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Tuesday, 6 March 2001  

The PRESIDENT (Senator the Hon. Margaret Reid) took the chair at 2.00 p.m., and read prayers.

DISTINGUISHED VISITORS

The PRESIDENT—Order! I draw the attention of honourable senators to the presence in the chamber of the Speaker of the New Zealand parliament, the Rt Hon. Jonathan Hunt, MP. On behalf of honourable senators, I have pleasure in welcoming you to the Senate. I trust that your visit will be informative and enjoyable. With the concurrence of honourable senators, I propose to invite Mr Speaker to take a seat on the floor of the Senate.

Honourable senators—Hear, hear!

Mr Hunt was thereupon seated accordingly.

QUESTIONS WITHOUT NOTICE

Minister for the Arts and the Centenary of Federation

Senator FAULKNER (2.01 p.m.)—My question is directed to Senator Alston, the Minister for Communications, Information Technology and the Arts. Can the minister assure the Senate that his junior minister, Mr Peter McGauran, has had no involvement with the ban on Internet gambling whilst Acting Minister for Communications, Information Technology and the Arts, apart from his doorstop interview on 19 May 2000, his joint press release with Senator Newman on 25 May 2000 and his carriage of the moratorium bill in the House in December last year? Has, for instance, Mr McGauran ever been involved in any cabinet or cabinet committee discussions on the ban? If so, when? Has Minister McGauran ever disclosed to you his own, and his family’s, commercial interests in an existing gaming facility?

Senator ALSTON—I saw an article in the paper—which I suppose Senator Faulkner saw as well; that is the usual basis for this line of questioning—which indicated that the McGauran family had interests in at least one hotel that might have had some poker machines in it. Perhaps I had better wait and see the extent, if any, of Mr McGauran’s interest or involvement in that company as opposed to that of the wider family. That is a separate issue to Internet gambling, as I understand it. I do not recall Mr McGauran having any discussions with me about Internet gambling or any involvement in decision making processes. Obviously, I will make sure that his attention is drawn to the question, and we will give you whatever assistance we can.

Senator FAULKNER—Madam President, I have a supplementary question. Has the minister ever been made aware of Mr McGauran’s valuable personal interest, through complex family and personal trust structures, in a licence for 70 poker machines for 24-hour-a-day gambling at the Millers Inn hotel in Altona in Melbourne’s western suburbs? Is the minister aware that Minister McGauran is a named associate on Victorian Casino and Gaming Authority licence documentation for this gaming facility?

Senator ALSTON—I can only repeat that I did read an article in the Herald Sun which listed a number of people. Whether they were called named associates or not I did not focus on. Certainly there were a number of photos attached there and a number I recognised. Beyond that, I hear Senator Faulkner’s question. It sounds like the usual fishing expedition with assertions about considerable personal interests when in fact there does not seem to be anything, from what he said, to substantiate them. To suggest that there is a complex net of trust arrangements may well be a way of saying, ‘We’d like to think he’s got extensive personal interests. We don’t know, so under the coverage of parliamentary privilege we’ll do what we usually do.’ I cannot remember whether the Baillieu family live in Gippsland or not, but they live fairly close to there. There is a modus operandi about Senator Faulkner’s— (Time expired)

Goods and Services Tax: Compensation

Senator COONAN (2.05 p.m.)—My question is to Senator Vanstone, the Minister for Family and Community Services. Will the minister inform the Senate of the benefits to older Australians of the federal government’s GST compensation package?
Senator VANSTONE—I thank Senator Coonan for the question, a question that is necessary as a consequence of the scaremongering being perpetrated by Labor on older Australians in a desperate attempt to tread over them. To put Mr Beazley into the Lodge they will do whatever it takes. When we introduced the new tax system, we compensated pensioners up front for any one-off price increases. Scare merchants like Mr Beazley, Mr Swan and Senator Evans over here find it easier to scare elderly Australians rather than tell them the truth. This behaviour is despicable.

The fact is that the government have introduced a number of beneficial measures for pensioners and allowees way over and above anything the previous government was ever prepared to do for them. We increased pensions by four per cent on 1 July 2000. It was clear to the opposition at the time—Mr Simon Crean identified it in the GST package that he sent out—that that four per cent increase comprised a two per cent real increase forever and a day and a two per cent advance on the indexation. On top of that, we increased the income and asset test free areas by 2½ per cent, we increased the pensioner rebate and we reduced the pensioner withdrawal rate from 50 per cent to 40 per cent. All of those things were good for pensioners.

Do not forget that it was this government that legislated to ensure that pensions at all times would be either 25 per cent of male total average weekly earnings or the CPI, whichever is the greater. In contrast, Labor did this only twice—not regularly, just every now and then. They liked the idea of pensions being 25 per cent of male total average weekly earnings but they were not prepared to regularly do it. They did not have the guts to enshrine it in legislation. It was another short-term trick by them using smoke and mirrors to deceive elderly Australians.

When Labor increased the wholesale sales tax by two per cent in 1993-94—having gone to the people saying that they did not want indirect taxes, never mentioning an increase, and then coming into this parliament and increasing indirect taxes—they did not increase pensions and allowances at the same time, unlike this government. When we changed the tax system and there was a potential increase in prices, we paid compensation and paid it in advance. Labor, when they were in power, increased taxes on pensioners and refused to do anything about it—not a cent in advance.

The government's advance has cost over $540 million, and that is an extra $540 million in the pockets of pensioners and allowees that they would never have got if Labor was in power. How can Mr Beazley claim that we are ripping pensioners off? Either he cannot add up or, more likely, he will engage in any underhand trick and scare campaign to get himself to the Lodge, regardless of the distress he selfishly creates in the community. Anything it takes to get him into the Lodge—that is what this is about. Let us reduce it to its simplest. You people put up taxes by two per cent and you never passed on any compensation to pensioners, let alone in advance. We introduced the GST. We had a one-off, two per cent, forever-and-a-day increase and two per cent in advance. You never did it. You were hopeless when you were in power. You said you wanted pensions to be 25 per cent of male total average weekly earnings, but why did you not legislate for it?

Opposition senators interjecting—

The PRESIDENT—Order! You are speaking across the chamber, Senator Vanstone, and you ought not to be.

Senator Bolkus interjecting—

The PRESIDENT—Senator Bolkus, stop shouting. There are only two seconds left for the answer but, in any event, the answer should be directed to the chair, not across the chamber.

