The Finnish protocol will enter into force 30 days after the later of similar notifications. The enactment of this bill, and the satisfaction of the other procedures relating to proposed treaty actions, will complete the processes followed in Australia for those purposes.

Full details of the amendments are contained in the explanatory memorandum.

I commend the bill.

Debate (on motion by Senator O’Brien) adjourned.
Minister for Transport and Regional Services) (3.39 p.m.)—I move:

That this bill be now read a second time.

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

Leave granted.

The speech read as follows—

The amendments proposed by this bill provide a clear message to participants in the illicit market in tobacco that the Government is taking prompt and resolute measures to protect the Excise revenue.

The package of measures in this bill will strengthen the statutory framework within which the Australian Taxation Office can combat the illicit tobacco trade. These measures cover the range of illegal activity that threatens to undermine the revenue base for tobacco excise—from the growing of plants destined for the illicit market, to the retailing of under-the-counter chop chop.

As an indication of the seriousness with which the Government seeks to counter the illicit tobacco trade, the maximum penalties for relevant existing offences will be increased tenfold.

A number of new offences, specific to the unauthorised movement, dealing and possession of tobacco leaf, will be introduced. In addition to fines, they will provide for maximum terms of imprisonment of 2 years. The maximum pecuniary penalties will be set at 500 penalty units, (currently $55,000) or 5 times the duty that would be payable if the tobacco leaf had been manufactured into tobacco and had been entered into home consumption.

Tobacco seeds, tobacco plants or tobacco leaf that is found outside the regulated sector will be seized, forfeited to the Commonwealth and destroyed.

These amendments will introduce a comprehensive licensing scheme for persons engaged in the tobacco industry. Only a licensed producer will be permitted to grow tobacco. Dealers in tobacco seeds, tobacco plants or tobacco leaf will also be required to be licensed. Manufacturers of tobacco, and of other excisable goods, will continue to be required to be licensed, and the new licensing scheme will also apply to the proprietors of premises where excisable goods on which duty has not been paid will be stored.

Rigorous criteria will be applied to applicants for licences, and a failure to comply with licence conditions may result in the suspension or cancellation of licences.

Transitional measures will provide for existing licences and registrations to be treated as licences under the new scheme.

Following discussions with tobacco producer cooperatives it is proposed that a system of monitoring the movement of bales of tobacco leaf be introduced. This will involve identifying labels being attached to tobacco leaf bales as a means of authorising the movement of tobacco leaf from the premises of producers and dealers. This will impose some relatively minor additional record-keeping costs, but will greatly assist in the identification of the movement of tobacco leaf to the illicit market.

The existing power of Excise officers to stop and search conveyances will be extended. Trucks and other means of transport will be able to be stopped and searched for tobacco leaf or excisable goods if the officer has a reasonable suspicion of an offence being committed.

To deter distributors of illicit tobacco an infringement notice scheme will be introduced for the less serious offences. Persons who, without authority, sell or possess excisable goods on which duty has not been paid will face an infringement penalty of 20 penalty units, currently $2,200. This will provide an efficient means of addressing the retailing of illicit tobacco. Persons who, instead, are prosecuted in court for this offence will, on a strict liability basis, face a fine of up to 100 penalty units or $11,000. For the more serious offences, the prosecutor could seek a fine of up to 500 penalty units, a term of imprisonment of up to 2 years or, if the court thinks fit, a combination of both.

Taken together the amendments proposed by this bill will improve the capability of the Australian Taxation Office to more effectively target its compliance enforcement activities against the illicit tobacco trade. They will also provide the means to counter arrangements that seek to defer liability to excise duty, or present a risk of duty evasion. Overall, they will help to protect the excise base which constitutes a significant proportion of Australia’s taxation revenue.

Full details of the measures in this bill are contained in the explanatory memorandum.

I commend the bill.

Ordered that further consideration of the bill be adjourned to the first day of the 2000 spring sittings in accordance with standing order 111.
GOODS AND SERVICES TAX: PET MEAT AND DOGS BONES

Senator WATSON (Tasmania) (3.40 p.m.)—Madam Deputy President, I seek leave to provide an explanation in relation to sales tax and a question that was asked in relation to the GST on pet meat and dogs bones.

Leave not granted.

GREENFIELDS FOUNDATION

Senator FAULKNER (New South Wales—Leader of the Opposition in the Senate) (3.42 p.m.)—I move:

That the Senate—

(a) notes the repeated attempts of the Greenfields Foundation to avoid scrutiny by the Australian Electoral Commission (AEC);

(b) shares the concern expressed by the AEC in its ‘Election 1998—Funding and disclosure’ report that the Greenfields Foundation provides a model for those who wish to avoid full and open disclosure of political donations;

(c) supports the recommendations of the AEC which are designed to prevent such potential circumvention of the intention of the public disclosure provisions in the Electoral Act; and

(d) calls on the Government to bring forward legislation to amend the Electoral Act in accordance the recommendations of the AEC.

Without doubt, the Electoral Commission’s funding and disclosure report, Election 1998, vindicates all of the concerns that the opposition has expressed about the Greenfields Foundation. After extensive inquiries—and, of course, in the face of serious obfuscation from the Liberal Party and the Greenfields Foundation—the AEC has found that the Greenfields model was a device for avoiding the disclosure of political donations, for avoiding the disclosure provisions of the Commonwealth Electoral Act. Basically, the AEC found out what the Labor Party has suspected for a long time: that the Greenfields Foundation is a money laundering vehicle through which the Liberal Party has consistently concealed those who have donated to it. The Electoral Commission’s report paints a very unflattering picture of the Liberal Party and a very unflattering picture of the Howard government. It shows up the government for the hypocrites that they are on this question of disclosure of political donations.

This is the same government that is reviving up the ACCC with a vast and complicated regime to ensure that shopkeepers and businesses are complying with its unfair GST. This is the same government that preaches the doctrine of mutual obligation and places more and more conditions on the recipients of benefits. It is a government that is very keen to regulate everybody except its own political machine.

When it comes to the Liberal Party’s compliance with the laws governing its financial affairs or the electoral laws, the AEC has found that the Liberals seek to evade the law, that the Liberals seek to deny the facts, that they always are on the lookout for loopholes, that they conjure up devices to avoid their responsibility—and, of course, in doing so, they show how not to be a law abiding organisation. This is the example that the Liberal Party sets for the rest of the nation. The Liberal Party in its evasive behaviour over Greenfields has shown complete contempt for the law of the land.

The Greenfields loophole was engineered by the Liberal Party, and the criticisms contained in the Electoral Commission’s report are criticisms of the Liberal Party and of its senior political representatives—their current National Director, Mr Lynton Crosby, the former National Director, Mr Andrew Robb, and of course the Prime Minister, Mr Howard. Greenfields was, and apparently still is, part of the shonky fundraising apparatus of the Liberal Party. I would like to take this opportunity today to detail for the benefit of the Senate the history of this sleazy outfit, the Greenfields Foundation. It has a nice name, a very nice name—the Greenfields Foundation—but it does not have a very pretty history.

It all began back in 1994-95. We had a situation where the national office of the Liberal Party was in financial trouble, as happens to all political parties, let me quickly say—political parties of all persuasions have financial trouble, and that is what happened
to the Liberal Party. The National Australia Bank requested the title to Menzies House as security for the Liberal Party’s substantial overdraft. They had run up quite a debt in the 1993 federal election. The treasurer of the Liberal Party at the time, one Mr Ron Walker, was given the task of remedying the situation. Of course he is entitled to do that. He is entitled to work for the political party that he is a long-time supporter and member of, provided that he acts within the law. That is the obligation on Mr Walker: whatever he does has to be lawful. What occurred was that, at least by Mr Walker’s own admission—we have no proof of it—he came up with $4.6 million himself in the form of a guarantee over the debt. Mr Ron Walker guaranteed the Liberal Party’s $4.6 million debt to the National Australia Bank, and Mr Walker then apparently assigned his debt to the mysterious Greenfields Foundation, a so-called ‘charitable’ foundation, some time in mid-1996. You have to ask yourself: why would Ron Walker want to avoid disclosure? Surely if he is putting $4.6 million—Senator Conroy—into the Liberal Party, you would think he would be proud of it. You would think he would be a hero in the Liberal Party. But, no, the official Liberal Party’s treasurer uncharacteristically chose to hide the fact that he had done this. He hid his light under a bushel. Ron Walker, Mr Modesty—the self-effacing Ron Walker—did not want the Liberal Party and its supporters to know what a hero he was, that he had fronted up with $4.6 million. He is not a vain man. He is not a boastful man, as we all know. He is not an extravagant man; he is just Mr Modesty. He did not let anybody know that he had fronted up with $4.6 million—an extraordinary act of generosity under the cloak of the Greenfields Foundation.

Note that Greenfields is not a registered company; it is a foundation. And Greenfields undertook this act of mercy for the Liberal Party with no interest charged at all. How generous! How extremely generous! What a tough job Ron Walker must have had convincing this supposed charitable foundation to cover the $4.6 million debt to the Liberal Party. I have to be honest: I do not think it really was too tough a job for Ron Walker because the Greenfields Foundation was just the Liberal Party’s old fundraising arm, the old Free Enterprise Foundation, reborn in a new impenetrable form. So up until 1995, the Free Enterprise Foundation donated huge sums to the coalition but was not required to reveal the donations it received. The then Labor government closed the loophole in the Electoral Act.

The Liberal Party, it seems, felt that it had to find another way to conceal its fundraising. Enter the Greenfields Foundation. Enter Mr Ron Walker. Lo and behold, two of the three trustees of the Greenfields Foundation are also trustees of the Free Enterprise Foundation; namely, Tony Bandle and the former National President of the Liberal Party, Sir John Atwill. The two foundations even shared the same post office box in Deakin West for some time. So the Liberal Party just swung its secret fundraising activities from one foundation to another. It is like the way a car thief would try to avoid being caught by changing the number plates on a stolen car: same car, different plates—same dodgy fundraising outfit, just a slightly different structure to steer it through a loophole in the act.

The Liberal Party has made only token repayments of the debt it has with Greenfields. As much as we can detect, the Liberal Party has repaid only $200,000 of the debt. On a loan of $4.6 million, that equates to an extremely generous interest rate of about two per cent. There was no doubt that these extraordinarily generous terms represented a significant benefit to the Liberal Party. It is no wonder that the AEC got a little suspicious. It is no wonder the AEC wrote to Greenfields back in 1997 to ask them to put in an annual return. One of the Greenfields trustees, Tony Bandle, wrote back to the AEC in January 1998 to the effect that Greenfields was not an associated entity of the Liberal Party. In his letter, Tony Bandle had the gall to say that Greenfields did not operate for the benefit of any registered political party. It is no wonder that the AEC got a little suspicious. It is no wonder the AEC wrote to Greenfields back in 1997 to ask them to put in an annual return. One of the Greenfields trustees, Tony Bandle, wrote back to the AEC in January 1998 to the effect that Greenfields was not an associated entity of the Liberal Party. In his letter, Tony Bandle had the gall to say that Greenfields did not operate for the benefit of any registered political party. It is no wonder that the AEC got a little suspicious.
misleading claptrap from Mr Bandle. What a joke! To say that that conferred no benefit on the Liberal Party was a deliberate and calculated lie. The AEC’s assessment states:

It was concluded that Greenfields was treating the Liberal Party in an uncommonly favourable manner in that it appeared that annual repayments of only $100,000 on the original debt of $4,750,000 had been demanded and that no interest had been charged or demanded. The AEC’s view was that the trustee’s lenient treatment of the Liberal Party in servicing the debt represented a benefit to the party.

Over June and July 1998, the Liberal Party had a lot of meetings with the AEC. The opposition was putting pressure on it in the parliament. To their credit on this one, the AEC were not snowed by the Liberal Party and its mates at Greenfields. On 23 July 1998, the relationship between Mr Ron Walker and the Greenfields Foundation was revealed in the Financial Review. Again, you have to ask yourself: why would Ron Walker want to avoid disclosure? Surely, if he is putting up so much money, he would be proud of it. You think he would be a hero—a modern day Rockefeller. You would think he would be seen as a philanthropist for the needy, for that great charity at the top end of town—the Liberal Party. To all the spivs and urgers in the Liberal Party boardroom, you would think Mr Walker would be a hero. But, of course, no, he chose to hide it. He chose to disguise this extraordinary act of generosity under the cloak of the Greenfields Foundation.

Let us skip forward to January 1999, when the AEC served Greenfields with a notice under section 316 of the Electoral Act to produce documents. That was a serious step for the AEC to take. Failure to comply with such a notice is a criminal offence and the fine is hefty. In June 1999, such was the concern at the AEC over its Greenfields investigation that the AEC briefed senior counsel to advise it on the Liberal Party’s use of the Greenfields loophole and its apparent failure to disclose. At around this time, the AEC also started closely consulting the Director of Public Prosecutions in relation to Greenfields. In December 1999, the AEC found that Greenfields was, in fact, an associated entity—as the opposition had been saying. As a result, Greenfields was finally forced to lodge a return with the Australian Electoral Commission some two years after it was requested to do so. In a fit of petulance, the Greenfields heavies refused to sign the return, such is the contempt for the law in the Liberal Party and the Greenfields Foundation. I doubt very much if the tax office is going to allow small businesses such latitude with their tax returns and payments under the GST, but it is okay for the Liberals!

The AEC furnished the minister with its report on Greenfields on 17 March 2000. This report was part of the AEC’s Funding and Disclosure Report—Election 1998. The responsible minister, Minister Ellison, then sat on the report until the last round of estimates had finished, such was his courage of course in facing up to questions about Greenfields and his confidence in the propriety of the activities of the Liberal Party and the Greenfields Foundation. Naturally, the Electoral Commission was concerned about the ‘uncommonly favourable manner’ in which Greenfields treated the Liberals’ debt to it and found that Greenfields’ ‘lenient treatment of the Liberal Party in servicing the debt represented a benefit to the party’.

Despite the Greenfields Foundation lodging, under protest, disclosure returns covering from 1996 to 1999, the AEC made it clear in its report that it did not believe this sleazy Greenfields operation was consistent with the spirit of the disclosure provisions of the Commonwealth Electoral Act. The report states, ‘A person ... or in certain circumstances a corporation’ could avoid disclosure by ‘a series of transactions based on the Greenfields model’, and recommends that the loophole be closed ‘as a matter of priority’. Labor has been arguing for three years that this loophole, exploited by the Liberals, should be properly closed. I suppose the AEC had to take at face value what Mr Ron Walker said—his assertion that he personally covered the $4.6 million debt. But the AEC warns:

Should the creditor not have any individual disclosure obligations, for instance as an associated entity, the identity of the guarantor—the real source of the funds—need not be disclosed anywhere.
In other words, the Liberal Party has engineered a mechanism to hide the identity of its real political donors.

This story of the Greenfields Foundation is a story of lies, deviousness, obstruction and cover-up by the Liberal Party. The actions of the Greenfields Foundation were sanctioned by the Liberal Party at the highest levels. They were coordinated by the Liberal Party at the highest levels. They were organised by the Liberals at the highest levels. In doing so, the impact of this exposure of the activities of the Greenfields Foundation and the Liberal Party severely sullies the credibility of the Liberal Party, if the Liberal Party has any credibility left.

Through the AEC’s diligent inquiries we have now discovered part of the Greenfields story. The parts of the Greenfields story we do not know—which are very important parts, and Labor will continue to attempt to get to the bottom of them—are: who really put up the $4.6 million, and for what political reason did that person or company put up the money? They are important issues, and the Labor Party will not let them go. We will eventually get the answer to those two questions. But what we now know is that the Liberal Party established the Greenfields Foundation as the vehicle for hiding secret political donations and that has been exposed at last by the Australian Electoral Commission.

The Liberal Party’s behaviour in this has been absolutely disgraceful. It has shown complete contempt for the law. It has shown the sort of arrogance that has become part and parcel of the modus operandi of the Howard government. I think the public is right to expect that governments will act in the public interests, not in the interests of the big end of town; and it is only in the interests of the big end of town that this sleazy operation has been conducted. The Liberals have just been caught out on the Greenfields rort. They have been caught out by the AEC, they have been caught out by the Labor Party. We intend to get to the bottom of Mr Walker’s role and the role of the Liberal Party and the sleazy outfit that is the Greenfields Foundation. (Time expired)

Senator ELLISON (Western Australia—Special Minister of State) (4.01 p.m.)—Today we have heard a lot from Senator Faulkner in relation to the Greenfields Foundation. It is something that he has been on about for some time. In fact, the language he has used today has not changed. I think that the language that has been used by the opposition, particularly by Senator Faulkner, shows exactly the lack of objectivity that they bring to this debate. When you look at the Funding and Disclosure Report—Election 1998, you do not find that the AEC found the Liberal Party sought to evade the law and you do not find that the AEC found that the Greenfields Foundation was seeking to evade the law or that it was a money laundering racket, as alleged by Senator Faulkner. But what you do find is that there was an inquiry carried out by the AEC in relation to the Greenfields Foundation, that the Greenfields Foundation took a view that it was not an associated entity and that the AEC took the view that it was.

In coming to that conclusion there had to be inquiry on the side of both the AEC and the Greenfields Foundation. The Greenfields Foundation stood firmly by the view that it was not an associated entity. But when the AEC decided that it was and that it should provide these returns, the Greenfields Foundation did so. It did so under protest. It said, ‘We provide this information even though we don’t agree with the assessment.’ It is not uncommon in a number of areas of business today, and in areas of government interfacing with business, to hear people saying, ‘We provide you with this information under protest because we do not believe that we have to. But you’ve made a decision that we should, and we will.’ That is entirely appropriate. There is nothing sleazy about that. There is absolutely nothing which would indicate evasion of scrutiny or an attempt to evade scrutiny in that. Greenfields complied with the request made by the AEC. The fact that they had a different view, or a view that did not sit comfortably with Senator Faulkner, does not matter a jot. In fact, the fact that the Greenfields Foundation regarded that it was not an associated entity and Senator Faulkner thought it was is of no great moment.
If Senator Faulkner and the opposition were genuine they would look at this report in detail and at some of the other recommendations that I will come to in a moment. If they were genuine they would look forward to the matter being referred to the Joint Standing Committee on Electoral Matters. That is the proper venue for this to be looked at. The government would, of course, take on board any report by that committee, as it usually does. That would be the proper way of working through whether any amendment was needed to the Electoral Act. The AEC goes into some detail as to how some amendment to the act could be made in relation to deeming or that a guarantee be deemed to be a gift for the purposes of the disclosure provisions of the Commonwealth Electoral Act. That is a submission, a recommendation, made by the AEC in the funding and disclosure report which takes its place among many other recommendations. Those recommendations the government will have regard to and, more appropriately, those recommendations should be considered by the Joint Standing Committee on Electoral Matters. There is nothing in this report which says that Greenfields is in any way sleazy or a money laundering racket or that it is evading detection by the AEC. What we have here is a very matter-of-fact recommendation by the AEC in looking at a provision—a rather technical provision—dealing with how one looks at a guarantee for the purposes of the Commonwealth Electoral Act.