Senator VANSTONE—I cannot say much in two seconds, Madam President. Why don't they offer a reason for not offering compensation when they were in government? (Time expired)

Minister for the Arts and the Centenary of Federation

Senator COOK (2.10 p.m.)—My question is to Senator Hill in his capacity as Minister representing the Prime Minister. Can the Leader of the Government inform
the Senate of whether the Minister for the Arts and the Centenary of Federation has ever disclosed to the Prime Minister his one-sixth interest, held through the Peter John McGauran Trust, in the Millers Inn hotel in Altona North and the 70 poker machines contained in that hotel? Does the minister agree that section 5 of the Prime Minister’s code of ministerial conduct requires Minister McGauran to have made a comprehensive disclosure to the Prime Minister? If such a disclosure—

Honourable senators interjecting—

The PRESIDENT—Order!

Senator COOK—Shall I start again, Madam President?

The PRESIDENT—No, I am keeping up, thank you.

Senator COOK—If such a disclosure has been made, what action has the Prime Minister taken to ensure that no actual or perceived conflict of interest has arisen, as has clearly occurred with the minister’s public promotion of a ban on his commercial competitors?

Senator HILL—There is no doubt about the Labor Party. What was their position on Internet gambling? What did they do on the moratorium legislation? They opposed it. Now all of a sudden we are led to believe that they are interested in the issue. They are interested in the issue—but not when they had the chance to demonstrate to the Australian people that they saw the public risk and could have done something in support of the government to impose the moratorium. I understand that Mr McGauran answered a question in the other place, where he said that the proper disclosure of his interests had been made to the Prime Minister. That is what I understand he said to the Prime Minister, in answer to the first question.

Honourable senators interjecting—

The PRESIDENT—Order! Senators on both sides will come to order.

Senator HILL—If that is what Mr McGauran said, I would certainly accept it.

Senator COOK—Madam President, I ask a supplementary question. Does the minister recall that in October 1996 the Prime Minister explicitly gave responsibility to Mr Max Moore-Wilton, the Secretary to the Department of the Prime Minister and Cabinet, to scrutinise all confidential disclosures of personal interests made to the Prime Minister and to identify any conflict of interests under the ministerial code of conduct? Has Mr Max Moore-Wilton scrutinised any disclosure of Mr McGauran’s gaming interests and, if he has, why didn’t he identify the clear conflict between these interests and Mr McGauran’s public advocacy of a ban on Internet gambling?

Senator HILL—I do recall that Mr Max Moore-Wilton was to look at submissions of interests and advise the Prime Minister, as appropriate, and I assume he did just that.

Senator Schacht—You assume, but you do not know?

Senator HILL—Of course I do not know.

Honourable senators interjecting—

The PRESIDENT—This is not the time for senators to be shouting questions.

Senator HILL—The Labor Party are back in the gutter again. It is an excuse for policy failure. They are a policy-lazy opposition in the year of an election that want anything other than to produce an alternative worthy of government. After five years in opposition, one would have thought they would have come into the parliament—

Honourable senators interjecting—

The PRESIDENT—Order! There are senators shouting and their behaviour is disorderly.

Senator HILL—Perhaps not in the first five years of opposition. Certainly, in our case, in the first year of opposition we were expected to put forward a policy alternative so that the Australian people could make judgments. This opposition has never done that. It has looked for any excuse not to do it, and it is doing it again today. (Time expired)


Senator KNOWLES (2.15 p.m.)—My question is to the Minister for Justice and Customs, Senator Ellison. Will the minister advise the Senate of the key findings of the Australian Illicit Drugs Report 1999-2000,
produced by the Australian Bureau of Criminal Intelligence? How has the government’s $516 million Tough on Drugs strategy contributed to the increased detection and seizure rates identified in this year’s report, and is the minister aware of any other alternatives?

Senator ELLISON—That is a very good question from Senator Knowles. It deals with an issue that is very important to many Australians—that is, the issue of drugs. Today I launched the ABCI report on illicit drugs in Australia. That report outlines a comprehensive situation in relation to illicit drugs in Australia and internationally. This report has received international acclaim, but what is important is that at the outset it acknowledged that, due to the increased cooperation between law enforcement agencies, there have been record seizures of illicit drugs. Perhaps the Leader of the Opposition, Mr Beazley, ought to listen to this and stop being so negative when he puts forward Labor’s so-called plan in relation to drugs. In this report we have an acknowledgment of the excellent work that law enforcement agencies are doing across Australia, with record seizures. Just last year seizures of cocaine increased by 300 per cent. We have seen record seizures in the last year by our law enforcement agencies but we have had nothing but negativity from the Leader of the Opposition, Mr Beazley.

Senator Conroy—Leadership! Well done—10 out of 10!

The PRESIDENT—Senator Conroy, stop shouting.

Senator ELLISON—In fact, in the opposition’s so-called plan we have an emphasis on heroin prescription and heroin injecting rooms, but we have very little on law enforcement and even less on education. We have an 18-page document from the opposition and there is less than a page on drug education matters that is so vital for the next generation of Australians.

The ABCI report also alerted us to the fact that modern organised crime uses technology and other means to perpetrate its ill-gotten ways. We are looking at a $50 million crime tracking initiative, a national DNA database and a national fingerprint database. We are looking at a civil based forfeiture scheme for the proceeds of crime. We have to hit the Mr Bigs where it hurts, which is at the money end of the scale. This is what the ABCI report referred to: you have to fight them at the money end, and that is what we are doing. We also have modern technology for our Customs and for our AFP to aid them in the detection of drugs. But we have nothing like that in the Labor opposition’s plan. In fact, Robert Macklin said about Labor’s plan in the Canberra Times of 3 March 2001:

If you blinked, you’d have missed it.

Talking about Mr Beazley, he said:

His minders chose a suburban Melbourne venue for a quick morning announcement of a 10-point plan, a few questions from local reporters and that was it.
That is it; that is all you get from the opposition. We have put the runs on the board on this issue. (Time expired)

Gambling: Poker Machines

Senator ROBERT RAY (2.19 p.m.)—I direct my question to Senator Alston, the Minister for Communications, Information Technology and the Arts. Is the minister aware that the Victorian Gaming Authority statistics indicate that poker machines in the City of Hobson’s Bay provided an average player loss of $66,203 per machine in the year 1999-2000? This means that a facility such as the Miller’s Inn hotel in that local government area, with 70 poker machines, would have produced a total player loss in the region of $4.63 million last year. Is the minister aware that the gaming industry estimates that the introduction of Internet gambling would draw 10 per cent to 20 per cent of business away from established gaming operators? Does the minister agree that there is a clear commercial benefit to anyone with commercial interests in current gaming facilities, such as poker machines in hotels, to promote a ban on the introduction of Internet gaming access?

Senator ALSTON—I am asked about whether I am aware of the average loss per machine that can be incurred by having poker machines installed in clubs and hotels. If the thrust behind that question is that this is a serious social issue about which we should be concerned, then I would like to know where the Labor Party stand. For example, why did they have their industrial relations policy launch at the Canberra Labor Club? Why are there trades and labour clubs all around Australia riddled with poker machines, when we know that the Labor Party is a principal beneficiary of the revenue that comes from these activities, and they would like to see more of it, wouldn’t they? That is where the Labor Party’s hypocrisy derives from. That is what this issue ought to be all about. When Senator Ray got up yesterday for the first time in five years and asked a question on policy, I could not believe it. I did not know whether he was making a late run for the front bench or whether he had decided to roll over and go straight after all these years. But it didn’t take long. It lasted less than 24 hours.

Let us be clear on how we are going to proceed over the next nine months. Are we going to fight an election on these sorts of peripheral issues or are we going to fight it on policy issues? Are you going to say where you stand in relation to the social scourge that can derive from poker machines and interactive gambling, or are you not? I presume the answer is no, you are not, because you are not seriously interested in policy, you are not seriously interested in putting initiatives in place. You simply want to get all the money you can out of the misery in-
flicted by poker machines in trades and labour clubs and elsewhere.

Senator ROBERT RAY—Madam President, I ask a supplementary question. Is the minister aware that Minister McGauran told the House, in a second reading speech on the moratorium bill on 7 December last year:
The government is mindful of recent experiences where new technology, such as poker machines, attracted new gamblers and resulted in new problem gambling.

Given Minister McGauran’s concern about problem gambling, wouldn’t it have been better for him to declare that his family trust derived in excess of $1 million per year from poker machines—all of which was protected by generous taxation arrangements to do with family trusts?

Senator ALSTON—I have heard the assertions that Senator Ray has made under parliamentary privilege, and no doubt they will be given further attention. Again, this highlights the fact that the Labor Party are not seriously interested in this as a social issue. They are not concerned about the fact that new technologies—

Senator Lundy interjecting—

Senator ALSTON—You are not either, Senator Lundy, is that right? And neither does Senator Mackay seem to be interested in these issues. In other words, they could not give a damn about whether or not new technologies might provide opportunities for new gambling, new social misery. What they are interested in is chasing little rabbits up hill and down dale, into burrows—

Senator Faulkner—What about the hypocrisy?

Senator ALSTON—What about the hypocrisy? I think the hypocrisy is absolutely manifest, and I think that the Australian people will understand that there is only one party which is seriously interested in addressing these social problems, and it is on this side of the chamber.

Health: Radiation from Powerlines

Senator ALLISON (2.22 p.m.)—My question is to the Minister representing the Minister for Health and Aged Care. Is the minister aware of the re-analysis of existing research by respected scientist Sir Richard Doll which links powerlines and childhood and adult leukaemia? Will the government follow the UK’s example, recognise the link, and issue an official warning? Will the government hold discussions with the states about what can be done to reduce the exposure to radiation of people living near high voltage powerlines?

Senator VANSTONE—Thank you for the question, Senator Allison. I do understand the concerns that people have had in the past and that some still have in relation to residences near high voltage powerlines. I have not seen the research that you referred to. Dr Wooldridge may have; I will make inquiries of him. If he has seen the research, no doubt he will have some comments to make in response to it and in response to your question.

Senator ALLISON—Madam President, I ask a supplementary question. Perhaps the minister would also answer this: what implications does this research have for public exposure standards in Australia? Does the minister think it is reasonable that Australians living near powerlines have to wait until there is absolute proof of cause and effect before they can get information about the increased risk of cancer in their children?

Senator VANSTONE—Senator, I will be very happy to pass your question on to the minister and bring back to the Senate such comments as he may have to make.

Shipping: Radioactive Fuel

Senator BOLKUS (2.28 p.m.)—My question is to Senator Hill, the Minister for the Environment and Heritage. I refer the minister to the Prime Minister’s statement of 18 February, when he said, ‘You cannot pick and choose about the passage of things on the seas. They are international waters.’ Minister, isn’t it a fact that the two vessels currently carrying highly radioactive mixed oxide nuclear fuel to Japan have actually entered Australia’s exclusive economic zone? Will the government now, at long last, show some responsibility and object to these shipments or, at the very least, require that the shipments carry complete liability insurance for a worst case scenario accident?
Senator HILL—The hypocrisy of the Labor Party knows no bounds.

Senator Bolkus interjecting—

Senator HILL—I am just going to tell you. Listening to the question from Senator Bolkus, one would be excused for believing that the Labor Party were against such shipments. One would have thought that, in government, they would have opposed such shipments and that they would have stopped such shipments. We know what their attitude was to mining uranium, of course. They actually increased the tonnage of uranium when they were in government, while trying to portray to the Australian people that they were opposed to it. We remember Senator Faulkner signing off on the expansion of Roxby. In the moments before the election, in the dark of night, the pencil went over the paper in Senator Faulkner’s last act as environment minister.

What about on this subject of shipment of nuclear substances? I understand that a shipment of pure plutonium oxide was shipped from Europe to Japan during the tenure of the former government, in 1993—pure plutonium oxide; nuclear material far more sensitive than the mixed oxide fuel that we are talking about in this instance. What did the Labor Party do? Apparently nothing, because it is governed by safety protocols that have been accepted by successive governments in this country.

Senator BOLKUS—Madam President, I ask a supplementary question. The minister denies the fact that there is increased trade, and in recent years there have been some increased problems with this trading.

Government senators interjecting—

Senator BOLKUS—He may very well laugh about this but, given that the New Zealand Prime Minister and several Pacific Island nations have expressed objections to these shipments, why is Australia now leaving leadership on this issue to others in the region?

Senator HILL—I cannot believe that I have heard a question put in those terms. Here is the Labor Party, which adopted the same policy in government, asking, ‘Why isn’t the Liberal-National government now providing leadership by taking a different position?’ Nuclear materials have been transported safely around the world since the 1960s. According to the International Atomic Energy Agency, there has never been a transport accident that has resulted in the release of radioactivity. We received assurances that the shipment conforms to international standards of safety and physical security, and that liability arrangements were in place. We are confident of the effectiveness of those standards and arrangements. Of course, there are emergency response arrangements in place if ever they are needed.