As I mentioned, this report relates to other areas. I note that Senator Faulkner, once again, only concentrates on the Greenfields Foundation. He does not mention any of these other recommendations. It is interesting that he does not, because it shows the bias that the opposition have in relation to this. If they were dinkum about fixing or amending anything in relation to the Electoral Act, we would hear debate on some of the other recommendations which deal with payment of election funding, registration of political parties, party constitutions and election and referendum returns by broadcasters and publishers. All those aspects were covered by the AEC in its report, but we hear nothing from Labor. In fact, all we hear is 'the Greenfields Foundation' again and again, ad nauseam.

Let us look at what the Labor Party is saying in relation to Centenary House, a property which it owns. Absolutely nothing. Why? Because when the Labor Party was in government it arranged a rental arrangement whereby there would be a multimillion dollar income stream, courtesy of the taxpayer, to the Labor Party via a lease with exit conditions which made it impossible for the National Audit Office to break it. So when the Labor Party was in power it had a situation where the National Audit Office entered into a lease agreement with a property owned by the Labor Party under conditions which were not only burdensome but had exit conditions making it virtually impossible for the National Audit Office to break that lease if it had to. It is all very well for the Labor opposition to come in here and talk about the Greenfields Foundation. Why doesn’t it talk about what it did with Centenary House?

But there is also another aspect. We are talking about a foundation here which the trustees maintain was set up for charitable purposes. I wonder why the Labor opposition does not talk about the funding of the Labor Party by the trade union movement. In fact, why do we not have disclosure provisions, which everyone wants to apply to corporate Australia, applying to the trade union movement? We hear a deafening silence from the Labor Party in relation to this. They are all very quick to talk about corporate donors giving money to various parties, but you hear absolutely nothing from them in relation to some disclosure in relation to trade union movements and where they apply their money.

I note that this was just a subject of comment the other day by the Melbourne University in a report which looked at corporate donations. The Melbourne University Centre for Corporate Law and Securities Regulation concentrated on disclosure by corporations, but not a word in relation to trade unions. What the Labor Party and institutions of this sort have been looking at are corporations and the duty to shareholders. But what about the duty of trade unions to members who might not want their money—the money they provided in fees—to go towards the Labor Party?
Senator Conroy—You fraud. They recommended shareholders voting, so your mates can’t just—

The ACTING DEPUTY PRESIDENT (Senator Knowles)—Order! Senator Conroy, I ask you to withdraw that comment.

Senator Conroy—Which one?

The ACTING DEPUTY PRESIDENT—The interjection. You know the interjection to which I am referring.

Senator Conroy—I actually don’t. I am not trying to be funny. I actually don’t know which one you think needed withdrawing.

Senator Schacht—Madam Acting Deputy President—

The ACTING DEPUTY PRESIDENT—I am not going to have two senators on their feet at the same time.

Senator Schacht—Madam Acting Deputy President, I raise a point of order. I just want you to rule which phrase it was that Senator Conroy used that was unparliamentary towards any sitting senator.

The ACTING DEPUTY PRESIDENT—To call the minister a fraud is unparliamentary, and I will ask you to withdraw it.

Senator Conroy—Thank you. I withdraw it.

Senator Ellison—It is easy to see how sensitive the opposition is in relation to this. You always get a bite out of them, don’t you? The fact is that they know darned well that they are totally biased and two-faced about this, because what they want is total disclosure from the corporate sector but no disclosure from the trade union sector. They do not want trade union members to have the same sort of protection as shareholders. If they were dinkum they would bring in secret ballots. Let us hear about that. If they were dinkum they would come up and say, ‘Yes, we don’t mind secret ballots.’

Senator Schacht—There are secret ballots.

Senator Ellison—Yes, Senator Schacht, there are secret ballots! I can tell, Senator Schacht, that you know darned well what the situation is in relation to the trade union movement. In fact, we saw the influence of the trade union movements getting value for money for their donations in the absolute backflip that the Labor Party did on industrial relations, going back to Keating days—and that is saying something—in relation to enterprise bargaining. What you have here is the left wing of the trade union movement now calling in the dollars that it has given to the Labor Party and getting a change in policy. That is something we do not hear Senator Faulkner talking about. We do not hear him talking about that. We do not hear him talking about Centenary House. We do not hear him talking about more disclosure for trade union donations, or the members being consulted as to where their money should go. No, nothing like that. All we hear is ‘the Greenfields Foundation’, and we have heard it ad nauseam for the last two years. What Senator Faulkner is trying to do is hang his hat on a recommendation in the funding and disclosure report which simply says:

The payment of a guarantee to be deemed to be a gift for the purposes of the disclosure provisions of the Commonwealth Electoral Act.

That is the recommendation—nothing about the Greenfields Foundation evading the act, nothing about the Liberal Party evading disclosure, nothing about Greenfields being a money laundering racket. What the AEC was looking at was a provision in the Commonwealth Electoral Act—nothing more, nothing less. This now should go to the Joint Standing Committee on Electoral Matters, where it can be properly considered. When the report of that committee is received, then the government will consider it. That is an entirely proper process.

Senator Faulkner in this motion demands that the government bring on urgent legislation to accommodate this recommendation. I would remind the Labor Party of the last time it rushed into making decisions in relation to electoral reform, and I point to the Electoral and Referendum Amendment Bill (No. 2) in 1998, where a hastily prepared amendment by the Labor Party resulted in a situation where a candidate in an election would have to disclose every single purchase he or she made under $1,500 on their credit card. It was so hastily put together that it had to be amended by the government so it was made
workable. That is why the government does not rush in to legislation and does not make legislation on the run in an important area such as electoral reform. We will consider any report from the Joint Standing Committee on Electoral Matters when it comes to hand, and so we should. But for the Labor opposition to say that we should rush into any amendment on the run is totally inappropriate. In fact, they just have to look at the bungled attempt they made to amend the Electoral and Referendum Amendment Bill (No. 2) 1998.

Senator Faulkner says that there was some attempt not to provide this report. It was tabled in time, entirely within the time limits. There has been no problem in relation to the tabling of this document. Senator Faulkner draws a long bow when he says that the government is in some way sensitive or concerned about this report. The government is not in any way sensitive about this report. In fact, as I have said, we have dealt with and we are looking at the recommendations, and we will deal with them when the Joint Standing Committee on Electoral Matters gives us its report. We are willing to look at all of these recommendations. We are willing to talk about them, as I have done today. We are willing to mention them—unlike the Labor opposition, which only singles out one recommendation, which it beats up as being an attack on the Greenfields Foundation. If they are dinkum, let us hear them talk about the recommendations—which go up to something like 16. Let us hear them use this time to usefully debate this, rather than to have partisan attacks in relation to the Greenfields Foundation.

But, of course, they are not dinkum about electoral reform. They are only intent on scoring a political point. If they were dinkum, they would talk about the rort with Centenary House. If they were dinkum, they would talk about trade unions being treated just like corporations in relation to donations and they would be calling upon trade union members to be informed and to have some say as to where their money went in relation to political donations. That is what they would do if they were dinkum, but they are not. You can see that by the language that they use. The very language they use is totally one of bile and vitriol and one of attempting to score a political point where there is none to be made. I would ask the opposition to join with the government in looking at electoral reform, to join with the government in looking at any report from the Joint Standing Committee on Electoral Matters and, in a constructive way, to join with the government in looking at these recommendations—rather than using this as an attempt to make some party partisan point which really does not exist.

We need to remind ourselves that Australia has one of the most rigorous disclosure regimes in the world today. Australia has one of the best electoral systems in the free world today and it has a rigorous disclosure regime, and that is one which is being looked at continually. In fact, you see that by the very process of this funding and disclosure report. It says to the Australian people that there is a system in place whereby the current electoral arrangements are continually under review. Not only do we have a review after each election, to see if we can do things better; we also have a periodical review of funding and disclosure in relation to political donations. You cannot do better than that. The system that we enjoy in this country is second to none, and the opposition would well be reminded of that, and would be well reminded to approach this in a constructive manner to make it better and to work on ways of improving our electoral system, rather than making some cheap, grubby attempt at scoring some political point.

But, if they want to go down that track, they should be open and tell the people of Australia about Centenary House and how when they were in government they got the Australian National Audit Office to go into a lease in relation to a property that the Labor Party owned. If they were dinkum, and if they wanted to go down that path, they should tell the Australian people about how trade unions fund the Labor Party and what say trade union members get in that. What say do they get? Are they consulted before trade unions give money taken from the fees of workers who might not agree with where that money is going? Perhaps the Labor Party
ought to think about that and dwell on why membership of the trade union movement is falling. Maybe that could be a reason. If Senator Conroy was dinkum, he would think about that. They might just also look at the provisions that they might like to bring into funding and disclosure in relation to the trade union movement and what demands it makes on the Labor Party in return for its financial donations. Whenever you raise this, you always get the very aggressive response that we have seen today, because it hits a nerve. Of course it hits a nerve, because they know darned well that it is true that the Labor Party is funded mainly from the union movement—

Senator Conroy—No, it is not—20 per cent!

Senator Ellison—Well, let us see that all disclosed and let us ask if all that funding is done as a result of consultation with trade union members. Let us ask that question—because we all know that there is absolutely no consultation whatsoever. This motion by Senator Faulkner is a cheap attempt to reig-nite whatever issue there was in relation to the Greenfields Foundation. The AEC has delivered a report with a lot of food for thought in its recommendations. The government says that this should go to the Joint Standing Committee on Electoral Matters and then we will deal with the report. That is the appropriate course of action, and we are not going to make any legislation on the run, as Labor tried to do when it bungled its attempt to amend the Electoral and Referendum Amendment Bill (No. 2) in 1998. We are not going to make the same mistake that the op-position did. We will do this in a considered manner.

Senator Bartlett (Queensland) (4.21 p.m.)—I rise to speak on behalf of the Demo-crats on the motion in relation to the Greenfields Foundation, and I congratulate Senator Faulkner for bringing it on, because it does raise some important issues and it provides an opportunity to consider at much greater length what is a very important report from the Australian Electoral Commission. Oftentimes in this place reports are tabled in quite great numbers and we only get a brief opportunity to debate, examine and consider them and highlight some aspects of them.

This motion provides an opportunity to look in much more detail at this one aspect of the report, and I think it is an important part. The broader report as a whole contains a range of recommendations—16 recommenda-tions, I think—across a range of areas relating to not just funding disclosure, although mostly, but also other aspects in terms of registration of political parties and other matters in terms of disclosure of returns. But it does have a specific chapter dedicated solely to the Greenfields Foundation, which I think highlights how significant this entity is and how clear-cut the case is that it has been used quite specifically to try to dodge the disclosure provisions in the act. You would not have the Australian Electoral Commis-sion dedicating an entire chapter of a report to a foundation if it was not quite clear that this was a matter of concern to them—an area where they believed the disclosure pro-visions of the act were being deliberately circumvented by this particular foundation. No observer could read this chapter or this part of the report, part 5, without coming to that conclusion. It is quite clear from what the AEC themselves have written that the Greenfields Foundation had been structured and was operating in a way specifically aimed at circumventing the disclosure provi-sions of the act.

It is important to emphasise why the disclosure components of the act are so impor-tant. This is an issue that the Democrats have worked on very hard for many years, going back to my Queensland predecessor Senator Michael Macklin in the 1980s. A number of the disclosure provisions and the initial com-ponents requiring reporting of donations go back to that time and some of the work of former Senator Macklin in particular, as well as to people from other parties. Over time, as often happens when you put in place provi-sions aimed at providing transparency and accountability for political donations, people look for ways to get around them. Subse-quent amendments to the act continue to need to be made to deal with attempts to circum-vent the intent of the act. There is no doubt that the Greenfields Foundation was clearly
an attempt to circumvent the disclosure provisions of the act. That can be demonstrated not only by the record of what it did but also by the difficulty the AEC had in getting requests met by the Greenfields Foundation—the difficulty they had in extracting information from the foundation. That record is also outlined in this part of the report.

A recommendation specifically goes to this matter, as Senator Ellison outlined, suggesting that the payment of a guarantee should be deemed to be a gift for the purposes of the disclosure provisions of the Commonwealth Electoral Act. That is a pretty straightforward recommendation. I am not sure why it would need an extensive examination by the electoral matters committee. I am a member of that Joint Standing Committee on Electoral Matters and it has just concluded its fairly extensive inquiry into the 1998 federal election. It will be bringing down its report in this chamber on the next sitting day, on Monday. It is obviously not appropriate to reveal the contents of the report in any way, but I do not think it is any great secret to suggest that disclosure provisions will get a mention in there. This is something that committee members are already well aware of and I do not see any particular reason why this recommendation needs to be examined by the committee before it could be incorporated in the act. It is quite a clear-cut and straightforward one, and obviously the AEC believes that it is important. It is worth quoting from paragraph 5.1.2 of the report, where the AEC states:

The failure of a donor to lodge a disclosure return and the inability of the AEC to identify that donor and enforce their disclosure responsibility is a serious loophole open to exploitation either intentionally or unintentionally.

Quite clearly in this case it was intentional. It is the opinion of the AEC that recent amendments to the act effectuated by the electoral and referendum amendment bill do not fully address the loophole—primarily because there remains no requirement for disclosure of the guarantor and therefore no link to the donor, the true source of the funds. Those amendments made to the act through the amendment bill last year were in part derived from a focus on the activities of the Greenfields Foundation. The amendments may or may not have been perfectly worded the first time they were put forward by the ALP, but I think it is appropriate to pay credit to the ALP and Senator Faulkner for persisting with this issue. There is no doubt that, without that focus on the activities of the Greenfields Foundation and that spotlight being shone on what they are up to, those changes to the act would not have been made. So it is worth acknowledging that this tightening has been made because of the focus of Senator Faulkner on the Greenfields Foundation. The AEC has expressed an opinion that the loophole is still not fully addressed. I think it is appropriate for the Senate to acknowledge that and to seek to act on it.

There is another specific section in the report where the AEC makes it quite clear that foundations established in a way similar to the Greenfields Foundation would still be able to do the same thing, even as the act currently stands. So this could still be occurring now. It is obviously, by definition, difficult to identify if this sort of activity is deliberately being done because of the loopholes in the disclosure provisions. To quote again from section 5.6 of the report, the AEC states:

It is apparent that a person or, in certain circumstances, a corporation who wishes to avoid full and open disclosure could do so by a series of transactions based on the Greenfields model. So you have the AEC saying there quite clearly that people who wish to avoid full and open disclosure have a mechanism to do so. That is a matter of great concern to the Democrats and it should be of great concern to all parties in this place. Having full and open disclosure is an important part of having a credible electoral system.

All senators will agree that there is a degree of public cynicism about our political process, about the operation of political parties and about the influence of big money. It is on nowhere near as serious a scale as in the USA, but it is still there and it is a legitimate concern for the public to have. One of the best ways to address that concern is to ensure that we have disclosure provisions that are completely open, transparent and effective. When the Australian Electoral Commission,
an independent body established to oversee those provisions, tell us that the provisions as they currently operate are not fully effective and that there is a loophole—they are indeed pointing at a loophole and saying, 'Here it is, here’s how you can do it'—that obviously presents a serious problem and a potential threat to public confidence in the integrity of our political system.

It is an important issue and is one that should therefore be addressed urgently and acknowledged as serious. Senator Ellison spoke about union donations and whether union members should have a say in donations; others may talk about shareholders having a say as well. Those are important issues, but they should not be used as a distraction from the core issue that the AEC has identified in this part of the report, and they should not be used as a distraction from the core component of this motion. The AEC has identified this loophole, and the parliament has a responsibility to do something about it.

The issue of people having the opportunity to have a say in whether or not corporations or trade unions make donations is an issue that the Democrats have pursued from time to time. The main issue there is to have an even-handed approach. I know an independent report came down yesterday, which made recommendations that shareholders should have a say in corporate donations to political parties and suggested that company reports should disclose those donations. Company donations will now be disclosed through the Electoral Commission, but shareholders will not necessarily know to look there. I think it is a worthy recommendation to suggest that disclosure of those donations should be in company reports. For an even-handed approach, it would also be appropriate for similar provisions to apply through trade unions. The Democrats do not have a problem with that. As often happens in this place, you have one side suggesting that unions should do it and the other side suggesting that business should have to do it, but neither side suggesting that both should have to do it. The Democrats believe that both doing it could well be a good idea. However, that is not actually the focus of this motion, so I should not speak further on the topic, and it is not the focus of the Greenfields Foundation.

Senator Conroy—The minister did it at some length.

Senator Bartlett—I know the minister did it at some length, which is why I responded to it. But, while it is a worthy topic for consideration, it should not be used as a distraction from the key component of this aspect of the AEC report, which is that they have identified a loophole, they have stated that it clearly can be used to avoid full and open disclosure, and they have put forward a recommendation to close that loophole. That is a self-contained issue, separate from some of those other issues about corporations or trade unions, and it should be considered on its merits. The motion that we are debating today specifically addresses that. I would hope the government takes it seriously and does acknowledge that it is a serious issue. If we have a loophole in the act that allows disclosure provisions to be avoided, we should close it.

The AEC produce reports like these at public expense for us to act on. They do not produce them for their own amusement or their intellectual gratification. They produce them so that recommendations can be acted upon. Obviously, the recommendations have to be fully considered before they are acted on, but this issue is not a new one. The issue of the Greenfields Foundation has been going on now for three or four years. Indeed, this chamber considered it in detail when we were making those amendments to legislation last year. It is not something that we need to examine from scratch; it is something that we already have a good understanding of. The AEC has pointed to a simple action, and the Democrats believe that that recommendation should be actioned. We support the motion as moved by Senator Faulkner and would hope that the government do take it seriously as, hopefully, they will take seriously the much broader report of the Joint Committee on Electoral Matters when it is tabled in this chamber on Monday.

Senator Conroy (Victoria) (4.35 p.m.)—I have to agree with my colleagues that the report by the Electoral Commission is damming of the Liberal Party and damming
of Ron Walker, the federal treasurer of the Liberal Party. As is now clear from the report of the Electoral Commission, Ron Walker prefers to conduct his activities in a surreptitious manner. As the Electoral Commission recommends, such activities should be disclosed. Ron Walker is not an individual of integrity, and his litany of deceit and misdeeds can be traced back over many years.

When Ron Walker first stood for Melbourne City Council, he said he was 30. This was not true. In actual fact, he was 28. His reason for lying? An article from the Good Weekend of 17 July 1999 states that Ron Walker had not believed a man of his youth could get elected. 'Let's just not tell the electors of Melbourne the truth.' These are the ethics of Ron Walker. He told another journalist at the time that he had put his age up at 17 to land a sales job. Ron Walker’s life of deceit started early. An early Who’s who entry states that Ron Walker attended Melbourne University. What did he study? It is reported in an article in the Age of 3 March 1996 that he had told the Sunday Age that he had studied chemistry. The University of Melbourne has no record of Ron Walker graduating. The current Who’s who entry is silent on whether Ron Walker has any tertiary qualifications. But journalists have to be careful what they report about Ron Walker. It was reported in an article from the Age on 3 March 1996 that one town hall reporter for a daily paper wrote a mildly critical appraisal of Ron Walker’s first eight months as Lord Mayor, including the fact that Ron Walker had muddied the details of his real age. The article states:

... the story was never run and mysteriously, the reporter was transferred immediately to the ‘graveyard’ police rounds night shift ... for three years.

In another incident, Walker asked a journalist to pull a story regarding Walker’s great friend Lloyd Williams. Dominion Properties, of which Lloyd Williams was a director, was ordered to demolish a South Yarra block of flats because they had been built without planning permission. The journalist reported that Walker had stepped in to try to help Williams. The journalist, however, had courage and integrity and did not succumb to Ron Walker’s request to pull the story.

Let us move on in listing Mr Walker’s litany of misdeeds. Ron Walker is often congratulated on building up his Brooke Barmer group. This group was, under the ownership of Ron Walker, one of the biggest private chemical companies in Australia. In 1976, a fire occurred at a chemical factory of Ron Walker’s. The arson squad was called in and an investigation was undertaken. By Ron Walker’s own admission, the business was ‘struggling’. In fact, I understand that the ANZ Bank was going to put in an administrator the following week. But no, Ron got wind, the building burnt down and the insurance was claimed. Was the fire just a coincidence? I leave you to judge. Around the same period, Ron Walker was also involved in giving secret commissions to Norm Gallagher, the former secretary of the Builders Labourers Federation.

Senator McGauran—Madam Acting Deputy President, I rise on a point of order. It is about relevance in relation to the general business today. This is a deeply personal and abusive attack upon Mr Ron Walker, who I would hope has the opportunity to respond to such accusations.

The ACTING DEPUTY PRESIDENT (Senator Knowles)—What is your point of order?

Senator McGauran—It is a matter of relevance. We are dealing with the Greenfields operations here. We are dealing with the AEC report. I think we should just keep the debate in the bounds of federal politics.

Senator Ellison—Madam Acting Deputy President, on the same point of order: this in no way goes anywhere near the motion that we are debating from Senator Faulkner. It is a vitriolic and untrue attack on an individual. There is no relevance in it. It should be ruled out of order.

Senator Schacht—Madam Acting Deputy President, on the same point of order: I have listened to most of Senator Ellison’s wide-ranging speech on this matter. It covered many areas. I have also listened to the remarks of Senator Conroy, who has pointed
out that Mr Walker was a founding member of the Greenfields Foundation and has pointed out his business background. In a speech of 20 minutes, I think putting the full context of where people have been in this matter is not unreasonable and is certainly in the bounds of relevance.

The ACTING DEPUTY PRESIDENT—There is no point of order, but I draw attention to the privileges and right of reply that any person has, and I draw Senator Conroy’s attention to the actual motion before the chamber.

Senator CONROY—Thank you, Madam Acting Deputy President. I acknowledge your drawing my attention to the privileges and the right of reply, and I look forward to any right of reply that might be exercised. This is all very relevant to Mr Walker’s conduct in his creation of Greenfields. This is a motion about Greenfields and the Liberal Party’s misconduct in breaching the Commonwealth Electoral Act, which is what they have done in a deceitful way, driven by Mr Walker, who is behind the Greenfields Foundation. Don’t be distracted by claims from the other side that Mr Walker’s character and conduct are not relevant. They are very relevant to this motion. They go to the heart of the deceit that is exposed in this report.

I want to return to Mr Walker’s giving secret commissions to Norm Gallagher. It was at the royal commission into the activities of the Australian Building Construction Employees and the Builders Labourers Federation. Mr Walker gave evidence that Melbourne City Council gave to Norm Gallagher trees and shrubs of an undisclosed value. Ron Walker was at the time Lord Mayor of Melbourne City Council. Page 79 of the report of the commissioner says:

The goods and services provided to Gallagher or at his request are many and varied and are outlined in some detail in the schedule which is contained in the next succeeding paragraph of this Report. Some of the favours granted are significant in their magnitude and some are trivial. Each one, however, has resulted from the personal approach made by Gallagher to the “giver”...

Further down on page 79, it continues:

The evidence also makes it clear that those who granted the favours have done so because of an understandable desire not to offend Mr Gallagher.

How does Ron Walker explain his actions?

Senator Ellison—He was one of yours.

Senator CONROY—He was not one of mine. How does Ron Walker explain his actions? It is reported that Ron Walker said:

I guess it was a gesture, you might say.

On the one hand, Lloyd was building his house—Lloyd has fessed up to it—and, on the other hand, his great mate Ron Walker was doing the landscaping for the house. Lloyd, who was, as I have said, a great mate of Ron Walker’s, and Lloyd’s company, Dominion Properties, were also involved in paying secret commissions to Norm Gallagher. Questions still need to be answered. If I may, I will read briefly from an article by Glenn Milne which appeared in the Australian on 25 March 1996. The article says:

In Melbourne business and political circles, Walker is known as “Wong Job Won”, a nickname allegedly earned as a result of a conversation between Gallagher—who has a speech impediment—and Walker after the BLF stopped a concrete pour on a job being carried out by Williams’s and Walker’s construction company, Hudson Conway. Walker allegedly rang Gallagher and asked what was going on. After checking, Gallagher called back and by way of apology declared “Wong Job Won”. The basis on which Walker believed Hudson Conway was exempt from such BLF actions remains a matter of conjecture.

There is no writ there. No-one is questioning Glenn Milne’s article. It does remain a matter of conjecture, but it is pretty clear that Ron Walker has a lot of explaining to do. Then we turn to the casino bid. Lloyd Williams and Ron Walker had now gotten together in other ways. Together with Sir Roderick Carnegie, Lloyd Williams and Ron Walker formed Hudson Conway, the holding company of the company which won the licence for the Melbourne casino. Ron Walker served as a director of Hudson Conway from 25 February 1987 to 16 February 2000. Several issues have arisen in the context of the bid for the casino licence which remain unanswered. Did the former Victorian Premier Mr Kennett give Ron Walker an unfair advantage over other rivals for the casino licence? How was
that Crown knew to raise its bid in the last
months of the tender to match its rival? How
did Ron Walker know increasing the bid by
$135 million would make the bid competitive
to Sheraton’s?

There are also questions about whether
Ron Walker abused his position as chairman
of the Melbourne Major Events company by
not announcing during the tender period that
he had negotiated an agreement for the Adel-
laide grand prix to be moved to Melbourne.
Ron Walker signed the deal to bring the
grand prix to Melbourne in March 1993, but
a formal announcement was not made until
December 1993. It has been reported that, if
that announcement had been made prior to
the end of the tender period, Crown’s rival,
Melbourne Casinos Ltd, would have upped
its bid. The value of the inside knowledge to
the Crown bid is obvious from what has now
been revealed from tapes of Crown’s busi-
ness plan presentation to the Casino Control
Authority. The following quote is from an
article in the *Age* of 10 April this year. Part of
the transcripts of the tapes are reproduced.

Mr Ken Carnie, Communications Director
for Crown, is reported as having said to the
authority:

I must ask on this last slide that you will be shot if
you mention this outside this room. I have here
the signed contracts for the Grand Prix for Victo-
ría. This is not just a promise, this is for real—we
have the documents signed by FOCA in London.
Ron Walker and I went to London and concluded
that deal. What it amounts to is the biggest sport-
ing property in Australia by a long way, producing
a television audience of 510 million.

Crown and Victoria’s name behind them is a huge
boost to this city. It goes to 122 countries and
there (are) various calculations on economic bene-
fit of between $60 million and $70 million. We
would like to tie this event to our tourism pro-
gram—

this is Crown casinos, so ‘our’ tourism pro-
gram—

and that’s been brought to you by the management
team of Crown and their relations with other
forces, both CUB and Melbourne Major Events.

The reason it is very important that you don’t
walk out and discuss this is we have signed a se-
crecy agreement that could blow this out of the
water. The deal with Adelaide clearly has to be
terminated; that’s a political matter.

I do seek your full and utter confidence that this
does not go outside the room. . . . The same level of
confidentiality exists within the State Government
because they are hiding this arrangement and we
get shot by them if we leak.

That extract from the tapes clearly shows
Ron Walker lacks integrity. He used informa-
tion which he acknowledges the state gov-
ernment was keeping confidential and which
he obtained in his capacity as chairman of the
Melbourne Major Events company to his
own commercial advantage. Ron Walker is
not a man to be trusted. He lacks integrity.

**Senator Ellison**—Madam Acting Deputy
President, I rise on a point of order. Apart
from the tedious repetition which we are get-
ing from Senator Conroy—tedious repetition
is not in the standing orders—there is a ques-
tion of relevance and drawing Senator Con-
roy’s attention to the motion at hand, which
deals with the recommendations made by the
Australian Electoral Commission in its
funding disclosure report and which has
nothing to do with the personal history of Mr
Walker and the untrue allegations made by
Senator Conroy. I ask that you bring Senator
Conroy back to the motion.

**Senator Schacht**—Madam Acting Deputy
President, on the point of order: Senator Con-
roy has been speaking about the character of
the figure who was the major founder of the
Greenfields Foundation. You would also find
that some of the companies Senator Conroy
has been mentioning associated with Mr
Walker are donors to the Greenfields Foun-
dation. If Mr Walker objects to anything
Senator Conroy has said, he has the right to
lodge a document with the privileges com-
mittee. If they agree, and they usually do, it
will be printed under privilege and made
available. He has every opportunity to re-
spond.

**The ACTING DEPUTY PRESIDENT**
(Senator Knowles)—There is no point of
order, but I do draw Senator Conroy’s atten-
tion to the motion before the chair.

**Senator CONROY**—Thank you, Madam
Acting Deputy President, I appreciate your
view. This demonstrates that Mr Walker does
not know a conflict of interest when he has
one. Then we turn to the Gas and Fuel Corporation and Gleem Pty Ltd. The casino bid is not the only misdeed of Hudson Conway when under the management of Ron Walker. We are still to obtain answers on the matters which arose in connection with the construction of a building by the Gas and Fuel Corporation of Victoria by Gleem Pty Ltd, a company at the time associated with Hudson Conway. It has been alleged that large-scale and important misrepresentations were made to the Gas and Fuel Corporation by Gleem Pty Ltd or its owning company, Hudson Conway Ltd. A major fraud investigation was also conducted in relation to Gleem Pty Ltd on whether or not the state government of Victoria was the subject of fraud to the tune of some $6 million. I will turn to the Victorian parliamentary Hansard. It outlines what the Gleem case is about:

The civil action between Hudson Conway and Gas and Fuel is being handled for the government by Mr. Graham Brooke, the administrator of the SEC shell. The solicitors from Mallesons Stephen Jaques handling the matter are Mr. Graham Thompson and Mr. Jim Delkousis.

Under approved legal procedures—the discovery process—a number of Hudson Conway documents were provided to Mallesons. The documents led Mr. Delkousis to prepare a 32-page affidavit stating that Hudson Conway charged the Gas and Fuel Corporation $20.5 million in building costs when the actual costs were $14.2 million—figures recently published in the Age—and claiming that represented an attempt to obtain a financial advantage.

Secondly, it is alleged there was an attempt by Hudson Conway to deceive Mallesons about the true cost of building the premises and thereby further financially disadvantaging the Gas and Fuel. Thirdly, it is alleged a statutory declaration was passed to the Gas and Fuel which Hudson Conway and the government knew to be false.

That is the Victorian parliamentary Hansard outlining that case. No charges have been laid yet but the investigation is a long-running saga.

Then there is the case of Amadio Pty Ltd, a subsidiary of Hudson Conway. In a judgment confirmed by the Supreme Court of Victoria, it was found that Hudson Conway and Amadio Pty Ltd had been involved in misleading and deceptive conduct in relation to the sale of a Coles Myer building. It was found that Hudson Conway had permitted the use of a letter which contained an opinion that, to the knowledge of Hudson Conway, was not held honestly or on reasonable grounds. But then Ron Walker has always had trouble understanding what it means to be honest.

Now, finally, it has been revealed by the Electoral Commission in its report, Funding and Disclosure Report—Election 1998, that the deeds of Ron Walker are not to be admired. It just shows how far he will go to further his own commercial interests. My colleagues have said earlier how damming the report is for the Liberal Party. The Liberal Party and Ron Walker are both to be condemned for their disgraceful behaviour over the Greenfields Foundation, for their lack of integrity and for their complete disregard for the interests of Australia and the system of democracy in Australia. Ron Walker should not be trusted. Ron Walker had Premier Kennett in his own back pocket and now he is going after the federal Liberal Party. The Electoral Commission report says:

It is apparent that a person, or in certain circumstances a corporation, who wished to avoid full and open disclosure could do so by a series of transactions based on the Greenfields model. The AEC believes that such potential circumventions of the intention of the public disclosure provisions in the ACT should be addressed legislatively as a matter of priority.

The foundation put in place by Ron Walker is not in the public interests; it is in the interests of Ron Walker. The AEC found that the Greenfields Foundation, the foundation set up by Ron Walker, was:

... treating the Liberal Party in an uncommonly favourable manner.

The AEC stated that in its view:

... the trustee’s lenient treatment of the Liberal Party in servicing the debt represented a benefit to the party.

It has been reported that a senior Liberal shadow minister prior to the 1996 election said:

Walker is somebody who needs to be kept under control because otherwise he will try to use the power of the dollar to influence the decisions by the party.
Well, the Liberal Party have made a terrible mistake allowing Ron Walker to manage the party’s finances. Ron Walker has shown that he does not know or does not care about conflicts of interests. He has shown he will use his position improperly and to his advantage. He has shown that he does not mind playing with the truth. Now we find that Ron Walker has applied for a banking licence. Would you put your money in Ron Walker’s bank, Senator Lightfoot? I certainly wouldn’t.

Senator Lightfoot—Of course I would.

Senator CONROY—You have got to be joking. If Onebank is to be granted a banking licence, APRA will have to be satisfied that all the directors of Onebank, including Ron Walker, are individuals of integrity. I question whether Ron Walker could ever satisfy a fit and proper person test on his own. It is reported that Ron Walker has asked his Liberal Party associate, the federal Treasurer, Mr Peter Costello, to launch the bank. Has he asked for any other assistance from the Treasurer at this stage? But APRA have a responsibility under their act to ensure that a fit and proper person is granted a banking licence.

APRA need to ask some questions but, first, here is a little background. Trico, a famous Victorian company, as Senator McGauran would know if he was still here, gave a loan to a company that was independent called Seaworld. That is the Seaworld up on the Gold Coast. This was prior to it being purchased by Village Roadshow and Movie World. Seaworld was having serious difficulties. In fact, Trico set down some fairly tough default provisions. These included that, if Seaworld’s share price dropped below a certain level, it would be wound up, and this would have been disastrous for Movie World, which is owned by the adjoining Village Roadshow.

A number of questions arise out of this, and these are questions that APRA should ask. Has ASIC’s Queensland office conducted an investigation of Hudson Conway regarding its involvement with Seaworld? Did ASIC conduct an investigation of price ramping of Seaworld’s share price? Did any director or former director of Village Roadshow get issued with a share distribution and then get called in, resign their position and hand back or reduce their distribution? Were any directors of Village Roadshow interviewed by ASIC over this matter? Did Hudson Conway or any director in Hudson Conway receive any financial benefit from Village Roadshow or any favouritism? Did ASIC interview staff of Hudson Conway regarding the Seaworld share purchases? Did staff deny keeping records of said purchases? Did ASIC interview staff who then admitted that records were kept? Did ASIC serve a notice on Hudson Conway to produce these documents within 24 hours? Were these documents delivered to ASIC? Did ASIC raid Hudson Conway seeking these documents? Had these documents been destroyed? Was it 12 hours before the raid by ASIC when these documents were destroyed? Who was responsible for directing those documents be destroyed? Was the cleaner interviewed at his home? Did he admit he was directed by Hudson Conway officials to destroy the documents? Was the cleaner formally interviewed the next day? If this is true, when the cleaner was formally interviewed the next day following his interview the previous day at his home, did he arrive at the interview with ASIC with lawyers in tow and mysteriously suddenly need an interpreter because he couldn’t speak English? APRA must satisfy themselves that these are all questions that Hudson Conway and Ron Walker must answer. (Time expired)

Senator LIGHTFOOT (Western Australia) (4.58 p.m.)—I have been in parliament one way or another, state or federal, spanning some 15 years, since 1986. I do not think I have ever seen a more scurrilous, cowardly or irrelevant attack on a respected businessman in those years. Senator Conroy has made those appalling allegations against Ron Walker, but I know that there are people on that side who are decent enough not to be associated with those cowardly, big yellow stripe down the back remarks that Senator Conroy has made.

I am ashamed to be in the same room as Senator Conroy. In my political career, I do not believe that I have seen anyone as low as that admitted to Australian politics. I would not have believed that sort of thing could
happen in any parliament in the world. I believe that that was one of the lowest, most denigrating, most shameful speeches—

Senator Schacht—Mr Acting Deputy President, I raise a point of order on relevance. It is a bit rich to say that these are most outrageous remarks when his own friend Senator Crichton-Browne personally attacked members of the Liberal Party in this chamber in a most outlandish way.

The ACTING DEPUTY PRESIDENT (Senator Murphy)—Order! Senator Schacht, resume your seat. There is no point of order.