Genetically Modified Crops: Tasmania

Senator BROWN (2.33 p.m.)—I will put in writing the important question I had on the Swift Parrot and Mount Nelson to the Minister for the Environment and Heritage because I want to ask a question of the Minister representing the Minister for Health and Aged Care about the emerging crisis in genetic engineering in Tasmania. Is it true that the companies involved in the genetically engineered canola crops actually paid beekeepers $35 a hive to put their bees in the centre of these crops? Does that mean that the Gene Technology Regulator’s assertion...
that all is safe because there was a 100-metre buffer zone around these crops is patently untrue? This crisis demands immediate action by the minister for health. Will he go to Tasmania? Will he set up an independent investigator? Will he look at criminal charges, if appropriate, against those who have perpetrated this disaster on Tasmania?

Senator VANSTONE—I thank the senator for his question. Dr Wooldridge has advised me that he is aware of the reports, which started with David Llewellyn, Tasmanian Minister for Primary Industries, Water and Environment, of noncompliance with the Genetic Manipulation Advisory Committee’s recommendations for the post-trial management of field trial sites in Tasmania. The noncompliance was detected recently by the Interim Office of the Gene Technology Regulator during routine monitoring visits. Contrary to Minister Llewellyn’s claim, this detection clearly shows that the Office of the Gene Technology Regulator’s monitoring program is working, because the problem, as I am advised, was detected by that office.

Noncompliance sites have been detected, and remedial action has been taken. It has been requested of the companies involved, although risks at the sites are considered negligible. It is different language from yours. It was not described to me as a crisis situation; the assessed risk at the sites was described to me as negligible. While Dr Wooldridge is obviously disappointed—and I am sure everybody is—that the companies involved did not meet their responsibilities, immediate remedial action was taken. Further follow-up action will also be taken to ensure that even the negligible risks are not realised. We are not saying, ‘It’s negligible; don’t worry,’ we are saying we believe it is negligible but we will keep checking.

The Tasmanian government was advised of the details of the noncompliance and was involved in the development of an action plan to deal with the noncompliance issues over the last week. The Office of the Gene Technology Regulator has also developed the action plan in consultation with the Genetic Manipulation Advisory Committee, other state and territory officials and relevant Commonwealth agencies. The Office of the Gene Technology Regulator will provide a full report to Dr Wooldridge on the extent of noncompliance at the completion of its investigation. Senator Brown, before I conclude, however serious your dealings on any matters might be—and these are serious matters—I urge you not to fall into the same trap the Labor Party has fallen into: to get yourself a headline, you go around scaring the hell out of people. It will not win you any votes.

Senator BROWN—Madam President, I ask a supplementary question. I spoke to the minister’s office today. I ask the minister representing the minister for health why Minister Wooldridge’s office knew nothing about the placement of hundreds of beehives in these genetically engineered crops. Why does the Office of the Gene Technology Regulator know nothing about the placement and payment for the pollination of these crops by bees? Is the minister aware that bees fly eight to 10 kilometres in any given day in any given direction, which makes the 100-metre buffer zone a farce? Will the minister acquaint himself with the facts in this situation and appoint an independent arbiter? Patently, the Gene Technology Regulator does not know what is going on on the ground and, by using words like ‘disappointing’, does not adequately care about the damage this could cause to Tasmania and its rural croplands.

Senator VANSTONE—I will advise Dr Wooldridge’s office that he will have to pay more attention to bee placement around Australia. You must understand, Senator, that the advice I have from the minister’s office is that the noncompliance was detected by the Interim Office of the Gene Technology Regulator. So, far from being something that they were unaware of, the noncompliance was detected by the regulator. As to whether the regulator understood, prior to discovering the noncompliance, that there were bees there and that they were a risk, which I think is the question you are asking—

Senator Brown—No, since.

Senator VANSTONE—And since—I will take that on notice. I will ask Dr Wooldridge if he can come back to me with
an answer that I can give you in relation to that matter.

**Goods and Services Tax: Liquefied Petroleum Gas Prices**

**Senator JACINTA COLLINS** (2.38 p.m.)—My question is to Senator Kemp, the Assistant Treasurer. Given the Prime Minister’s policy panic over petrol prices, what action is the government proposing to take on skyrocketing LPG prices, made worse by the 10 per cent Howard-Lees GST? Given the Prime Minister’s keenness to claw back part of the meagre compensation paid to pensioners for the introduction of the GST, why doesn’t he do something about the skyrocketing prices of LPG, which many pensioners rely on for such things as cooking and heating?

**Senator KEMP**—I thank Senator Collins for that question. The first point is that, as usual with Labor questions, many of the assumptions in them are quite wrong. Senator, you raised the issue of the government’s particular actions in relation to the indexation of petrol. The government has taken action, and that action is widely welcomed. The question is whether the Labor Party, with its alleged concern—which it has purported—will support the abolition of automatic indexation paid to pensioners for the introduction of the GST, why doesn’t he do something about the skyrocketing prices of LPG, which many pensioners rely on for such things as cooking and heating?

**Senator KEMP**—I thank Senator Collins for that question. The first point is that, as usual with Labor questions, many of the assumptions in them are quite wrong. Senator, you raised the issue of the government’s particular actions in relation to the indexation of petrol. The government has taken action, and that action is widely welcomed. The question is whether the Labor Party, with its alleged concern—which it has purported—will support the abolition of automatic indexation paid to pensioners for the introduction of the GST, why doesn’t he do something about the skyrocketing prices of LPG, which many pensioners rely on for such things as cooking and heating?

**Senator Jacinta Collins**—Madam President, I rise on a point of order.

**Senator KEMP**—Getting sensitive, aren’t we?

**Senator Cook**—No, you are not following standing orders, you fool!

**The PRESIDENT**—Order! Senator Collins is seeking to raise a point of order.

**Senator Jacinta Collins**—Madam President, my point of order goes to relevance. You have commented in the past on the level of interjections in question time. I have asked the minister a question on LPG. He has not addressed that issue at all so far. He is already more than halfway through his answer. I ask you to direct him to answer the question.

**The PRESIDENT**—I do draw your attention to the question that was asked of you, Minister.

**Senator Kemp**—Madam President, the first part of the question mentioned petrol prices, and I think the Hansard will show that. So I am dealing with the petrol price issue first. Premier Bracks now has to make it clear whether he is prepared to match the efforts of the Commonwealth to cut the price of petrol. Senator Collins, coming from Victoria, is singularly well placed, I think, to press that case. Again, in the debate after question time, Senator Collins, we will see how sincere you are on that issue.