Senator Lightfoot—Thank you, Mr Acting Deputy President. I was glad for that interjection because it gave me time to gather myself so that I can again describe Senator Conroy's performance here this afternoon as one of the lowest I have seen in my parliamentary career. I have also read a lot of Hansard. I do not think that Senator Conroy's contribution will be forgotten by a smile in the corridors of this place as he so often gets away with. He comes in here and denigrates people in high office. I do not know what he proposes to achieve by such a low manner of debate. It does not do anything for Australia's image. I hope it passes quickly. I hope that Senator Conroy's career here passes quickly as well.

I listened to Senator Faulkner's contribution earlier today. I thought to myself, 'What an awful contribution that was.' But that paled into insignificance compared with Senator Conroy's contribution here this afternoon as one of the lowest I have seen in my parliamentary career. I have also read a lot of Hansard. I do not think that Senator Conroy's contribution will be forgotten by a smile in the corridors of this place as he so often gets away with. He comes in here and denigrates people in high office. I do not know what he proposes to achieve by such a low manner of debate. It does not do anything for Australia's image. I hope it passes quickly. I hope that Senator Conroy's career here passes quickly as well.

Senator Schacht—You know all about that.

Senator Lightfoot—I know all about that because I have learnt it since I have been here. I have learnt it particularly from you, Senator Schacht. I find you a distasteful person too. It is no wonder you were left off the ticket. The sooner you go, Senator Schacht, the sooner this place will raise its standards as well.

The ACTING DEPUTY PRESIDENT—Order! It would be more helpful, Senator Lightfoot, if you directed your remarks through the chair.

Senator Lightfoot—Having said that, Mr Acting Deputy President, I think that the foundation is open, is honest, is transparent and does not go beyond the law. If it did, it would be rectified. The government has introduced legislation, at the request of the Australian Electoral Commission, to cover those perceived anomalies. I do not see anything wrong with that. But what I do see is this: the obvious duplicity coming from the other side is quite disturbing in its magnitude.

I have been in the Waterside Workers Federation. Senator Conroy made a big play about Mr Walker putting his age up from 28 to 30. Not a big deal. That is hardly anything that one would compare with some of the happenings in the New South Wales Right of the Labor Party. It is hardly anything that one would compare with what happens in Senator Conroy’s own state where he stacks branches with non-English speaking people. It is hardly anything at all when you consider that I put my age up from 13 to 15 and worked on the waterside. I had to pay the union dues. There is nothing wrong with that. In fact, later on I thought I did rather well by putting my age from 13 to 15 so when I was 16 I put my age up to 19 and joined the militia. I did not think anything of that. I got kicked out on my way to Korea from a school for non-commissioned officers in Seymour. But there is nothing wrong with that. When you are imperfect, and as imperfect as the Labor Party is throughout Australia, one should not make accusations of this nature because most decent people—and there are decent people on the other side, too—do not believe those accusations that Senator Conroy has made.

Associated entities is the big issue here today. Let me come back to company donations. Lobby groups in Australia gave more than $9 million to the ALP at the last election. What happened to that $9 million? Where did that go? I could stand up here, as Senator Conroy did, and say that that $9 million was syphoned off by some of the crooks
in the Labor Party movement, they used it for going overseas or they diverted it to their own use. But I do not have any proof of that. I have a suspicion, but I do not have any proof. I do not think those sorts of comments actually lift the standards of this place whatsoever.

What we do know is that the conservative side of politics gets money from lobby groups too. We get money from the banks. You get money from the banks as well. We get money from industrialists and you get money from industrialists. They do not want to pay you, but they do because it is a kind of blackmail payment. We do not get any money from the trade union movement and there is the corruption. That is corrupt. Only 20 per cent of people are in the trade union movement today and yet 60 per cent of members on the other side come from the trade union movement. I find that a kind of corruption.

Senator Robert Ray—And 18 lawyers in the ministry.

Senator LIGHTFOOT—I do not necessarily agree with that, Senator Ray. Senator Bartlett says that there is a loophole in the act that should be closed. I do not think that is an inflammatory statement. I do not happen to think particularly much of Senator Bartlett, but at least he does not make inflammatory statements. At least he does not make statements in here that he would be sued for if he said them outside the house. I think Senator Bartlett and other speakers like him are to be commended for that.

But contrast that sort of behaviour with that of Senator Conroy today. His was the most appalling and disgusting behaviour I have seen or heard of in my time in politics; it was not good. I see this as being real corruption—not the speculation or untruths that Senator Conroy spoke of here this afternoon with respect to Mr Ron Walker and others. Mr Walker is a very well respected man, a man who has done well. There is nothing wrong with ambition. Some people hate ambition, and jealousy is a curse—particularly when you have been a failure as Senator Conroy has been and when, like him, you are going to continue to be a failure.

But take the union movement in Victoria, Senator Conroy’s state, where he stacks branches, where he uses non-English speaking migrants to stack branches with—and I will come to that in a minute, time permitting. The Victorian manufacturing unions recently got fined $40,000 for acting corruptly. They were acting corruptly, and I do not think some people on the other side agree with this. Those unions are forcing the corporate people down there to go to lunch at $500 a head in a thing called Campaign 2000. Will that money be declared as campaign funds?

Senator Schacht—Absolutely.

Senator LIGHTFOOT—Senator Schacht, in all his naivety from South Australia—formerly from Victoria though—says ‘absolutely’, like an innocent choirboy. Senator Schacht, lift your game.

So what will happen is that the Australian manufacturing businesses in Victoria will be forced to go along to a lunch and have to pay $500 a head for a thing known as Campaign 2000, and at least part of that money will be used to pay the fines of two corrupt union officials who were fined $20,000 each. That is corruption. That is the truth. That is not an exaggeration. That is not lies. That is the truth—and those on the other side know it is the truth. That is what I call corruption and evil doing.

Let me get on to associated entities, in the time that I have left to me—and I want to get on to Labor branch stacking too in New South Wales. I am not going to let New South Wales off the hook. But Victoria has gone back since Jeff Kennett’s political demise—there is no question about that. But let me talk about the Labor associated entities in Queensland. The Australian Securities and Investment Commission database records the following Queensland companies and businesses and association entities—and these are all proprietary limited companies: Labor Resources; Labor Holdings; Labor Enterprises; Labor Legacies; and Texberg—I do not know where that one came from, but we are going to come to that one again in a minute. The Queensland Sunday Mail—there are several Sunday Mails throughout Australia; it is a respected paper, not always given to sup-
porting my side of politics, reported that ‘La-
bor’s investment boss Ian Brusasco’ reversed
the Queensland ALP’s financial fortunes
following the sale of their radio station there.
The article then states:
That’s when the heavy investing began, again
steered by Mr Brusasco, who is chairman of all
the Labor companies—
All of those Labor companies, all of these
entities. I would like ASIC to have a look at
these and see whether they are associated
companies.

Senator Schacht interjecting—

Senator LIGHTFOOT—They are Labor
Holdings, Labor Enterprises, Calyx, Labor
Investments, Labor Legacies. The other di-
rectors are Wayne Swan—not known for
swanning around the Liberal Party—party
president Ian McLean, AWU boss Bill
Ludwig—the brother of Senator Ludwig in
this House—

Senator Schacht—Son.

Senator LIGHTFOOT—Son, is it? Okay.

Senator Robert Ray—Don’t add incest to
injury.

Senator LIGHTFOOT—I take your
point. I am just answering your interjections
so that they can be recorded. Senator—and
Harry Haunschild, John Bird and Joy Ardill.
They are all directors. Mr Brusasco puts La-
bor’s worth these days at between $20 mil-
lion and $25 million. I think like a good in-
terstate brother, they ought to be lending
money to those states that are ostensibly be-
reft. The article goes on:
In one of their best years, the Labor companies
paid well over $1 million in tax.
They would not have paid one cent more than
they had to. In fact, it could probably be sur-
mised that they should have paid some more.
These entities have grown increasingly rich
and diversified. But the point I am trying to
make is: have all of these entities that have
been set up by the Labor Party been set up to
minimise tax, to escape tax? Aren’t they like
Greenfields that have been set up?

Senator Robert Ray—No, they are not.

Senator LIGHTFOOT—No, they are
not. I thank you, Senator, for answering that.
I will tell you why they are not like that: be-
cause they are opaque, because you cannot
get at them, because they are not open and
transparent, like the Greenfields Foundation
is. That is the big difference, and I thank you
very much for that interjection. What is it
about the Labor Party that makes them want
to go away and hide things and do things be-
hind closed doors?

I was in the union movement, and not just
the former Waterside Workers Federation but
the Australian Workers Union, Plasterers So-
ciety, Police Union, Actors Equity. They are
the ones that I was in. Someone told me I
should still be in Actors Equity and I took
offence to that. But let me get to the go-
ings-on of the Labor Party in Queensland
and let me shift down to Sydney.

Chifley Tower in Sydney is let at $600 a
square metre per year. Governor Phillip in
Sydney is let at $600 a square metre per year.
They are not bad buildings. I think that is
probably in the ballpark. Darling Park 1 and
2 in Sydney are let at $600 a square metre per
year for mid floors and $400 a square metre
per year for other floors. When things were
going bad in Canberra—they have picked up
now—the cost of letting Centenary House in
Canberra was $618 a square metre net. So at
some of the best positions in Sydney you had
businesses paying less per square metre per
year than they were paying for Centenary
House in Canberra—$600 to $618 per square
metre. There has to be some corruption there
and ASIC should have a look at that. ASIC
should go back and have a look at the books,
if you can ever get them, if you can ever find
out whether associated entities own those
places.

When someone like Senator Conroy, who
is devoid of any political courage whatso-
ever, attacks decent people in this house, one
is forced to retaliate when one might nor-
mally not say things about it. I do not enjoy
saying things like this. I do not think this
adds to the nation. I do not think this helps
the security or the image of this country, to
have to do these sorts of things, but they can-
not go unchallenged. I do not believe they
can go unchallenged and I know those decent
people on the other side understand that they
cannot go unchallenged either.
In the couple of minutes left available to me let me finish with the issue of Labor branch stacking—and I find this quite evil. An article in the Canberra Times states:

Up to 90 per cent of ALP members in the NSW federal seat of Fowler have been signed up by branch stackers who exploited ethnic hostilities to further their own political careers, an inquiry by former state premier Barrie Unsworth—

former Labor Premier Barrie Unsworth—has found.

That is not something I would like to be proud of. A former Labor Premier has brought down a scathing report about the corruption on a grand scale with respect to branch stacking and exploiting non-English speaking migrants in a most unseemly and unsavoury fashion by pitching them against each other, often in a sectarian way—pitching the Shi‘ites against the Sunnis, pitching the Tamils against the Sri Lankans, pitching Muslim against Christian and so on.

Senator Schacht—He never knows what he’s talking about.

Senator LIGHTFOOT—And Senator Schacht thinks that is funny. He thinks that is okay. He thinks that is part of everyday life. He has been exposed to it for so long that he does not know right from wrong. I think it is a disgrace that Senator Schacht finds the most appalling branch stacking that I have ever heard of. I started this afternoon by saying that Senator Conroy’s contribution was the worst I had ever heard here today, that it did not achieve anything. And here Senator Schacht is laughing about branch stacking and exploiting non-English migrants, I think that is disgraceful. Senator Schacht does not think there is anything wrong with stacking branches. Up to 90 per cent—and no-one is denying that is what is happening, pitching sectarian against sectarian, pitching religion against religion, pitching people against people. It is wrong. It is not good for Australia. It is not good for this country. It is not good for the Labor Party. (Time expired)

Senator ROBERT RAY (Victoria) (5.19 p.m.)—We have had a couple of very lame contributions from Liberal representatives in this chamber and it is not surprising. I think deep in their own heart they are totally ashamed of the Greenfields scam. So what do they do? Senators Lightfoot and Ellison come into the chamber and say that the trade union movement makes donations to the Labor Party—shock, horror, hold the front page! They also say that those donations are not disclosed. Of course they are disclosed. They are in our annual reports. They are in the Electoral Commission’s reports. They also overestimate the effect of those donations. Union donations and affiliation fees today make up less than 20 per cent of Labor’s revenue base. But the other side like to try to exaggerate that. But what else do they do? They attack Centenary House. Both Senator Ellison and Senator Lightfoot attack Centenary House. Don’t they recall that there was a full judicial inquiry into that contract? Don’t they recall that Justice Morling brought down a report that said there was nothing unlawful? To reinforce that, this same government re-appointed Justice Morling to the supplemented Electoral Commission, showing full confidence in him. But why don’t we have a judicial inquiry into Greenfields to square the ledger? We, in government, authorised a full judicial inquiry into Centenary House. Do you think this government will ever have the courage to have a full judicial inquiry into the machinations of Greenfields? Absolutely never.

But if you want a statement to take the absolute cake, go back to see what Senator Ellison said at the end of his speech. He said that the disclosure laws in Australia are without parallel, that they are the envy of the rest of the world. I probably agree with him. He says that they are second to none. I probably agree with him. But guess what? Every time disclosure laws have been brought into this chamber the Liberal Party of Australia opposed them. From the very first, when they were considered by the joint select committee in 1983, the Liberals fought a massive rearguard action against disclosure. It reminded me of the battle of Stalingrad, as that committee met right through the winter of 1983, and the great Sir John Carrick was the leader of the charge—no disclosure. The Nationals took the same attitude. They even opposed public funding on moral grounds, but they took the money as soon as it was available. In that
whole period, from 1983 right up to the present day, every time a government of the day has brought in stronger disclosure laws who is the most consistent body in Australian political history? The Liberal Party of Australia. They have opposed every change the disclosure laws have ever brought into this parliament. Yet the then minister at the table was trying to show some pride in our disclosure laws. What double standards that come from the Liberal Party in this regard!

Senator Lightfoot has been attacking certain Labor companies in Queensland. The fact is those companies are associated entities. They have put in declarations as associated entities and always have. They have made no attempt to cover up their business activities or their donations to the Labor Party. It has always been in the annual report of the Australian Electoral Commission as to what activities they have been involved in, unlike the Greenfields scam.

How did Greenfields start? It started off in 1992 when the Liberal Party took a loan from the NAB, and it was verbally guaranteed by Ron Walker to the managing director, Don Argus. Good luck, Don, if you have taken a verbal guarantee off Ron Walker. I can remember an old printing mate of mine who had a very small enterprise, Fretone Press, in the 1960s. He is just one of the many victims of Ron Walker not paying his bills. Unfortunately, that printer has passed away. I would have loved him to be around today to send Ron Walker those bills he never paid. The Greenfields trust was set up and apparently it made a loan of $4.75 million to the Liberal Party, and no interest was to be charged at all. Wouldn’t Ron Walker make a great banker—he puts out loans with no interest! Even I might sign up for that one, but I notice that no-one on the other side has volunteered to put their life savings in the Walker bank—I do not blame them. The Liberal Party have made only three $100,000 repayments. So the good news is that in 2043 the Liberal Party of Australia will have paid out the Greenfields loan.

We got on to this fairly early because there were certain suspicious circumstances. Look at the Greenfields trustees: Tony Bandle, who also happened to be a trustee of the Free Enterprise Foundation, a recognised association entity of the Liberal Party; Sir John Atwill, a former president of the Liberal Party; and, finally, Stephen McAneney, also a director of the Free Enterprise Foundation. The interesting one is Sir John Atwill. When he was asked about Greenfields, what did he say? ‘I have no knowledge of Greenfields; I have nothing to do with it.’ He said this at the very time that he was a director. They obviously kept him in the dark or he was telling some porkies—I do not know which.

In 1994, the NAB were worried about their loan. They asked to have Robert Menzies House, up the road, given as collateral, so then Ron Walker provided them with a written guarantee in lieu of title. On 5 July, Walker advised Andrew Robb that he had repaid the $4.75 million of the Liberal Party debt to the NAB and had transferred ownership to the Greenfields Foundation. The AEC then wrote to the Greenfields Foundation on 24 December 1997, seeking associated entity disclosure returns. What did Greenfields do? Greenfields through Bandle on 15 January 1998 denied it was an associated entity, citing the objects of the trust deed that limit it in terms of political donations.

Only when we pressed the issue and the AEC was armed with new powers did they in fact properly investigate this. Then in 1998, the AEC conducted a compliance audit on the federal Liberal Secretariat. They required that an amendment be made to the party’s 1996-97 annual return, acknowledging receipt of the money from Ron Walker. Having previously argued that this money came from Greenfields, it was finally revealed that it was Ron Walker that anted up the $4.75 million. What were the Liberal Party ashamed of that they would not reveal him as the donor? Why couldn’t they come clean? Why did they have to set up this elaborate apparatus to disguise the fact that Ron Walker had given the Liberal Party $4.75 million, at about the time the casino licence was being expanded in Victoria. We assume the money came from Greenfields, it was finally revealed that it was Ron Walker that anted up the $4.75 million. What were the Liberal Party ashamed of that they would not reveal him as the donor? Why couldn’t they come clean? Why did they have to set up this elaborate apparatus to disguise the fact that Ron Walker had given the Liberal Party $4.75 million, at about the time the casino licence was being expanded in Victoria. We assume the money came from Greenfields, it was finally revealed that it was Ron Walker that anted up the $4.75 million.

What do we now find? The Liberal Party’s debt to the NAB is $158,305. It took enor-
mous pressure from us in this chamber, and then the Electoral Commission, to force more details out about Greenfields. In September 1999, the Electoral Commission wrote to Greenfields, demanding the lodgment of disclosure returns for 1996-97, 1997-98 and 1998-99. These were eventually lodged on 11 November last year—but not signed—and under protest from the trustees. The cover-up was still being perpetuated. We need to latch on to those recommendations in the AEC annual returns. They make recommendations about how the legislation can be further tightened to prevent a repeat of the Greenfields Foundation fiasco.

What reaction have we had from the Liberal Party on the other side? Basically silence. Apart from of course Senator Lightfoot, the eclectic senator from Western Australia, no-one has really tried to defend the Greenfields rort. They are hoping it will go away, that it will blow over, that the press and everyone will lose interest, and that it will just disappear. It is not going to disappear because it is one of the worst rorts in Australian history. Prior to disclosure, the Liberal Party used to be very proud of its code of conduct for fund raising. It used to argue that active politicians never knew where the money came from. The one who blew the whistle on that was Doug Anthony, the former leader of the National Party. In 1972 he relayed his comments to the Sydney Morning Herald by way of complaint that every boardroom he visited had nothing left to give the Nationals: ‘where the money came from,’ the one who blew the whistle on that was Doug Anthony, the former leader of the National Party. In 1972 he relayed his comments to the Sydney Morning Herald by way of complaint that every boardroom he visited had nothing left to give the Nationals because the Prime Minister, Bill McMahon, had been there before him and cleaned them out like a vacuum. It will probably always be that the Nationals will run second—the dopey hangers-on of the coalition, getting into the boardrooms when there is no money left because the Liberals have sucked it all up. But at least Doug Anthony blew the whistle on the code of conduct.

Today we have had Senator Lightfoot coming in and saying, ‘Oh, the Labor Party is not in too good a shape. The Labor Party might even have some corrupt elements in it.’ Is this really serious from a Liberal senator? Why don’t we have a look at the current state of the Liberal Party that allows things like Greenfields to evolve. Take my home state of Victoria. What wonderful shape the Liberal Party is in there! You have got the Kroger-Costello forces fighting with the acolytes of Jeff Kennett in an absolutely massive feud in that particular state. The state director of the Liberal Party has had to put his cue in the rack—he’s off. No-one wants him. He’s gone. And guess what? They are struggling to find a replacement using several head hunting firms, but there is a criterion no-one can particularly meet; that is, reform and rebalance the once great Victorian branch. The ones that run the Victorian branch of the Liberal Party are the geniuses that bought us the 1999 Kennett re-election campaign. They were overwhelmingly endorsed at their last state conference. Imagine throwing away the unlosable election, throwing away 10 or 12 regional seats; yet all the Liberal delegates in Victoria march in like a bunch of daleks, put their hands up and return the old crew. The real tragedy of the Victorian Liberal Party is that it once used to return talent to these chambers—House of Representatives and Senate. Who have they got coming through? A lot of time servers sitting in their seats, a total waste of space. The only lights on the hill may be Dr Stone, from Murray, who shows some ability, and Mr Petro Georgiou, the member for Kooyong. All the rest—a total waste of space.

But if you want to move north of the Murray, is the picture any better? You have the massive battle up there: the right versus the moderates, who are in total gridlock at the moment. They have had to put their party conference off by a month because they cannot get any agreement around the issues. They have total internecine warfare over the Staley report. Imagine the humiliation of the New South Wales branch of the Liberal Party that they have to bring a Victorian up to do an inquiry into the state of the party. Poor old Sir John Carrick must be extremely concerned about these developments. They have also sacked their state director. Two out of two: Victoria gone, New South Wales gone. Can you imagine anyone putting up their hand for that job in New South Wales? They can’t even resolve the dispute between John Fahey and Alby Schultz up in Hume. You have got a cabinet minister and a local back-
bencher fighting over the same seat, and they can’t resolve it. They have appointed Senator Bill Heffernan as the conciliator to resolve matters. He did a crash-hot job in Cook between Stephen Mutch and Bruce Baird. Didn’t he do a crash-hot job there? His mission was to save Mutch, who became mulch, and Bruce Baird won the seat. Now he is sent up there. I think it totally unfair to Alby Schultz that Heffernan is sent up there to support him and retain the seat, because he is dead meat swinging in the breeze the moment Senator Heffernan sticks his nose in.

As well as that, it has spread to their state sphere: a no-confidence motion in Ms Kerry Chikarovski yesterday. She could only win 18 votes to 11. That 39 votes tells you something—you might just think that was lower house members, but I think that is the totality; upper house included—that she could only win that ballot by seven votes. Given the political pygmies that constitute the New South Wales state parliament for the Liberal Party, how could you get only 18 votes?

Finally, Senator Lightfoot is a bit worried about branch stacking. The member for Wentworth, Mr Andrew Thomson, has referred the Liberal Party membership list to the New South Wales police. Imagine: the Liberal Party’s Wentworth party lists assisting the police with their inquiries! That is exactly what has happened up in the seat of Wentworth in New South Wales.

Both these organisations, Victoria and New South Wales, pale into insignificance when you go north of the Tweed. What a pathetic institution the Queensland Liberal Party are: can’t even form a cricket side in the lower house—the only house of parliament in Queensland. You have the Carolyn Tucker factions constantly fighting with each other, always leaking to us so we know the details of what is happening in Queensland before the other factional side of the Liberal Party in Queensland does. Having fitted up Senator MacGibbon in a pretty dubious pre-selection, it took them 117 days to get our esteemed friend here from Queensland planted on the burgundy seats. Why would it take 117 days? Because the Queensland branch of the Liberal Party is an absolute rabble—that is why.

Now they have embarked on three-cornered contests. What a magic formula that has been in the past. They have not necessarily done so with the Prime Minister’s approval, because the Prime Minister replaced Mr John Moore on the administrative committee that considered this and sent his own enforcer up—none other than our good friend Senator Herron. But he got rolled 23 to 18 on this issue. He goes in and says, 20 times apparently, ‘The boss wants no three-cornered contests.’ What does the Queensland branch do? Gives Senator Herron the big finger. ‘Go back and tell your boss, “You don’t carry any weight here. You’re only the Prime Minister of Australia or his representative.”’ And you are talking about branch stacking! We must send Senator Lightfoot up to Fairfax so he can examine the branch stacking that has occurred against Alex Somlyay. And let’s send him down to Moncrieff where the branch stacking is all to do with getting some young Lib up. And, even better, let’s give him a cab right out to Ryan to have a look at all the new members in the Ryan electorate. Talk about branch stacking! I feel like an amateur. I have never stacked a branch in my life, and you can never prove I have because I haven’t. But if I want to learn about those techniques I am going north for a holiday for two weeks to have a look at how the real pros from the country club do it.

I have been very much absorbed at the moment by what is happening on the east coast. Let’s go down to Tasmania. They do not have one Liberal member of the House of Representatives. Thanks, Eric. They could only barely scrape together two Senate quotas. Thanks, Eric. And the south and north sections of the Tasmanian Liberal Party are at total war. Thanks, Eric. And, finally, they have a totally ineffective state opposition. Not your fault, Eric.

Then you go to South Australia. What is the story in South Australia? You have Brown versus Alston non-stop. You have got Senators Hill and Vanstone and Mr Pyne totally at war with Senators Minchin, Ferris and Ferguson. The only thing they can all agree on—there is only one thing they can agree on—is that they are going to dump
poor old Senator Grant Chapman from the ticket at the next election.

Senator Herron—Madam Acting Deputy President, I raise a point of order. This is highly entertaining and conjectural and all the rest of it, but I would like to know who the Eric is that Senator Ray is referring to, because there is no Eric in the chamber.

Senator ROBERT RAY—On the point of order, to clarify things: when a new senator came from Tasmania, the wonderful then whip from Western Australia, the late John Panizza, did ask the question ‘Who is this Erica Abetz?’ Just to correct things, I did not use the term ‘Erica’, just ‘Eric’. Does that clarify it?

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

Senator ROBERT RAY—If I had more time I would go through the intricacies of the Western Australian branch of the Liberal Party, but that needs a full 30 minutes. I ask anyone today to read the speech of Senator Lightfoot—all I can say is: the defence rests. In summary, the once great Liberal Party of Australia is in a total mess, racked by factional brawling, racked by branch stacking, racked by the fact that on the whole they are returning very mediocre members of federal parliament. Is it any wonder that they cannot inspire fundraising? Is it any wonder that they have to set up foundations like Greenfields and try to hide where their money is coming from?

I agree with a lot of what Senator Conroy said today in terms of Mr Ron Walker. It is not ethical to have the Federal Treasurer of the Liberal Party also having close political contact with state and federal governments in which he can be a beneficiary in terms of money. There must be some distance put between the two. So it does not surprise me that the Liberal Party of Australia and Mr Ron Walker went to enormous lengths to disguise his donation to the Liberal Party, probably the biggest political donation made in the history of this country. They successfully disguised that donation for a couple of years. I want to pay tribute to the persistence of Senator Faulkner for continuing to bat on these issues, to expose these issues and eventually to be vindicated. And his final vindication will be when a new amendment to the Commonwealth Electoral Act is brought into this chamber, carried—hopefully, unanimously—and is proclaimed. That will be a great tribute to the diligence and effort of Senator Faulkner.

Senator McGAURAN (Victoria) (5.40 p.m.)—I rise on this matter of general business. Senator Ray’s contribution was somewhat entertaining. Every party has its preselection problems, no more than the Labor Party, who actually have—

Senator Robert Ray—You got dumped for Senator Kemp. That was the worst ever.

Senator McGAURAN—No, that was a good deal. It formed a state coalition. It formed a federal coalition. The Liberal Party kept their agreement and brought me back in 1993, and the National Party have a very safe position in Victoria, which is not a bad feeling, given the Victorian National Party at the moment. But the point is that is the art of politics. I do not know whether Senator Ray stood up in feigned shock that all of this was going on around him. He has lived through it in his own party. He has seen it in other parties. There is nothing shocking about it at all.

But one significant point, the real point, that I picked up throughout Senator Ray’s contribution was—other than just near the end, when he said he agreed with much of what Senator Conroy said—is that he never really repeated what Senator Conroy said at all, because he has been around too long, as has Senator Faulkner. For all they attacked Mr Walker, they never went as deeply personal as Senator Conroy did. Senator Conroy has erred today. He got a bit of support from Senator Ray, because they are close colleagues. I give a suggestion to Senator Conroy: be very careful you are not set up in regard to personal attacks like this. I get the feeling you have been set up in regard to your contribution today, because—have you noticed?—no-one else in the chamber on your side that has spoken on this matter has made a contribution which is anywhere near as personal an attack as that of Senator Conroy.
Senator Conroy now seems to want to set himself on a path of being one of the great head kickers in the Labor Party, but he should note that he will be left out there to hang and swing. You will get very little thanks from your colleagues when it comes time for a promotion. Don’t think this is your way to the top in politics. Don’t think this is the way you get promotion. Don’t think you will get the full support of your colleagues. They will slap you on the back as you leave the chamber, but if you ask them to do it, they will not.

Senator Quirke has been around too long to make that sort of attack. There are ways to do it, and the way it was done today was not the way to do it. The way Senator Conroy presented today was not the way to do it. As Senator Lightfoot said, it was probably one of the worst personal attacks on anyone in this chamber to date. I offer that to Senator Conroy in a friendly gesture. That is not the way to do it, Senator Conroy. You will be left swinging by the very people you are sitting next to now.

I go back to what Senator Ray was saying about the shock, horror that he put on about branch stacking and preselection battles—all part of politics, some of it worse than others. Senator Quirke, you are up to here in South Australian politics when it comes to a bit of branch stacking—at least turning a blind eye to branch stacking—and to preselection battles. You are a master of it. So let us not pretend either side does not involve itself in this sort of politics. This feigned indignation by Senator Ray has me puzzled.

Getting back to the general business matter: talk about flogging a dead horse, as they have been in the last several months in regard to Greenfields! General business is a time to debate and discuss policy. This is a lost opportunity—not that the speakers that Labor have had on the list today have ever worried too much about policy discussion and debate and contribution to this chamber: Senator Faulkner, Senator Ray, Senator Conroy. We await the contribution by Senator Sherry but, for those three, policy has never been their strong point. Personal attack has actually been their strong point. In fact, Senator Ray’s self-confessed contribution to politics is the personal head-kicking attack. He has it down to a fine art—an art that Senator Conroy ought to study a little closer than he has been doing, because it does not involve the type of attack he brought to the chamber today.

I take the line that Minister Ellison presented to this chamber: that there has been in relation to the Greenfields organisation no money laundering, no sleazy deals, no breach of law. If you bother to read the report you will see that none of that has been intimated or said or suggested by the report at all. There has been a matter of difference between the Australian Electoral Commission and the Greenfields organisation with regard to their connection with the Liberal Party, and whether it is an associated entity. It is natural that, if Greenfields happen to think that they are not an associated entity, that they present that case to the AEC. The AEC found differently. They informed Greenfields, and Greenfields have acted accordingly. They have now met all the requirements that the AEC have requested of them.

Anyone who happened to read this Hansard would think that the whole report was on Greenfields. Greenfields was but a few pages in the report, which is in fact a very good report undertaken after every election. This is not an exceptional report undertaken on Greenfields alone; it is a report undertaken by the AEC after every single election. Several recommendations are made—some very good ones—and no less than two important recommendations in regard to public funding. Rather than being paid out to party agents, there is a recommendation to say that it should be made in the name of the registered party and not the individual. That is a suggestion that I suggest we would support because we know the difficulty that has caused in relation to the One Nation Party. A second recommendation that is worthy of note is that concerns have been raised about the vulnerability of the system for registration of political parties—again relating to the One Nation case. This is an area that needs changing in the law, to tighten it up. These are fine recommendations by the AEC, and that is why the government will be referring the Australian Electoral Commission report in toto to the Joint Standing Committee on
Electoral Matters for a response. That is the process that is being undertaken. I also agreed with Minister Ellison when he made the point that Australia has one of the finest and most rigorous electoral systems in the world. If you want any stark contrast, take what is happening in Zimbabwe today—

Senator Sherry—You are wandering!

Senator McGauran—No. That is completely on the opposite side, and we should note that Australia’s reputation is so respected in the world that we have several observers over there now, overseeing that election process. Senator Sherry is accusing me of wandering. I think everyone has done a bit of wandering in this debate, because it really is a waste of general business time. Senator Sherry, the accusations against Greenfields, it should be pointed out, cannot be made if you do not come to this debate with clean hands—and, as you would expect, the Labor Party do not, as is always the case when they make these sorts of attacks. You talk about shonky deals, but what of the relationship that your party has in Queensland with certain companies such as Labor Holdings Pty Ltd and Labor Resources Pty Ltd? In Queensland, those two companies submit returns, under protest—again objecting to the request by the AEC to submit returns.

But what of the other entities connected to these two main proprietary limited companies? Those companies are Labor Enterprises, New Labor, Labor Legacies and Texberg. They have never lodged returns on their own behalf; yet, just as the AEC inquired into Greenfields, these companies have been deemed by the AEC to be associated entities under the control of the two major entities, Labor Holdings Pty Ltd and Labor Resources. What’s more, loans have been made by Labor Enterprises, $3.2 million; New Labor, $61,000; and Texberg, $1.4 million—yet no returns have been lodged by these three companies. Now, explain that. Talk about living in glass houses! Here we have in Queensland a situation not dissimilar to the accusations made against Greenfields. The two major Queensland companies also object to making returns, yet they have been giving loans to companies that have not made similar returns. This is a not a dissimilar situation at all. It shows the absurdity of this debate. You can pretty well be assured that, if this is happening in Queensland, you can extrapolate that sort of structure for every other state, with regard to the Labor Party.

I would also like to point out that Senator Sherry, who will be speaking next, in a debate not so long ago asked several questions in relation to Greenfields. In fact this has been a very repetitive debate. I have gone through the speeches of the previous speakers today and they have said the same thing over again. Senator Sherry asked: ‘When will the loan be repaid?’ I can ask the same question about the Labor holdings and the associated entities. Senator Sherry asked: ‘How will it be repaid?’ I can ask the same question in regard to the Queensland structure. How is the funding secured and are there any concessional interest rates in regard to the Queensland loan? There are not. And what are the arrangements of the financing? All those questions asked by Senator Sherry in a previous debate can be asked in regard to the Queensland businesses and associated companies. It is almost a mirror image. And what is more, under protest and request from the AEC, those companies have had to lodge a return.

My colleagues have also raised what is probably the lousiest deal yet, indeed the most corrupt deal yet made in this parliament. I am referring to Centenary House. On 23 September every year the rent of Centenary House goes up by nine per cent, compounding. The history of Centenary House is as such. When the Labor Party were in government—

Senator O’Brien interjecting—

Senator McGauran—I should never have taken that interjection. I thought you may have had something sensible or something honest to say, but it is totally irrelevant. I will go through the history of Centenary House for those who are not aware. It is the federal headquarters of the Labor Party, built and rented out during the time that Labor were in government. It is in fact 6,297 square metres and it is rented out at $618 per square metre. That is $18 more than the rent per square metre for the Chifley Tower in Sydney and the Governor Phillip building in Sydney,
which are only $600 per square metre. It is a very small building in Canberra which charges double the rent of any prime real estate in Canberra and $18 per square metre more than in downtown Sydney. What is this place? It is a little building down the road that is the Labor Party headquarters and is occupied by the Australian National Audit Office. To make it even more a conflict of interest, not only is the rent exorbitant—it was an unconscionable contract—

**Senator O’Brien**—Tell us about the judicial inquiry.

**Senator McGauran**—I know about the judicial inquiry. Senator Robert Ray spoke of the judicial inquiry and said that nothing illegal was found. But the point is it is an unconscionable contract. The contract may well have been legal because it was drawn up by government. I would say the Audit Office under duress had to sign up and had to move in.

**Senator O’Brien**—Is that what the judicial inquiry found?

**Senator McGauran**—The judicial inquiry can speak of legality, but there is such a thing as an unconscionable contract—and this would have to be an unconscionable contract. How do you explain the fact that it is double the rent of any prime real estate in Canberra and is equivalent to downtown Sydney? And what is more, on 23 September each year, as Senator Campbell reminds us each year, the rent goes up nine per cent compounding. For 15 years the Audit Office are stuck in that poky little office, which is already too small for them. They have complained about the rent, about how it saps their ability to undertake—

**Senator Sherry**—They signed the lease.

**Senator McGauran**—What sort of conflict of interest is there when your boss wants you to rent space in their office? You were in government at the time. There was no arms-length transaction there, Senator Sherry. I point that out because I think—under any scrutiny or any analysis you will find—that this is an unconscionable contract. It is financing the Labor Party campaigns. It is a misuse of taxpayers’ money. It is one of the greatest things undertaken by any government since the history of Federation. The nine per cent compounding interest on 23 September each year is in fact one of the worst deals and the greatest conflict of interest we have yet seen.

**Senator Herron**—It’s a rort.

**Senator McGauran**—As Senator Herron rightly interjects, it is the rort to end all rorts. Further to that, Centenary House was undertaken at the time when Labor were in government. As I have said, this is a disgraceful conflict of interest. How can they get away with this? How can they stand up here and accuse the Liberal Party, which has not broken the law, which has not used taxpayers’ money and which has undertaken all the AEC requirements and requests, under complaint to begin with—of course they have a right to do that—

**Senator Sherry**—Hold a judicial inquiry into Greenfields. Are you going to do that?

**Senator McGauran**—I do know that they are referring the AEC’s report to a joint house committee. They are putting it under parliamentary scrutiny, Senator Sherry.