I will now turn to the issue of LPG prices. Retail LPG prices have risen, as Senator Collins would know, as a result of rising world LPG prices.

**Senator Faulkner**—An oldie but a goodie!

**Senator Kemp**—That is the reason for the rise in the price. Senator Collins has asked whether the Commonwealth government can take action in this area. I have mentioned to her the reason for the rise in LPG prices. But the issue with respect to petrol prices equally applies to this, Senator Collins: what does the Labor Party propose to do in this area? Senator Collins stands up here and attacks the government. I have pointed out to her the reason the prices have risen.

**Senator Cook**—We’ve got a bill before the chamber.

**The PRESIDENT**—Order, Senator Cook!
Senator KEMP—As I have asked in relation to petrol prices, what does the Labor Party propose to do in this area? Madam President, I suspect you will find, as you will find in relation to petrol prices, that the answer is absolutely nothing.

Senator JACINTA COLLINS—Madam President, I ask a supplementary question. Does the minister deny that the GST has been a component in the increase in LPG prices? Can the minister inform the Senate just how much LPG prices in Melbourne have risen over the past year in either dollar or percentage terms?

Senator KEMP—Again we see the contradiction in the Labor Party’s position. The Labor Party’s position now is that it will accept the GST as part of its policy. The Labor Party’s position is to support the GST.

Senator Cook—It is not.

Senator KEMP—It is. I have not heard, Senator Collins, that you are proposing to roll back the GST which is applied in this area. If that is the case, it is a big news story. But the Labor Party is not proposing to roll back the GST in this area. So what we have seen from the Labor Party, as we have seen so often in this chamber, is total hypocrisy.

Mobile Phone Service: Government Initiatives

Senator FERGUSON (2.45 p.m.)—My question is to the Minister for Communications, Information Technology and the Arts, Senator Alston. Can the minister inform the Senate how the government is increasing mobile phone coverage along Australia’s major highways and how this will improve safety and commercial opportunities for the thousands of Australians who travel on highways every day? Further, is the minister aware of any alternative policy approaches, and what would be the impact if these were to be implemented?

Senator ALSTON—Mobile phones are very much a part of the Australian way of life these days, and it is quite clear that people all around Australia—whether they are in the cities or regional areas or right out in the outback—need access to mobile phones. It has been a matter of particular concern that when you get outside some of the major regional centres, and indeed the metropolitan capital cities, you will find very patchy mobile phone coverage. That is why the government was able to announce last week with great pleasure the outcome of a competitive tender process which saw Vodafone nominated as the preferred tenderer to receive $25 million, which will be of direct benefit to almost 10 million mobile phone users along almost 10,000 kilometres of 11 major highways around Australia.

That is a huge breakthrough not just for those who live near the highways in rural areas but also for families, truck drivers, contractors and all sorts of small business people. In other words, virtually every Australian at one time or another will be travelling on these highways. We estimate that there are something like one million trips a day made on these 11 highways alone. This is the GSM network—the digital technology that has now been available for some years—but it is being matched progressively by Telstra with its CDMA rollout, and we expect that to lead to Telstra expediting the process as well. In non-metropolitan areas we will have two high quality competing mobile telephone services. That is very good news. We were able to provide that funding from the proceeds of the sale of Telstra and we were able to put money into Networking the Nation. Something like $18 million has been made available to Telstra for its CDMA networks. What has been the Labor Party’s attitude to these sorts of initiatives? Stephen Smith, the shadow minister—

The PRESIDENT—Mr Smith.

Senator ALSTON—Mr Smith has labelled these as ‘bribes’. He is effectively putting Australians on notice that whenever any initiatives are announced for those outside the capital cities they will be dismissed as bribes. I presume that means that the Labor Party will not be announcing any promises of its own, because they would constitute bribes as well. Or is the Labor Party so one-sided and narrow that it regards anything that the government does as a bribe and anything that the Labor Party does as somehow helpful? History speaks for itself. Labor’s track record over 13 years in government and five years in opposition has been of
total disinterest. They put out press releases every day of the week, but you never see any welcoming announcements about additional spending on telecommunications facilities, additional rollouts, social bonus programs—a whole raft of initiatives that we have supported, promoted and funded. There has been not a word from the Labor Party.

Senator Schacht is the high watermark. He wanted to freeze that program—stop it dead in its tracks—during the last election. That will be a very fitting epitaph when he leaves the Senate in the middle of next year. Quite clearly, the Labor Party has no interest at all in ensuring the rollout. It is not prepared to even welcome government initiatives. It was never prepared to promise to spend an equal amount or anything like it. In other words, it is not prepared to look at the concerns of people in rural areas. All it is really interested in doing is getting down into the gutter, as we have seen today. That is where the fundamental difference will become even more apparent in the months ahead.

Aged Care: Accommodation Places

Senator CHRIS EVANS (2.49 p.m.)—My question is to Senator Vanstone, the Minister representing the Minister for Aged Care. Who is responsible for the inaccurate and incomplete information the government has released on the latest allocation of aged care places, which the government claims are worth $200 million? Is the minister aware that providers’ names have been omitted from this information, and facilities which in many cases do not yet exist have been listed as the recipients of the allocations? Is she aware that, for example, according to the government’s published information, $2.6 million in bed licences has been allocated to a closed bowling club at a vacant block of land in Victoria? Finally, can the minister confirm that it was the Minister for Aged Care who directed her department to withhold the information which would actually make it possible to identify the facilities and the operators who have benefited from the latest allocation of aged care places?

Senator VANSTONE—I have some information for you, Senator. There are some specifics that I will need to follow up. There are a few things you could have mentioned in your question. Since you did not give that information, I will take the opportunity to give it to people who are either listening to the Senate or insomniacs who read it late at night, lest they be misled by you again. In the last two years, Mrs Bishop has released 22,000 new aged care places. That is to make up for that deficit found by the Auditor-General of 10,000 aged care places left by Labor and to meet the need for growth. You might like to reflect on that, Senator. In the last two years, Mrs Bishop has released 22,000 new aged care places to make up for the deficit, which the Auditor-General said was to the tune of 10,000 places, left behind by Labor when they were last in government, and to meet the need for growth.

As a result of the 2000 round announced on 12 January this year, more than 700 aged care providers have been granted over 14,000 new aged care places, worth over $156 million in a full year. The allocation includes $30 million in capital grants for residential care homes, $9 million for re-structuring and $5 million in capital to establish community aged care packages. In total, an additional $200 million, I am advised, is being made available for aged care across Australia as a result—

Senator Chris Evans—Madam President, I rise on a point of order. The minister is reading a brief. I asked her why the information as to who those 700 providers are—who they gave those millions of dollars worth of licences to—has not been made public more than a month after the announcement and why we cannot get that information. She is not addressing the question. She is reading a brief which is not answering the question. I ask her to answer the question.

The PRESIDENT—I draw your attention to the question, Senator Vanstone.

Senator VANSTONE—Thank you, Madam President. The question was about aged care places. I am just filling in a bit of detail. I will get to the specific answer for you. In total, an additional $200 million is being made available for aged care across Australia as a result of the year 2000 round. This is in addition to the $3.9 billion anticipated to be spent on residential aged care in the year 2001. The allocation of aged care
Places to aged care providers will, of course, mean there are an extra 7,642 residential aged care places and an additional 6,532 community aged care packages that allow people to remain in their homes and receive the care that they need. Operational and approved aged care places at this time come to over 108 places per 1,000 people aged 70 years and older.

Senator, what you want to know is: to whom apparently have these places gone? You say you asked the question at estimates and did not get an answer. You might like to look at the answer you got. When we were in opposition I asked a question about one of the government’s key programs—the Priority One program. The youth of Australia were meant to be priority one; in fact they were priority two. There was a cartoon with Mr Hawke filing his nails saying, ‘Priority two—don’t call me; I’ll call you.’ It was a great cartoon. It was all just PR. But when I wanted to know some information, do you know what I got? A bill—an FOI bill for the information.

The PRESIDENT—Senator, you are drifting from the question.

Senator VANSTONE—Madam President, I am just making the point that when they were in government they used to charge people on that side of the chamber freedom of information charges to get information. That is how hopeless they were. But even though they were that reluctant to get information—

Senator Chris Evans—You’re drifting.

Senator VANSTONE—Senator, I will take it on notice. I will ask Mrs Bishop if she is ready to give you the details.

Senator CHRIS EVANS—Madam President, I ask a supplementary question. I think it is important that the public and the industry know where that $156 million of taxpayers’ money has been expended. We do know, for instance, that you gave that information to duty senators. The question is: why won’t you make it public? Do you think it is satisfactory that all the public is told is that an empty block with the name of a bowling club that is closed got $2.6 million of taxpayers’ money? Is that sufficient public accountability? Or do you think a better course of action is like that of every other year under the previous government and your government when full information was provided? Why won’t you tell us what you did with the taxpayers’ money? Why won’t you come clean more than two months later? We know that you gave it to Senator Judith Troeth. We know that you gave it to your backbenchers. Why won’t you tell the industry and the public who those licences have gone to? What are you trying to hide?

The PRESIDENT—Order! Questions should be directed to the chair, not across the chamber, and answers should be directed to the chair, not across the chamber.

Senator VANSTONE—This government, in each of its formations, has been more accountable to the parliament than any Labor government I experienced ever was. I am sure this information will, at some appropriate time, be available. I do not know why it is not available now. Senator, if you felt better—

The PRESIDENT—Order!

Senator VANSTONE—Through you, Madam President, if Senator Evans felt better getting up and asking a supplementary—which was a repeat of his earlier question, to which he already had an answer—he got a bit more air out of his lungs and probably stopped one of his colleagues asking a question later.

Centrelink: Child Care Benefit

Senator WOODLEY (2.56 p.m.)—My question is to the Minister for Family and Community Services, Senator Vanstone. I ask the minister whether the government is aware that Centrelink is apparently delaying the processing of child care benefit reimbursements to child care centres, meaning that in some cases child care centres are still waiting for reimbursement for returns submitted for July 2000? Minister, even when part advances have been made, these have not been reconciled by Centrelink. Some centres are still owed up to $25,000. Minister, is the government concerned that, as a result of the Centrelink payment processing system, many operators are faced with closure? Minister, when will the government
give more resources to Centrelink so that the inadequacies and errors of the Centrelink child care system can be overcome?

Senator VANSTONE—Senator, thank you for the question. I might begin by indicating to you that—

Senator Schacht—Have you had a brief on what is in the brief yet?

Senator VANSTONE—That kind of sense of humour got you No. 3 on the ticket, Senator Schacht. Back in trade union country they did not think it was that funny. I notice Senator Bolkus has a smile on his face.

Senator Hill—A big smile.

Senator VANSTONE—Yes, a big smile.

The PRESIDENT—Order!

Senator VANSTONE—Very interesting—

The PRESIDENT—Senator Vanstone, wait till I call you. The Senate will come to order. Senator Woodley wants an answer to his question. Senator Vanstone.

Senator VANSTONE—Thank you, Madam President. Senator Woodley, I am sure you understand the difficulties that Centrelink frequently face. They do a fabulous job, might I say. I know everything is not perfect and I understand there are problems in this area, but you have a lot of people all around Australia helping people who are, generally speaking, desperately in need. They have millions of phone calls and letters a year. Every time someone—for example, possibly someone on the other side of this chamber—will go out and inappropriately stir people up, suggesting they should have had more. These people should hire themselves out to haunt houses. They would probably make a good living. That might be something you can do, Senator Schacht, after the next election.

Honourable senators interjecting—

The PRESIDENT—Order! There is far too much noise in the chamber. I ask the Senate to come to order so that Senator Woodley can hear the minister’s response.

Senator VANSTONE—It does create difficulties. What would you do, Madam President, if you were an older Australian—as we all are, those of us who are over 45? I am sure Senator Stott Despoja knows how we need a bit of youth and vigour out there. We would ring up Centrelink. This is no laughing matter, the scare campaign that the opposition have run. You would ring up Centrelink; and what that does is jam up the call centres and make it a lot harder for them to do their job.

Senator, there are some problems in this area. There is a detailed answer that I can get for you. It might be even better if I got someone from Centrelink to come and speak to you directly or to your party and explain what the difficulties have been and to go through it with you. I understand that your question is a properly motivated question; it goes to the proper administration of benefits and to the real desire that this government has to achieve better things in child care. We have done that. We have a lot more places than Labor had. But there are some administrative problems and, if you are happy, rather than come back with an answer to you, I will get someone from Centrelink to come around and personally address the matter with you.