**Senator Sherry**—What about an independent judicial inquiry?

**Senator McGauran**—What is wrong with a parliamentary inquiry? There will be Labor Party members on that committee.

**Senator Sherry**—It is not independent.

**Senator McGauran**—Let us see what the Labor Party members have to say. I will be interested to read their report. The point is by the time we stack up with Centenary House your own Queensland party structures, with companies hiding under the cloak of complex company structures, we find that you come to this debate with dirty hands and you make accusations against a man—at least Senator Conroy has, I do not think anyone else has; I cannot believe even Senator Sherry would get up and make the same comments—

**Senator Sherry**—I won’t be getting up as the debate has expired.

**Senator McGauran**—You’re not getting up?
The ACTING DEPUTY PRESIDENT (Senator Crowley)—Order! Senator McGauran, your time has expired and the time allotted for the consideration of general business notices of motion has expired.

DOCUMENTS

Agriculture and Resource Management Council of Australia and New Zealand

Debate resumed from 20 June 2000, on motion by Senator Chris Evans:

That the Senate take note of the document.

Senator O'BRIEN (Tasmania) (6.00 p.m.)—As Senator Evans is not available at the moment to speak on the document, I thought I would make a few comments. It is interesting that the document refers to a decision of the council in relation to the World Trade Organisation round, and the Seattle outcomes are the next step. I thought that was particularly relevant, given the discussion we have been having in this chamber regarding the dairy industry, given that there has been an inquiry into the dairy industry and given that there has been a lot of comment about the pre-July regime with regard to our World Trade Organisation obligations and the current deregulation of the dairy industry.

In relation to deregulation, there is a proposal at the moment following balloting organised by the Australian Milk Producers Association in the quota states of Western Australia, New South Wales and Queensland. It is interesting to note that that ballot, according to information from the Australian Dairy Industry Council that is now on the public record, only polled 27 per cent of dairy farmers around Australia and, of that 27 per cent, only nine per cent of farmers overall have voted against deregulation. Even that is a pretty appalling outcome for this ballot, given that polling in those states, as I understand it, was on the basis that the regime should be changed so that there would be a system where the farmers in the non-quota states of South Australia, Victoria and Tasmania would, in effect, pay out of their benefits under the arrangements tens of thousands of dollars for each farm towards the farmers in the quota states. Is it any wonder that that proposition would appeal to farmers in the so-called quota states? Even given that situation, the fact of the matter is that a very low vote for deregulation occurred. Only about a third of the farmers who actually received ballot papers voted against deregulation.

I know there are some very desperate farmers at the moment because of proposals on milk prices, and I will deal with that at another time. But doesn't this show how desperate the National Party have become and how, in some states, they are trying to blame state governments for what is effectively an arrangement that was put in place through legislation of this parliament. That is, the restructure package—all the measures which are being put in place and which come into effect, conditional upon deregulation in all states, particularly in Western Australia, New South Wales and Queensland—is a product of this parliament, and the National Party voted for it. I find it very hard to say anything other than that the members of the National Party have been extremely misleading in trying to blame state governments on this matter because what is being held to their heads, through the legislation of this parliament, is a restructure package which is conditional on those state governments agreeing to withdraw regulation—withdraw the quota system.

I am sure you, Mr Acting Deputy President Calvert, would be alarmed if there were a proposal to take tens of thousands of dollars from Tasmanian milk producers to pay milk producers in the quota states of Western Australia, New South Wales and Queensland on the basis of such an appallingly low vote. While I am on the subject, I note that, while Senator McGauran was making his contribution, I interjected and put to him that the situation is so bad with the National Party that his brother, Mr Peter McGauran, the member for Gippsland, was considering standing aside for Mr Peter Hall, the Deputy Leader of the National Party in the upper house in Victoria. He chose to take that interjection but refused to deny it. It would be interesting to get Mr Peter McGauran's comments on that because there is a lot of interest in how the National Party is going in Victoria, and that will be a barometer of how they see themselves coming out of the next
The reality is that the National Party will not hold that seat after the next election.

Question resolved in the affirmative.

**Council for Aboriginal Reconciliation:**

**Corroboree 2000—Towards reconciliation**

**Council for Aboriginal Reconciliation:**

**Roadmap for reconciliation**

Consideration resumed from 21 June.

**Senator HOGG (Queensland)** (6.06 p.m.)—I move:

That the Senate take note of the documents.

These are two very important documents because many Australians have recently shown their support for reconciliation by going on marches, whether they were in Adelaide, Sydney, Brisbane or even in my state in places such as Rockhampton. What stood out was that many of the people who were participating in those marches were middle-of-the-road, ordinary Australians who had never before participated in that type of activity.

I think what typifies the two reports that have been tabled and have been the subject of debate here this evening is that recognising the issue of reconciliation and what reconciliation means to the Aboriginal people relies on people having a good social conscience. The people who turned out in their masses throughout Australia to march for reconciliation showed that they have a genuine disposition for social justice. It was not just a whim or a fancy but a heartfelt concern. Many of those people have an understanding of what social equity is really about. Many have an understanding of what social justice is about, and they have a willingness to get rid of the past prejudices and baggage that many have held in our society over a long period of time. It is worth while reading two of the short passages from the report, *Corroboree 2000: Towards reconciliation.* The report states:

Reconciliation between Australia’s Indigenous peoples and all other Australians is about building bridges.

That is something that many people find it hard to do, but it is so important to our Aboriginal and Torres Strait Islander brothers and sisters. The report also says:

It is about respecting our differences. It is about giving everybody a fair go. It is about building on the strengths of common ground.

The document goes on to say:

The Council believes that its documents for reconciliation must address a wide range of issues and truths. Some of these will be common ground for many Australians; on others there are genuine differences of opinion.

So, whilst the document recognises that there will be common ground, it also recognises that there will be differences of opinion. It also says:

The Council had to grapple with issues both widely agreed and controversial in determining its final documents.

That led to the other document, *Roadmap for reconciliation.* I think the most important thing is the preamble inside the cover. It goes to three specific areas. Firstly, it goes to understanding our history. I believe that many Australians do not understand our history. We have had a distorted view of history presented to us over a long period of time. People of good conscience, people who have a social justice disposition, will understand that. Secondly, it refers to building on the achievements that have taken place on the path towards reconciliation. Thirdly, it refers to our responsibility for the future. I believe that the documents set down a very viable path for people to bridge the gaps that have been created over a long period of time and go towards meaningful reconciliation with our Aboriginal and Torres Strait Islander brothers and sisters. I commend both the reports to the Senate and also to the public. I believe they show the way forward and they should be embraced by people with a good social conscience. I seek leave to continue my remarks later. (Time expired)

Leave granted; debate adjourned.

Consideration

The following order of the day relating to government documents was considered:

General business order of the day no. 1 relating to government documents was called on but no motion was moved.
COMMITTEES

Economics Legislation Committee
Report

Senator McGAURAN (Victoria) (6.11 p.m.)—On behalf of Senator Gibson, I present the report of the Economics Legislation Committee on proposed expenditure in respect of the year ending on 30 June 2001, together with the Hansard record of proceedings.

Ordered that the report be printed.

A NEW TAX SYSTEM (TAX ADMINISTRATION) BILL (No. 2) 2000
Report of the Economics Legislation Committee

Senator McGAURAN (Victoria) (6.11 p.m.)—On behalf of Senator Gibson, I present the report of the Economics Legislation Committee on the provisions of the A New Tax System (Tax Administration) Bill (No. 2) 2000, together with the Hansard record of the committee’s proceedings and submissions received by the committee.

Ordered that the report be printed.

SALES TAX (CUSTOMS) (INDUSTRIAL SAFETY EQUIPMENT) BILL 2000
SALES TAX (EXCISE) (INDUSTRIAL SAFETY EQUIPMENT) BILL 2000
SALES TAX (GENERAL) (INDUSTRIAL SAFETY EQUIPMENT) BILL 2000
SALES TAX (INDUSTRIAL SAFETY EQUIPMENT) (TRANSITIONAL PROVISIONS) BILL 2000
Report of the Economics Legislation Committee

Senator McGAURAN (Victoria) (6.12 p.m.)—On behalf of Senator Gibson, I present the report of the Economics Legislation Committee on the Sales Tax (Customs) (Industrial Safety Equipment) Bill 2000 and three related bills, together with the Hansard record of the committee’s proceedings and submissions received by the committee.

Ordered that the report be printed.
get away with a number of things. Specifically, I will refer to a number of sections of the report which highlight the moves that have been made by the Taxation Office in identifying the areas where people have in the past minimised their taxation, and I will refer to the steps that have been taken by the Australian Taxation Office as shown in this Australian National Audit Office report. The report started out in the Australian Taxation Office in 1996. On page 18 of the report, paragraph 1.4 states:

Initial research by the ATO showed that a range of complex tax planning and minimisation practices had been used by some HWIs including:

- distributions and loans from trusts—
- and we have heard enough about that in this place—
- creation and utilisation of losses;
- intra-group arrangements, particularly debt forgiveness;
- characterisation of profits on sale of properties by development;
- interest deductions relating to property development;
- offshore transactions and arrangements;
- Research and Development (R&D) deductions; and
- alienation of personal services income.

Those were part of the range of issues looked at by the Australian Taxation Office as being used by people to minimise their income. Paragraph 1.5 of the report goes on to say:

In May 1996, the Commissioner of Taxation announced that the ATO was developing a comprehensive compliance program to:

- act on the unacceptable tax planning and minimisation techniques already identified in the HWI segment of the taxpayer population;
- gain an expanded and comprehensive understanding of the tax planning and minimisation practices employed by HWIs; and
- continually identify, monitor and address emerging minimisation techniques.

This is to be commended, because this was a systematic look at the opportunity by those who had advantage in our society to minimise their tax, not to play their role either as a good corporate citizen or as a good citizen by paying the tax that they deservedly should pay. Paragraph 1.6 of the report notes:

The Commissioner noted that the package of measures to be undertaken would include, as appropriate:

- information collection and analysis;
- release of rulings clarifying the ATO’s view of how the law applied to particular arrangements;
- litigation to test the law;
- audit and prosecution activity; and
- recommendations to the Government on appropriate legislative responses.

It should be noted that, as a result of activity in this area, there have been legislative responses. There have been definite attempts to take away the chances of those who wish to minimise their tax—quite legally but at the expense of other, ordinary wage and salary earners in our community who have nothing to cling to but the PAYE tax paying scheme. This report has a lot of merit in that it looks at the actions that the Australian Taxation Office has undertaken. Whilst it is a never ending process, it is a step down the right path.

Page 32 of the report outlines the results of the Australian Taxation Office’s examinations to the end of March 2000. It states that they have examined a total of 236 HWIs in great depth. It is worth while looking at just a few of their conclusions. They found that these 236 HWIs were associated with a total of 7,771 entities, including 2,171 trusts comprising 1,116 discretionary trusts, 667 fixed trusts, 31 charitable trusts and 357 where the trust type was unknown. Those are the sorts of minimisation schemes that have been used at the expense of ordinary, average Australian taxpayers. They have shifted the burden to ordinary, average Australian taxpayers who have the least capacity to pay, and those with the greatest capacity have—through various minimisation schemes—shunned their burden.

The report states that 71 of the HWIs were associated with 10 or more trusts. It states that 60 per cent of these HWIs returned a taxable income of less than $198,000 each in the 1997-98 year. That is because the last full reporting year that the ANAO could look at was the 1997-98 financial year. The report states that 60 per cent of these HWIs each paid less than $40,800 in tax in the 1997-98
year, and the average tax paid as a percentage of the HWIs' taxable income was 20 per cent. One could not, under any stretch of the imagination, say that these high wealth individuals were making even a reasonable contribution to the society. It is not simply the quantum of what they might have been paying: the proportion was clearly out of whack with their social obligations and their obligations as good citizens.

Time precludes me from traversing the whole content of the report, but I will make this point. The report in conclusion at paragraph 3.65 said:
The identification and risk profiling of HWIs is on-going.
That is good news. The report continued:
The list of HWIs has grown to more than 500. As reported at paragraph 2.44, the taskforce has concluded that, on the basis of its risk analysis activities, a significant proportion (approximately 50 per cent) of HWIs examined require on-going monitoring by the taskforce.
That just shows the extent the monitoring process is considered necessary by the ATO to ensure that these organisations are not able to avail themselves of tax minimisation schemes and thereby abrogate their responsibilities. (Time expired)
Question resolved in the affirmative.

Consideration

The following order of the day relating to reports of the Auditor-General was considered:

Order of the day no. 2 relating to reports of the Auditor-General was called on but no motion was moved.

ADJOURNMENT

The ACTING DEPUTY PRESIDENT (Senator Calvert)—Order! There being no further consideration of government documents, I propose the question:

That the Senate do now adjourn.

Private and Public Tax Rulings

Senator WATSON (Tasmania) (6.24 p.m.)—Tax regulations, private rulings and public rulings significantly lag behind the associated legislation which has been passed by the parliament. Increasingly, the executive is framing and the legislatures are accepting tax laws where further clarification of the law is required by taxpayers. It is the timeliness, cost and adequacy of these further clarifications that actually need addressing.

Over time, some road guides become available in the form of public or private rulings or through income tax regulations. Very much further down the track, courts add their interpretations. My bringing this matter before the Senate this evening is not to be taken as a criticism of the explanatory memorandums accompanying tax legislation. In fact, the memorandums, with their illustrations and diagrams, are most helpful. I refer honourable senators to the annual report of 1990-91 of the former tax commissioner, Trevor Boucher, which addressed the ATO’s links with the parliament and my own involvement.

Unfortunately, when the black letter law stops so does the explanatory memorandum. This whole area is becoming inflamed with controversy, and in recent times we have seen the Australian Taxation Office come under fire in the rulings area, in particular with a former senior officer facing court charges. The volume of the rulings, both public and private, must be causing logistic concerns for the tax office. I draw the Senate’s attention to this three-inch thick bundle of tax rulings which represents just 50 per cent of the rulings that have been issued this week and which have come onto my desk. Fortunately, the centralisation and the improved communications with the revenue office are improving the consistency within the rulings regime. Important as these issues may be, my focus tonight is a little more global.

The matter of the tax commissioner’s discretion arose again this week in reviewing the New Business Tax System (Integrity Measures) Bill 2000. The bill is divided into two parts: one dealing with non-commercial losses, the other with prepayment deductions. The purpose of the first part is to limit the extent to which non-commercial losses from an individual’s business activity can be used as a tax deduction to reduce the tax paid on other income such as salary or wages. There are five tests, only one of which needs to be satisfied to enable losses from the business activity to be deducted from the income. It is
the fifth of these five tests that attracted my attention—namely, the safeguard rule, which is the commissioner’s discretion where the business is affected by special circumstances, and they are natural disasters, such as flood, drought or bushfire, or the business is in its start-up phase. So a taxpayer finding himself in test five—the tax commissioner’s discretion area—has a dilemma. That taxpayer may await a public ruling, which could take two years to issue, or seek a private ruling. The latter approach is costly in terms of time as well as resources.

So the point that I am making to the Senate tonight is that taxpayers need a better system, since rulings significantly lag behind the date the legislation is passed by the parliament. I outlined this problem to the Senate Economics Legislation Committee, which accepted the thrust of my proposal. Unfortunately, there are no mechanisms for taxpayers to find certainty—and I will use the case of the integrity measures bill—in how primary producers are affected during the start-up phase of the enterprise under subclause 5, because the law is silent.

This is but one example of dozens of similar measures that cause taxpayers to run to the ATO for some safe harbour protection but, unfortunately, there is none. The Joint Committee of Public Accounts and Audit, of which I am a member, has liaised with the Auditor-General, who has agreed to report on the administration of the private bindings rulings system. The Auditor-General expects to report next year. Work has also been undertaken by the Taxation Office in an attempt to deliver an enhanced, transparent, robust and credible rulings system. The Auditor-General is, as I mentioned earlier, undertaking a separate inquiry into the rulings system. The point I wish to make to the Senate is that neither of these two inquiries covers the problems of the unacceptable time period which a taxpayer often faces in dealing with questions of grey areas of law or where a discretion is required before the subsequent issuing of rulings, whether they be private or public, or regulations.

Tax rulings are often detailed and voluminous, as I indicated to the Senate a few moments ago. Taxpayers therefore need a timely mechanism to explain the factors that the tax commissioner will rely upon in forming his opinion in relation to what I call the grey areas of tax law or where the tax commissioner’s discretion is needed. There are just too many gaps to provide the degree of certainty that is required in tax law, given the very high penalties that can apply for breaches.

There is one way to go, that is, to add to the legislation or the black letter law the required information or the road maps. But I would say to you that this would add considerably to the volume of an already overloaded Income Tax Act. The resolution of this issue requires, I believe, the combined wisdom and experience of tax professionals, barristers, the tax institute, the Institute of Chartered Accountants, the Australian Society of Certified Practising Accountants, the Australian Tax Office, the Treasury, ministers, parliamentarians and all others who can make a positive input. But the need is urgent because taxpayers need certainty in understanding the law. I thank the Senate.

Lucas Heights: Nuclear Reactor

Senator FORSHAW (New South Wales) (6.32 p.m.)—Last night on the adjournment I made some comments in respect of the proposed new nuclear reactor at Lucas Heights. I particularly drew to the attention of the Senate some of the misleading comments and information that have fallen from the government with respect to this issue. As I have mentioned on a number of occasions, the history of getting information out of this government in respect of this project has been a very tortuous exercise. Often ANSTO and the government have hidden behind that useful device of claiming commercial-in-confidence. Tonight, I want to draw further attention to some of the quite outrageous and misleading statements that have been made by members of the government in regard to this project.

The first one I wish to draw attention to is a letter sent by Senator Alan Ferguson to one of the community organisations, the Australian Local Government Nuclear Free Zones and Toxic Industry Secretariat. That organisation wrote to all members of the Parliamentary Standing Committee on Public...
Works inviting them to attend a meeting on 7 April this year to respond to questions that they had regarding the proposed new reactor. Senator Ferguson wrote back. I have a copy of his letter and I understand that that correspondence has actually been forwarded to other members of parliament. I would like to read this into the record. The letter is addressed to Ms Colella, the campaign coordinator of the organisation. The letter states:

Thank you for your invitation to address the Australian Local Government Nuclear Free Zones and Toxic Industries Secretariat meeting on April 7, 2000.

I and other members of the Public Works Committee have made our position on the new Lucas Heights reactor abundantly clear both in our report and the many speeches that have been made in the Parliament on this issue, and therefore no purpose would be served by me attending the secretarial meeting.

I would like to point out that the recommendations of the Public Works Committee were unanimously accepted by the 148 Federal Members of Parliament and 76 Senators, including the ALP, Democrats, Greens and Independents. Furthermore, based on current sentiment, even if there was to be a change of government, your opposition to the new reactor would not receive any support in Parliament and I feel, therefore, that canvassing the issue further is a futile exercise.