Senator WOODLEY—Madam President, I ask a supplementary question. I appreciate what the minister says, but I think it should be tabled as a public document, if you do not mind. My supplementary question is—

Senator Ian Macdonald interjecting—

Senator WOODLEY—My interest is in getting Centrelink fixed up, Senator Macdonald. Minister, could you also, when you are getting a briefing on this issue, find out whether or not it is customary for senior Centrelink officials to tell operators of child-care centres that they ‘need to know how to ask’—apparently that is a common retort from Centrelink officials—because it seems to me an inadequate answer to child-care operators who are really having serious problems in this area.

Senator VANSTONE—Senator Woodley, thank you for your question. I am reminded of the proprieties of these matters. You are quite right: it would be inappropriate simply to send someone from Centrelink around to assist you; and the reason it would be inappropriate is that we should be accountable to
parliament and the answer should be on the parliamentary record, and I accept that. But there is something else that the answer being on the parliamentary record will provide—and that is an opportunity to come back and clarify yet again for the opposition the tremendous increase in child-care places that has been provided by this government; how that has been done; how all of the efforts that they made in government came to very, very little; how the achievements of this government have been delivered; and how child care is now cheaper in Australia—with net reductions in child-care costs. It might help them, Senator Woodley—I know you are concerned about this—because they will be able to go back to their leader and say, ‘Why did you say in September last year that child care was more expensive, when the Bureau of Statistics says it is cheaper?’ (Time expired)

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

ANSWERS TO QUESTIONS WITHOUT NOTICE

Minister for the Arts and the Centenary of Federation

Senator FAULKNER (New South Wales—Leader of the Opposition in the Senate) (3.03 p.m.)—I move:

That the Senate take note of the answers given by the Minister for Communications, Information Technology and the Arts (Senator Alston) to questions without notice asked by Senators Faulkner and Ray today relating to the financial interests of the Minister for the Arts and the Centenary of Federation (Mr McGauran).

Here we go again. We have greedy millionaire ministers in John Howard’s government. They just can’t help themselves, can they? Here we have a minister, Mr McGauran, who was forced to resign in September 1997 for travel rorts, now actively promoting the government moratorium on online gambling in an official capacity, when his family owns 70 poker machines. Mr McGauran has managed to hide his holding in his statement of pecuniary interests by making a complicated disclosure of the existence of the Peter John McGauran Trust and the holdings of that trust in a variety of private family companies, such as Rozinta Pty Ltd.

However, what Mr McGauran did not disclose publicly were the assets actually held by those companies, and it is those assets which have produced this conflict of interest. We now know that those McGauran family companies operate the Millers Inn hotel in Altona North and the 70 poker machines contained in that venue. We only know this because it is set out publicly on the Victorian Casino and Gaming Authority’s web site. We certainly have not been told this by Mr Peter McGauran, and we should have been.

They are valuable machines: each gaming machine in the city of Hobson’s Bay, which covers Altona North, had an average player loss in 1999-2000 of $66,203. Therefore, the 70 machines of the McGauran’s pub in Altona North produce an annual total player loss of $4.63 million, with 25 per cent of that going to the venue operator—$1.15 million straight profit for the McGauran family trusts—and with a one-sixth share, or $191,000 a year, going straight to Minister McGauran.

The minister’s personal and hidden links to 70 one-armed bandits are in stark contrast to his public stance on pokies. Look at his second reading speech on the Interactive Gaming Moratorium Bill 2000:

I’m sure there are a number of State and Territory law-makers who regret earlier decisions to allow poker machine numbers to increase so dramatically in pubs and clubs. The Commonwealth is determined not to repeat this mistake with interactive gambling...

They are Mr McGauran’s words. We now know that Mr McGauran had a massive incentive to highlight the potential dangers of online gambling, because it posed a huge threat to the profitability of existing gaming operators, including himself. He wanted to squash online gambling so that it would not divert the revenue stream from his family trusts. And this is not just hypocrisy on Mr McGauran’s part; this is hypocrisy and self-interest. It is hypocrisy, it is self-interest and it is a conflict of interest on the part of this minister of the Crown. In his doorstop interview as acting minister for communications on May 19 last year, when Mr McGa-
uran announced the moratorium effective that day, he said:
We need to carefully examine over the next 12 months the impact of online services now offering gambling capabilities. The community does not want a virtual casino in every lounge room ...
Is that the community that does not want it, or is it Mr McGauran and his family who do not want it? Did he absent himself from the decision making on this? The government will not front up today in question time and tell us. We do know, of course, that he announced the decision while acting minister for communications. Did he tell his senior minister? Of course Senator Alston would not tell us that. Did he tell the Secretary of the Department of the Prime Minister and Cabinet, Mr Max Moore-Wilton? We are not told. Did he tell the Prime Minister? We are not told that.

What we have here is a clear and flagrant breach of the code of conduct and the principles that govern ministerial behaviour. This is a further diminution in the standards of an already tarnished government. Mr McGauran must be called to account on this. Mr Howard needs to explain whether he already knew about this; Mr Howard also has a lot of explaining to do on this one. (Time expired)

Senator ALSTON (Victoria—Minister for Communications, Information Technology and the Arts) (3.09 p.m.)—I am interested to hear about hypocrisy, because Senator Faulkner comes from the state of New South Wales, where the police minister, Mr Whelan, and his government were responsible single-handedly for introducing poker machines. But, more importantly, under the Memorandum and Articles of Incorporation of the Canberra Labor Club Ltd, the Australian Labor Party ACT Branch is required to nominate six persons annually for election to the board of directors of the Canberra Labor Club at its annual general meeting. Madam President, I would be very interested to know whether or not Senator Lundy has ever been a director of the Canberra Labor Club Ltd, because that Labor Club has donated in excess of $1 million over the past three years alone to the Labor Party. In fact, the Labor Club has taken revenue of over $28 million from poker machines. Senator Lundy, as we know, has been a ferocious opponent of the interactive gambling legislation. In other words, she has been very much running the line of the offline gaming industry, which does not like this legislation one little bit. It would be very useful to know whether Senator Lundy has been—or still is, for that matter—a director of the Canberra Labor Club.

Indeed, if one looks at the extent to which the Labor Party has benefited from this type of insidious activity, one finds that there are a whole series of Labor clubs around Australia that have benefited. For example, the Randwick Labor Club has 140 poker machines, the Sydney Labor Club has 20, the Canberra Labor Club has 230 and the Gininderra Labor Club has 75. No wonder we never hear a peep out of the federal Labor Party criticising poker machines, because they have a vested interest in them. Have they ever declared that? Of course they have not. They are out there doing very nicely indeed. It is like your mates in the trade union movement: you are bound hand and foot to them, because they fund you, they pre-select you—they feed you. We have exactly the same situation here.