Yours sincerely

ALAN FERGUSON
LIBERAL SENATOR FOR SOUTH AUSTRALIA

He sent that letter to the organisation on 16 March—that is, prior to the meeting that they had requested he and other MPs attend. The point I wish to draw attention to here is that it is totally untrue for Senator Ferguson to state, as he does in that letter, that the recommendations of the Public Works Committee were unanimously accepted by the 148 federal members of parliament—they are obviously the members of the House of Representatives—and 76 senators including the ALP, Democrats, Greens and Independents. That is just totally false.

Anyone who cares to recall the debate that occurred not so long ago in this chamber—and if they cannot recall it, they can check the Hansard—will know that what happened was that the Public Works Committee report, that the Public Works Committee report, as indeed happens with all parliamentary committee reports, was tabled in this chamber and a motion was moved on that day by, I believe, Senator Coonan to take note of the report. In the time that immediately followed, Senator Stott Despoja, Senator Bob Brown and I spoke and indicated our positions and the positions of our respective parties with respect to this project. There was no vote taken on the recommendations contained in the report. The motion that was carried was the usual procedural motion that the Senate take note of the report. The report was also tabled in the House of Representatives and, in accordance with the requirements of the legislation with respect to authorising expenditure on public works, a motion was moved that the House deemed it expedient to authorise the expenditure in light of the report of the Public Works Committee.

In the debate in the chamber, Mr Martyn Evans, on behalf of the opposition, acknowledged the fact that the government was the government of the day, it had the numbers in the chamber and, accordingly, the report would be adopted and the motion would be carried. But he also took time—some time—to spell out in detail the many concerns that the opposition has and our position with respect to the proposed new reactor.

It is a pity that Senator Ferguson is not here at the moment. He is dodging bullets; he is overseas on other important parliamentary business. But I look forward to Senator Ferguson taking the opportunity, when he returns, to explain why he has deliberately misled people by saying that the parliament has unanimously adopted the recommendations of that report.

I also want to turn quickly to another example of the hypocrisy of members of this government on this issue. The local member for Hughes, Mrs Danna Vale, has gone on public record on a number of occasions in recent months indicating her support for this project. That is her right. Further, she has claimed that there really is no community opposition to this project, that it is all some beat-up by a bunch of obsessed anti-nuclear types in the Sutherland Shire, that people are really wasting their time and flogging a dead
horse and that we should all support this project, which she says is in the national interest and should be located in her electorate.

I would like to draw attention to a media release that was issued by Mrs Danna Vale back in 1997, one year after she was elected as the member for Hughes. This is what it says—and I will read it into the Hansard:

MP tells Government to “back off” Lucas Heights Mrs Danna Vale, the Federal Member for Hughes, has come out and clearly warned her Government to back off any ideas of expansion of the Lucas Heights nuclear facility in her electorate.

“This is one option which can be crossed off the list here and now,” said Mrs Vale.

“This reactor itself was built at Lucas Heights 40 years ago when this area was uninhabited bushland. Now, new residential development, over 10,000 new homes, have been built close to the site.”

“Such residential expansion should never have been allowed to occur if the Government intended to expand this facility.”

I will interpose here that one of the concerns of people in this area is that, whilst it is often said that people built their houses in this locality with the Lucas Heights facility already being there, there are many people who will tell you that they were told by real estate agents that the current reactor would be closed down early after 2000 and no further reactor would be built. Whether or not those real estate agents were entitled to say that is another matter, but many people bought property in that area on that basis. Mrs Vale, in that media release, then says:

“As a matter of fact, the community has been under the impression for many years that the reactor itself would be phased down early after 2000 and no further reactor would be built. Whether or not those real estate agents were entitled to say that is another matter, but many people bought property in that area on that basis. Mrs Vale, in that media release, then says:

“Lucas Heights was never, never intended to be a nuclear waste storage facility or a reprocessing plant. It is too far late for this type of facility, which would require a substantial upgrading of the site.”

“If we are to continue with a nuclear facility, it is the Government’s role to find a suitable site in a safe and responsible location which will take us into the next two hundred years,” said Mrs Vale.

That was on 5 March 1997. Mrs Vale’s position has undergone a change of 180 degrees.

The arguments that Mrs Vale outlined in her media release at that time in 1997—about community concern, about increased population and housing in that area, about how people were under the clear impression that this facility would be closed down and that there would be no further reactor built there—are the arguments that are being put by people today. Mrs Vale was claiming then, as she still claims today, to represent the people. The government should listen to the people. (Time expired)

Liberal Party of Australia: Tasmania

Senator CALVERT (Tasmania) (6.42 p.m.)—I am sorry, Senator Conroy, that I am delaying you this evening, but I have something to say here that is important for the record. On Tuesday evening in the other place, the member for Denison, Duncan Kerr, made a number of false and misleading allegations regarding the alleged involvement by me and one of my staff members, Mr Brendan Blomeley, in an alleged branch stacking attempt in the Tasmanian Division of the Liberal Party of Australia. The member for Denison has mischievously sought to falsely accuse me and Mr Blomeley of being involved in an attempt to undermine the preselection chances of my very good colleague Senator John Watson. Put simply, this accusation is not true.

The false allegations, as presented in the other place by the member for Denison, allege that Mr Blomeley sought to stack branches by offering a sixpack of beer and membership to the Liberal Party for a fee of $5. The membership drive to which the member for Denison refers occurred in late February during the 1998 orientation week on the Hobart Campus of the University of Tasmania—over two years ago.

At this time Mr Blomeley did not live in Tasmania, was not a student at the University of Tasmania, was not employed by a Liberal member of parliament and was not a member of the Liberal Party. This all occurred before the last election, and I was not a candidate at the last election. In fact, to allege that Mr Blomeley organised a stack which involved the creation of a false branch lacks credibility and any element of truth. For the benefit of setting the record straight, it is im
important that the Senate hear the truth regarding this matter.

As I am aware, the architects of the 1998 University of Tasmania orientation week Liberal membership drive were two members of the University Liberal Club and the Tasmanian Young Liberal Movement, Mr Steven Mavrigiannakis and Mr John Kennett. Both Mr Mavrigiannakis and Mr Kennett, in their enthusiasm, sought to induce young university students to the University Liberal Club and the Young Liberal Movement by making the extremely generous offer of membership and a sixpack of beer for a mere $5. Mavrigiannakis, the then state President of the Tasmanian Young Liberal Movement, and his Vice President, Kennett, held the membership lists of those who joined the party during the 1998 orientation week. From these lists, Mavrigiannakis and Kennett, in an attempt to further increase their standing in the Tasmanian Liberal Party and, more particularly, the electorate of Franklin, transferred the names of these new Liberal student members into Young Liberal branches. Mr Blomeley, at the time of the alleged AGM of the Eastern Shore Young Liberal Branch, was appointed to the position of Acting State Secretary of the Young Liberal Movement. I am led to believe that the two senior office bearers, Mavrigiannakis and Kennett, directed Brendan to sign the Election of Office Bearers form.

This issue was thoroughly investigated by the State Management Committee of the Tasmanian Liberal Party some two years ago. As a result of this investigation, the record keeping style and management of the Young Liberal Movement was markedly changed to prevent this type of activity occurring again. Two years ago, I played no part in any alleged branch stacking activity, nor am I currently involved in any such activity. Two years ago, this matter was appropriately dealt with internally by the party. I repeat: all this occurred prior to the last election—an election that I was not a candidate for.

Disappointingly, as a result of what could be best described as a ‘personality clash’ between some members of the Tasmanian Liberal Party, some people have sought to resurrect this issue and, in so doing, attempted to damage careers. In fact, prior to Mr Blomeley being appointed to my office in late 1999, Mr Kennett threatened that if I employed Brendan he, Kennett, would do all he could to ensure that I was not preselected. I, again, would like to place on the record that I played no part in this alleged branch stacking exercise and Mr Blomeley simply did not have the resources to have played an active role in this alleged activity. Further, it is significant to note that as this occurred some two years ago it is plainly obvious that I had nothing to gain. To suggest otherwise would be both mischievous and misleading.

Duncan Kerr’s sleazy attempt to discredit my good reputation and that of Brendan Blomeley is beneath contempt. The member for Denison has misled the parliament and the media. His grubby attempt on Tuesday evening to score a cheap political point under the protection of parliamentary privilege is contemptuous, and I challenge him to make these allegations outside the chamber. If I were Duncan, I would be looking in my own backyard because the word around town is that his preselection is not a sure thing either. This is a classic beat-up by a Labor member who would be better served, in light of the 2,000 ALP members who have been recently expelled in New South Wales for branch stacking, to concern himself with his own future and the future of his own party rather than concerning himself with an internal Liberal Party matter that happened some two years ago.

**Senate adjourned at 6.48 p.m.**

**DOCUMENTS**

**Tabling**

The following document was tabled by the Clerk:

*Defence Act—Determination under section 58B—Defence Determination 2000/19.*

**Tabling**

The following documents were tabled pursuant to the order of the Senate of 7 June 2000:

*Transport—ARCAS Airlines—*

Copies of documents relating to ARCAS, trading as Air Facilities [9 vols].

Covering letter from the Minister for Regional Services, Territories and Local Government (Senator Ian Macdonald) to the President of the Senate, dated 22 June 2000.
QUESTIONS ON NOTICE

The following answers to questions were circulated:

**Aged Care Facilities: Inspections**
*(Question No. 1905)*

**Senator Chris Evans** asked the Minister representing the Minister for Health and Aged Care, upon notice, on 24 January 2000:

1. To date, how many inspections of residential aged care facilities have been carried out by the Standards and Accreditation Agency (broken down by state and month since the establishment of the agency) in carrying out its standards monitoring role.

2. How many staff (full-time equivalent) in the agency have been assigned to the standards monitoring role (broken down by state and month since the establishment of the agency).

**Senator Herron**—The Minister for Aged Care has provided the following answer to the honourable senator’s question:

1. Since July 1998 there have been more than 1,400 Agency visits including 943 support visits and 84 spot checks. In addition, there have been 991 accreditation site visits.

   The diversion of resources required to disaggregate the consolidated data by State and month is not considered justified.

2. There are 89 aged care quality assessors who are employed by the Agency. Quality assessors employed by the Agency are not assigned to a particular function, but perform a number of roles according to need. These roles include accreditation, education, support contacts and review audits. In addition, there are assessors contracted to enable the Agency to complete the accreditation process by 31 December 2000.

   Employment as at the end of April 2000, by State, is as follows:

<table>
<thead>
<tr>
<th>State</th>
<th>Number of Agency-employed quality assessors</th>
</tr>
</thead>
<tbody>
<tr>
<td>NSW &amp; ACT</td>
<td>22</td>
</tr>
<tr>
<td>Vic &amp; Tas</td>
<td>29</td>
</tr>
<tr>
<td>Queensland</td>
<td>18</td>
</tr>
<tr>
<td>SA &amp; NT</td>
<td>11</td>
</tr>
<tr>
<td>WA</td>
<td>9</td>
</tr>
<tr>
<td>Total:</td>
<td>89</td>
</tr>
</tbody>
</table>

   The diversion of resources required to provide a detailed account of assessor numbers by state and month since the Agency’s inception is not considered justified.

**Department of Foreign Affairs and Trade: Contracts with Deloitte Touche Tohmatsu**
*(Questions Nos 1999 and 2004)*

**Senator Robert Ray** asked the Minister representing the Minister for Trade and the Minister representing the Minister for Foreign Affairs, upon notice, on 7 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 of the contract to the department; and (c) what selection process was used to select Deloitte Touche Tohmatsu (open tender, short list, or some other process).

**Senator Hill**—The Minister for Trade and the Minister for Foreign Affairs have provided the following answer to the honourable senator’s question:

As indicated above the honourable senator has asked identical questions of both Ministers. The following answer is provided on behalf of both Ministers.

**DFAT**

1. The Australian High Commission to Kenya engaged the firm Deloitte Touche Tohmatsu in Nairobi during the 1998-99 financial year.
(2) (a) The firm was engaged to review the locally engaged staff establishment and structure; (b) The total cost to the department was $11,672.00; and (c) Several local consulting firms were approached to submit proposals. These were then evaluated by a tender board.

AUSTRADE
There is no record of Austrade entering into any contracts with Deloitte Touche Tohmatsu.

AusAID

<table>
<thead>
<tr>
<th>Contractor</th>
<th>Contract Number</th>
<th>Purpose</th>
<th>Selection Process</th>
<th>Cost of Contract</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deloitte Touche Tohmatsu</td>
<td>7836</td>
<td>To assist BPKP’s Program Management Unit to develop and implement a Project Master Plan (PMP)</td>
<td>Competitive Open Public Tender-One step. No bids Received. It was decided to invite five Companies to submit Tenders. - Restricted Tender.</td>
<td>$1,566,209</td>
</tr>
<tr>
<td>Deloitte Touche Tohmatsu</td>
<td>7567</td>
<td>Independent audit of the AusAID project of providing the salaries of church health workers in PNG.</td>
<td>Restricted Tender. Five organisations requested to submit tenders for the project.</td>
<td>$50,200</td>
</tr>
<tr>
<td>Deloitte Touche Tohmatsu</td>
<td>7692</td>
<td>To ascertain whether the grant provided to the PNG Department of Treasury and Corporate Affairs (DTCA) from AusAid was received by the provinces in the manner prescribed in the agreement and terms and conditions of the agreement were met.</td>
<td>FMA Reg 8. Urgency of Project and cost Effectiveness justified Selection Deloittes (PNG).</td>
<td>$130,000</td>
</tr>
</tbody>
</table>

EFIC

<table>
<thead>
<tr>
<th>Name of Contractor</th>
<th>Contract Number</th>
<th>Purpose</th>
<th>Selection Process</th>
<th>Cost of Contract</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deloitte Touche Thomatsu</td>
<td>N/A</td>
<td>Advice regarding proposed software purchase</td>
<td>Negotiated agreement</td>
<td>4,350</td>
</tr>
<tr>
<td>Deloitte Touche Thomatsu</td>
<td>N/A</td>
<td>Financial review of client</td>
<td>Negotiated agreement</td>
<td>24,659</td>
</tr>
</tbody>
</table>

Department of Foreign Affairs and Trade: Contracts with PricewaterhouseCoopers (Questions Nos 2018 and 2023)

Senator Robert Ray asked the Minister representing the Minister for Trade and the Minister representing the Minister for Foreign Affairs, upon notice, on 7 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 of the contract to the department; and (c) what selection process was used to select PricewaterhouseCoopers (open tender, short-list, or some other process).

Senator Hill—The Minister for Trade and the Minister for Foreign Affairs have provided the following answer to the honourable senator’s question:
As indicated above the honourable senator has asked identical questions of both Ministers. The following answers are provided on behalf of both Ministers.

**DFAT**

(1) The Department of Foreign Affairs and Trade engaged the firm PricewaterhouseCoopers under six contracts during the 1998-99 financial year.

(2) At the Australian Embassy in Mexico:

(a) the firm was engaged to provide legal and taxation advice on employment arrangements for locally engaged staff;

(b) the total cost to the department was $48,041.00; and

(c) several local consulting firms were approached to submit proposals. These were then evaluated by a tender board.

At the Australian High Commission in Zimbabwe: (a) the firm was engaged to review locally engaged staff jobs/functions; (b) the total cost to the department was $4,514.00; and (c) several local consulting firms were approached to submit proposals. These were then evaluated by a tender board.

For the Executive, Planning and Evaluation Branch: (a) the firm was engaged to audit the financial management system; (b) the total cost to the department was $5,000.00; and (c) several consulting firms were approached to submit proposals. These were then evaluated by a tender board.

For the Staffing Branch: (a) the firm was engaged to develop the business case for a new human resource management system; (b) the total cost to the department was $7,550.00; and (c) a list of appropriately qualified firms was obtained from the Department of Finance and Administration. Several firms were approached to submit proposals. These were then evaluated by a tender board.

For the Staffing Branch: (a) the firm was engaged to provide the career transition and outplacement services in relation to a redundancy package; (b) the total cost to the department was $10,000.00; and (c) the firm was directly engaged by the employee concerned in accordance with the provisions of the Public Service Act, Section 76R. The firm is included on the Public Service and Merit Protection Commission’s list of suppliers for these services.

For the Information Management Branch: (a) the firm provided user acceptance testing training; (b) the total cost to the department was $1,300.00; and (c) the firm was directly engaged under a purchase order based on availability and fitness for purpose.

**AUSTRADE**

In relation to Austrade, the provision of Commercial-In-Confidence information may breach the Secrecy Provisions of Section 94 of the *Australian Trade Commission Act 1985*. The total value of all contracts with Pricewaterhouse Coopers and KPMG for the 1998-99 financial year was $15,143.80.

**AUSTRALIAN TRADE COMMISSION**

<table>
<thead>
<tr>
<th>Contractor Name</th>
<th>Consultancy Services (Purpose)</th>
<th>Selection Process</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pricewaterhouse Coopers</td>
<td>Recruitment and selection of a Senior Marketing Officer in Austrade Port Moresby Marketing Office in Austrade Port Moresby</td>
<td>- limited available service providers in Papua New Guinea Providers in Papua New Guinea - successful use of Pricewaterhouse Coopers previously</td>
</tr>
</tbody>
</table>

**AusAID**

<table>
<thead>
<tr>
<th>Name of Contractor</th>
<th>Contract Number</th>
<th>Contract Description</th>
<th>Purpose</th>
<th>Selection Process</th>
<th>Cost of Contract</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pricewaterhouse Coopers</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Name of Contractor</td>
<td>Contract Number</td>
<td>Contract Description</td>
<td>Purpose</td>
<td>Selection Process</td>
<td>Cost of Contract</td>
</tr>
<tr>
<td>-------------------</td>
<td>----------------</td>
<td>----------------------</td>
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<td>------------------</td>
<td>------------------</td>
</tr>
<tr>
<td>Pricewaterhouse Coopers (PWC)</td>
<td>N/A</td>
<td>Internal audit fees (outsourced internal audit function)</td>
<td>Short List</td>
<td>384,496</td>
<td></td>
</tr>
<tr>
<td>(PWC)</td>
<td>N/A</td>
<td>Year 2000 project</td>
<td>Negotiated agreement</td>
<td>84,408</td>
<td></td>
</tr>
<tr>
<td>(PWC)</td>
<td>N/A</td>
<td>Business Continuity Plan</td>
<td>Negotiated agreement</td>
<td>55,000</td>
<td></td>
</tr>
<tr>
<td>(PWC)</td>
<td>N/A</td>
<td>Training course</td>
<td>Negotiated agreement</td>
<td>520</td>
<td></td>
</tr>
<tr>
<td>(PWC)</td>
<td>N/A</td>
<td>Euro Project</td>
<td>Negotiated agreement</td>
<td>1,800</td>
<td></td>
</tr>
<tr>
<td>(PWC)</td>
<td>N/A</td>
<td>Acting as EFIC’s receiver – vessel</td>
<td>Negotiated agreement</td>
<td>40,078</td>
<td></td>
</tr>
<tr>
<td>(PWC)</td>
<td>N/A</td>
<td>Conducting staff survey</td>
<td>Negotiated agreement</td>
<td>30,175</td>
<td></td>
</tr>
<tr>
<td>(PWC)</td>
<td>N/A</td>
<td>IT advice - proposed system development</td>
<td>Negotiated agreement</td>
<td>28,000</td>
<td></td>
</tr>
<tr>
<td>(PWC)</td>
<td>N/A</td>
<td>Taxation advice</td>
<td>Negotiated agreement</td>
<td>1,450</td>
<td></td>
</tr>
<tr>
<td>(PWC)</td>
<td>N/A</td>
<td>Provisioning policy advice</td>
<td>Negotiated agreement</td>
<td>22,000</td>
<td></td>
</tr>
</tbody>
</table>

Senator Robert Ray asked the Minister representing the Minister for Trade and the Minister representing the Minister for Foreign Affairs, upon notice, on 7 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 of the contract to the department; and (c) what selection process was used to select KPMG (open tender, short-list, or some other process).

Senator Hill—The Minister for Trade and the Minister for Foreign Affairs have provided the following answer to the honourable senator’s question:

As indicated above the honourable senator has asked identical questions of both Ministers. The following answers are provided on behalf of both Ministers.

DFAT

1. The Department of Foreign Affairs and Trade engaged the firm KPMG under three contracts during the 1998-99 financial year.

2. For the Finance Management Branch:

   (a) the firm was engaged to provide advice, planning, accounting services and training for the implementation of accrual budgeting;

   (b) the total cost to the department was $152,792.00; and

   (c) a number of consulting firms were approached to submit proposals. These were then evaluated by a tender board.
For the Finance Management Branch: (a) the firm was engaged to develop a common administrative services costing model for overseas posts; (b) the total cost to the department was $15,000.00; and (c) a number of consulting firms were approached to submit proposals. These were then evaluated by a tender board.

For the Consular Branch: (a) the firm was engaged on services related to worldwide database applications; (b) the total cost to the department was $12,625.00; and (c) the firm was engaged directly based on level of expertise in the area, previous proven performance and understanding of departmental requirements and operating environment.

AUSTRADE

In relation to Austrade, the provision of Commercial-In-Confidence information may breach the Secrecy Provisions of Section 94 of the Australian Trade Commission Act 1985. The total value of all contracts with Pricewaterhouse Coopers and KPMG for the 1998-99 financial year was $15,143.80.

AUSTRALIAN TRADE COMMISSION

Contract Register 1998-99 Financial Year

<table>
<thead>
<tr>
<th>Contractor Name</th>
<th>Consultancy Services (Purpose)</th>
<th>Selection Process</th>
</tr>
</thead>
<tbody>
<tr>
<td>KPMG</td>
<td>Obtain superannuation ruling from ATO regarding overseas employees, develop policy to calculate superannuation guarantee obligations</td>
<td>Direct discussion with KPMG.</td>
</tr>
<tr>
<td>KPMG</td>
<td>Review procedures to administer arrangements for flexible salary packaging or motor vehicle</td>
<td>Direct discussion with KPMG. KPMG (as our internal auditors) were approached directly as the purpose of the review had direct audit implications.</td>
</tr>
<tr>
<td>KPMG</td>
<td>Drafting Human Resource form Templates</td>
<td>Direct discussion with KPMG. KPMG (as our internal auditors) were approached directly as the purpose of the review had direct audit implications.</td>
</tr>
<tr>
<td>KPMG</td>
<td>Review procedures to record and calculate superannuation guarantee Charge</td>
<td>Direct discussion with KPMG. KPMG (as our internal auditors) were approached directly as the purpose of the review had direct audit implications.</td>
</tr>
</tbody>
</table>

EFIC

There is no record of any contracts between EFIC and KPMG for the financial year 1998-1999.

AusAID

<table>
<thead>
<tr>
<th>Name of Contractor</th>
<th>Contract Number</th>
<th>Contract Description</th>
<th>Purpose</th>
<th>Selection Process</th>
<th>Cost of Contract</th>
</tr>
</thead>
<tbody>
<tr>
<td>KPMG Chartered Accountants</td>
<td>7198 Aviation Sector Reform - PNG</td>
<td>The PNG BALUS Program is a major Institutional change program which aims to transform and restructure the Government based Office of Civil Aviation into an independent corporate authority.</td>
<td>Competitive Open Public Tender - One step</td>
<td>$3,223,666</td>
<td></td>
</tr>
<tr>
<td>KPMG Chartered Accountants</td>
<td>8144 AusAID’s Fourth Fraud Prevention Plan</td>
<td>To conduct a Fraud Risk Assessment of AusAID and development of a Fraud Prevention Plan for the Agency.</td>
<td>Restricted Tender. Eight companies were requested to submit tenders.</td>
<td>$36,000</td>
<td></td>
</tr>
<tr>
<td>Name of Contractor</td>
<td>Contract Number</td>
<td>Description</td>
<td>Purpose</td>
<td>Selection Process</td>
<td>Cost of Contract</td>
</tr>
<tr>
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</tr>
<tr>
<td>KPMG Management Consulting</td>
<td>7968</td>
<td>Accrual Budgeting Training</td>
<td>To provide Financial management training course in accrual based output and outcome budgeting within AusAID.</td>
<td>Selected from the Department of Finance Competitive Tendering and Contracting Panel (CTC)</td>
<td>$80,000</td>
</tr>
<tr>
<td>KPMG Management Consulting</td>
<td>7741</td>
<td>Ombudsman Commission Institutional Strengthening Project PNG</td>
<td>Appraisal of the Project’s IT Strategic Plan</td>
<td>FMA Reg 8 Urgency of request - IT Specialist</td>
<td>$22,800</td>
</tr>
<tr>
<td>KPMG Management Consulting</td>
<td>7499</td>
<td>Technical Assistance to Ministry of Justice - Indonesia</td>
<td>Provision of qualified and experienced personal to provide training/lectures on institutional restructuring. The development and establishment of an Internet website for publication of the Commercial Court Judgements</td>
<td>Restricted Tender. Six large accounting companies were invited to submit tenders.</td>
<td>$230,000</td>
</tr>
<tr>
<td>KPMG Management Consulting</td>
<td>7654</td>
<td>Development of an Information Management Strategy</td>
<td>Development of an Information Technology and Information Management Strategic Plan for AusAid.</td>
<td>Restricted Tender. $132,750</td>
<td></td>
</tr>
<tr>
<td>KPMG Management Consultancy</td>
<td>8203</td>
<td>Consultancy Agreement for Services to the AusAi Information Management Steering Committee</td>
<td>Provision of a Governance model for the introduction of the Information Technology and Information Management Strategic Plan</td>
<td>FMA Reg 8 Sole Supplier</td>
<td>$30,000</td>
</tr>
</tbody>
</table>

**Department of Foreign Affairs and Trade: Contracts with Arthur Andersen**

**Senator Robert Ray** asked the Minister representing the Minister for Trade and the Minister representing the Minister for Foreign Affairs, 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 of the contract to the department; and (c) what selection process was used to select Arthur Andersen (open tender, short-list, or some other process).

**Senator Hill**—The Minister for Trade and the Minister for Foreign Affairs have provided the following answer to the honourable senator’s question:

As indicated above the honourable senator has asked identical questions of both Ministers. The following answers are provided on behalf of both Ministers.

**DFAT**

1. The Department of Foreign Affairs and Trade engaged the firm Arthur Andersen (trading with DFAT as Andersen Contracting) during the 1998-99 financial year.
2. For the Information Management Branch:
   (a) the firm was engaged under three contracts to provide specialist information technology personnel for development work across several major projects;
(b) the total cost to the department was $385,000; and
(c) several firms were approached to submit details of the specialist personnel that they could provide. These were then assessed to select personnel with the particular expertise required for the projects. The firm Arthur Andersen was engaged to provide some of the required project personnel.

**AUSTRADE**

There is no record of Austrade entering into any contracts with the firm Arthur Andersen in the 1998-1999 financial year.

**EFIC**

There is no record of any contracts between EFIC and Arthur Andersen for the financial year 1998-1999.

**AusAID**

<table>
<thead>
<tr>
<th>Name of Contractor</th>
<th>Contract Number</th>
<th>Contract Description</th>
<th>Purpose</th>
<th>Selection Process</th>
<th>Cost of Contract</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arthur Andersen</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>

**Department of Foreign Affairs and Trade: Contracts with Ernst and Young**

(Questions Nos 2075 and 2080)

**Senator Robert Ray** asked the Minister representing the Minister for Trade and the Minister representing the Minister for Foreign Affairs, 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 of the contract to the department; and (c) what selection process was used to select Ernst and Young (open tender, short-list, or some other process).

**Senator Hill**—The Minister for Trade and the Minister for Foreign Affairs have provided the following answer o the honourable senator’s question:

As indicated above the honourable senator has asked identical questions of both Ministers. The following answers are provided on behalf of both Ministers:

**DFAT**

1. The Department of Foreign Affairs and Trade engaged the firm Ernst and Young under contract during the 1998-99 financial year.
2. For the Finance Management Branch:
   (a) the firm was engaged to provide accounting services for the department’s fringe benefits tax return;
   (b) the total cost to the department was $5,000.00; and
   (c) the firm was engaged directly based on the results of a previous restricted tender process for these services.

For the Corporate Management Division: (a) the firm was engaged under eight separate arrangements to provide advice and training on fringe benefits tax and to obtain a tax ruling regarding salary packaging of child care costs; (b) the total cost to the department was $25,060.00; and (c) the firm was engaged directly due to their detailed knowledge of the department’s unique requirements including overseas conditions of service. As noted above a restricted tender process had been used for other related services in the past.

**AUSTRADE**

There is no record of Austrade entering into any contracts with the firm Ernst and Young in the 1998-1999 financial year.

**EFIC**

There is no record of EFIC entering into any contracts with Ernst and Young for the financial year 1998-1999.
**Prime Minister and Cabinet Portfolio: Agency Boards**

(Question No. 2143)

**Senator O’Brien** asked the Minister representing the Prime Minister, upon notice, on 10 April 2000:

1. How many agencies within the Minister’s portfolio are administered by a board.

2. Are all members of the above boards appointed by the Governor-General on the advice of the Executive Council; if not, who is responsible for making board appointments.

3. In each case, does the Remuneration Tribunal have a role in the setting of fees, allowances and other benefits for members of the boards; if not: (a) under which section of the relevant legislation are such fees, allowances and benefits authorised; and (b) how is the value of these fees, allowances and other benefits determined.

4. In each case, what is the nature and value of fees paid to board members.

5. What other benefits, such as mobile phones, home computers and home phone/facsimile machines, are provided to board members by virtue of their membership of a government board.

6. What class of air travel, what standard of accommodation and what car allowances are paid to board members and, in each case, what is the value of these benefits and who determines that value.

7. Are board members entitled to, or do they receive, any spouse benefits; if so, what is the nature and value of these benefits.

8. (a) On how many occasions since January 1998 have the above fees, allowances and other benefits been varied, (b) what was the reason for each variation; and (c) what was the quantum of each variation.

9. If variations to fees, allowances and other payments to board members were not determined by the Remuneration Tribunal, who determined the quantum and timing of each increase.

10. Do board members qualify for, and are they paid, superannuation benefits; if so, are such payments additional to, and separate from, other allowances they receive.

11. Do board members receive any additional allowances if they are appointed to board sub-committees; if so, are such additional benefits provided for in the relevant legislation.

**Senator Hill**—The Prime Minister has provided the following answer to the honourable senator’s question:

The Minister for Aboriginal and Torres Strait Islander Affairs was asked separately about agencies within his areas of responsibility. In relation to other areas of the portfolio, I am advised by my department that the answer is as follows:

1. Nil

2. - (11) Not applicable.

**Natural Heritage Trust: Bushcare Grants**

(Question No. 2200)

**Senator Faulkner** asked the Minister for the Environment and Heritage, upon notice, on 4 May 2000:

1. Have any Natural Heritage Trust ‘Bushcare’ grants been given for land on or near ‘Larnoo’ in the Ghin Ghin Area (near Yea) in Victoria, or for any other properties in the area of Ghin Ghin: (a) if so, to whom were the grants given; (b) who owns the property on which the projects (conservation, tree planting, or otherwise) are located; (c) for what purpose were the grants given; (d) were there any conditions connected to the grants; if so, what were those conditions; and (e) what involvement has Env-
The answer to the honourable senator's question is as follows:

(1) (a) Two Bushcare projects were approved to support community work in the Ghin Ghin area, both approved during the 1998/99 round of Natural Heritage Trust funding.

The first project is “Riparian Revegetation Implementation – Upper Goulburn Catchment” undertaken by the Upper Goulburn Implementation Committee of the Goulburn Broken Catchment Management Authority. This project received $20,000 in 1998/99 and $16,000 in 1999/2000 and was matched with State and community funding. This kind of project is referred to as a devolved grant project, which is where the grant recipient initiates a process to provide a number of smaller grants from the project funding to landholders in accord with the project objectives. This grant recipient had provided 21 devolved grants to landholders at the time of its last progress report. These included five in the Ghin Ghin/Homewood area.

The second project, “Linking Woodlands & Wetlands” by the Upper Goulburn Project Group, was approved to receive $10,000 per year for three years. It received $10,000 in 1998/99 and a further $10,000 in 1999/2000.

(b) The landowners in the area who received funding from the project "Riparian Revegetation Implementation – Upper Goulburn Catchment" listed in the most recent progress report were:

<table>
<thead>
<tr>
<th>Recipient</th>
<th>Creek</th>
<th>Location</th>
<th>Funds Received</th>
</tr>
</thead>
<tbody>
<tr>
<td>G Vasey</td>
<td>Noname Ck</td>
<td>&quot;Larnoo&quot; Ghin Ghin</td>
<td>$8,700</td>
</tr>
<tr>
<td>I Netsche</td>
<td>Unnamed Ck</td>
<td>Kerrisdale</td>
<td>$14,000</td>
</tr>
<tr>
<td>M Drysdale</td>
<td>Dairy Ck</td>
<td>Yea</td>
<td>$10,000</td>
</tr>
<tr>
<td>B Purvis</td>
<td>Slavins Ck</td>
<td>Homewood</td>
<td>$10,800</td>
</tr>
<tr>
<td>B Homewood</td>
<td>Dairy Ck</td>
<td>Homewood</td>
<td>$23,994</td>
</tr>
</tbody>
</table>

(note the “Funds Received” is Natural Heritage Trust and matching State funds)

For the project “Linking Woodlands & Wetlands”, the funding went to the Group and not individual landholders.

(c) All the sub projects of the “Riparian Revegetation Implementation – Upper Goulburn Catchment” project are for protection, stabilisation and revegetation of watercourses and stream frontages.

The funding for the “Linking Woodlands & Wetlands” project was to identify and map remnants and wetlands between Molesworth Flora and Fauna Reserve and Homewood Swamp Reserve at Ghin Ghin and to erect 4.75 Kilometres of fencing each year to protect a minimum of 30 hectares of remnant vegetation and wetlands. The Trust funding will also provide fencing for a number of priority wetland sites in that area identified during the mapping and assessment.

(d) As for other Natural Heritage Trust Bushcare projects, the project application for both these projects, signed by the applicant organisation and approved by the Minister, forms the specifications and conditions. For both projects, the Commonwealth added a further condition, reducing the fencing rate requested in the application from $2 per metre to a maximum of $1.20 per metre from Natural Heritage Trust funds. This condition also required that each recipient of funding for fencing sign a management agreement to protect the fenced out areas.

(e) Environment Australia has received progress reports as part of continuing applications for subsequent years of funding from both these projects and final reports will be required at the conclusion of each project.
(2) In much of Australia, and Victoria particularly, Bushcare projects are often targeted to privately owned land or those areas of public land where the community takes a custodial responsibility for management. Specifically, with regard to the tenure of the land.
(a) Works that are on privately owned land may be funded through the Natural Heritage Trust provided that the landowner agrees to the works and the public benefit of the works far outweighs any private benefit;

(b) Works that are on land that adjoins privately owned land may be funded through the Natural Heritage Trust provided that the landowner, or the body responsible for the land, agrees to the works and that the public benefit of the works far outweighs any private benefit;

(c) Works that are on publicly owned land may be funded through the Natural Heritage Trust provided that the body responsible for the land agrees to the works. However, the Bushcare program of the Natural Heritage Trust does not normally support works on those larger areas of public land and reserves, where vegetation management is the core responsibility of a State agency such as a national parks service. The public land on which Bushcare projects commonly occur is often closely associated with community owned or managed land and for which the community takes a custodial responsibility for natural resource management;

(d) Works that are on the boundary lines of two or more separately owned properties may be funded through the Natural Heritage Trust provided that each land owner on whose land the works are to take place agrees to the works and that the public benefit of the works far outweighs any private benefit.

The key issue considered is not the land tenure but whether the primary purpose of the works is to achieve a strategically important public benefit for natural resource management and that the works are not considered the normal responsibility of the land owner or manager. A successful Bushcare project may indeed target any of the land tenures listed.

(3) The Natural Heritage Trust is implemented in partnership with the States and Territories. Under the partnership, each jurisdiction is responsible for monitoring the community-initiated projects but the Commonwealth assists through a number of mechanisms. For Bushcare, Greening Australia is contracted by the Trust to give advice to groups on how to implement projects and monitor and report their success. Environment Australia has been advised that the Natural Heritage Trust Coordinator for Goulburn Broken Catchment Management Authority recently audited these projects as part of the region’s grant management program and was satisfied with the level and standard of progress.

For projects extending over more than one year, progress reports are required as part of the application for each subsequent year of funding and these are reviewed at regional, State and Commonwealth level. Final reports are required at the conclusion of each project.

While relying on the States and Territories to generally manage and monitor community projects, the Board of the Natural Heritage Trust initiated its own independent mid-term review of the Trust during 1999. The Review examined and visited over 400 projects across Australia. The reports from the review have been published and are available on the Internet at http://www.nht.gov.au/review/index.html.