Senator Heffernan interjecting—

The ACTING DEPUTY PRESIDENT (Senator George Campbell)—Order! Senator Heffernan, if you want to interject, you should be in your proper seat.

Senator Heffernan—I am in my proper seat.

The ACTING DEPUTY PRESIDENT—Senator Heffernan has been interjecting from anywhere other than his proper seat.

Senator ALSTON—Thank you, Mr Acting Deputy President. If we are here seriously talking about hypocrisy, let us get the facts on the table; let us find out who the directors of the Labor Club are; let us find out who the directors are of all those other Labor clubs that have been funding the Labor Party in spades. This Labor Party is propped up by the trade union movement and the poker machine industry in Australia. That is where the great bulk of the money from
that Canberra Labor Club comes from; something like 80 per cent of its revenue comes from poker machines, and it has managed to give over $1 million to the Labor Party over the last three years alone.

That is a monumental conflict of interest. Every member of the Labor Party here should be standing up and declaring their situation. But no, we have never heard a word about it. No-one has ever known before why you have been so silent in your opposition to poker machines; why you have been happy to see the Labor government in New South Wales actually introducing poker machines—because it is a huge source of revenue. That is the hypocrisy. None of this hand-wringing about the harm and misery that flows from problem gambling. I think the Productivity Commission found something like 300,000 problem gamblers around Australia. That is a very serious social policy issue, and Labor has been absolutely silent on it and not prepared to draw any connection with the interactive gaming industry; it is simply prepared to run the party line—a party line that benefits it very directly from the gambling and gaming industries. If we want to hear any more about hypocrisy, there will be plenty more.

Senator COOK (Western Australia—Deputy Leader of the Opposition in the Senate) (3.13 p.m.)—No matter how hard Senator Alston might strive to make this into a debate about gambling, this is a debate about ministerial propriety and a conflict of interest. Let me put it straight on the table: if we want to have a debate about gambling, let us have one. But let us not and declare their it as a way of muddying what is clearly a case of ministerial misconduct—and that from a government whose Prime Minister announced, when he came to office, that there would be a new standard of ministerial conduct. This is the new standard: tolerate conflicts of interest as though they do not exist.

Let us get a clear statement of the facts on the record. The facts are these. One, McGauran Altona Pty Ltd owns the Millers Inn hotel in Altona North and, in that hotel, the 70 poker machines that are operated by the hotel. Two, the Peter John McGauran family trust has a one-sixth interest in McGauran Altona Pty Ltd. Three, therefore Minister Peter McGauran has a direct commercial interest in the hotel and by extension in the poker machines operated by the hotel which, as Senator Faulkner says, register an annual total player loss of $4.63 million, that is to say, $4.63 million is lost by workers and their families in that region of Victoria. Four, the members’ register of interest lodged in this parliament enables you, if you are diligent, to trace through the interconnecting web of trusts and companies to establish that the hotel is owned as I have set out, but it does not enable anyone to trace through the web of interconnecting companies to establish the ownership of the poker machines. That is a failure, and a clear one, in the register of members’ interests, because the ownership of the poker machines within the hotel is the key operative in this conflict of interest case. The fifth point that has to be borne in mind is that when Minister McGauran was acting minister for communications he announced a bill which would place a moratorium on online and interactive gambling, and, as a minister, took that bill through the House of Representatives. At no point did he disclose his gambling interests in announcing the ban on online gambling or in taking that bill through the House of Representatives, when clearly a ban on online gambling benefits the 70 poker machines he owns and the poker machine industry per se. And that is the point: why didn’t he declare his interests; why didn’t he absent himself from the responsibility of doing this; and why didn’t he make that conflict public? Of course, he now has reaped a commercial benefit.

The other point that is worth mentioning in this debate is that the family trust through which he conducts his affairs and which enables him to reap a commercial reward is taxed at a much lesser rate than companies. The McGauran family trust has been, unquestionably, of considerable commercial and financial advantage to the McGauran family. In the ANTS package brought into this parliament on 1 July—that is, the package that introduced the infamous GST—we were promised by the Treasurer, Mr Costello, that family trusts would be taxed at the ex-
actly same rate as companies. Then he announced, in his first backflip, that he would defer doing that until 1 July 2001. Last week, in his second backflip, he announced that he was not going to do that now; he was going to defer the taxing of family trusts as companies indefinitely—in order to get him past the vociferous complaints of the coalition partner, the National Party, and obviously in order to get him past the vociferous complaints of the many frontbenchers in the government who are beneficiaries from family trusts, including Senator Heffernan, who has a reported five—no less than five!—family trusts. So not only is there a conflict of interest. There is a conflict within the government in not honouring its commitment on ANTS, deferring it indefinitely and enabling people to benefit from it in the circumstances I have described. (Time expired)

Senator FERRIS (South Australia) (3.18 p.m.)—We have heard some hypocrisy in this chamber, but I think this afternoon when we heard Senator Cook and others speak about conflict of interest and muddying of waters it was the most gross act of hypocrisy I have heard incorporated in a speech in this place for a very long time. Let us get conflict of interest on the table or, to use Senator Cook’s words, let us get the facts out. Let us ask some questions here on conflict of interest which beg answers very clearly, along with any questions that Senator Cook may well have asked. Who are the beneficiaries of gambling that sit in this chamber? How many frontbenchers on the other side of this chamber have been or are directors of Labor clubs that donate to the Labor Party, and therefore are direct beneficiaries through a political party of which they are directors? Let us ask some questions here on conflict of interest which beg answers very clearly, along with any questions that Senator Cook may well have asked. Who are the beneficiaries of gambling that sit in this chamber? How many frontbenchers on the other side of this chamber have been or are directors of Labor clubs that donate to the Labor Party, and therefore are direct beneficiaries through a political party of which they are directors? Let us find out, for example, whether any members and senators on the other side of the chamber have ever been directors of the Canberra Labor Club—poker machines—the City Labor Club, the Ginninderra Labor Club, the Randwick Labor Club or the Sydney Labor Club, just to name a few. Let us know how many beneficiaries there are among the members and senators of the opposition who have served as directors of those Labor clubs. I am not saying that there is anything necessarily wrong with this. I am just saying that a conflict of interest question arises when a political party is a direct beneficiary of a club where poker machines exist. We are talking about conflict of interest. Senator Cook raised it and it was raised by other speakers including the Leader of the Opposition in this place. They talked about muddying the waters. They talked about clear statements of fact. Well, let us have them. Let us have them on the table. How many directors of the Labor clubs in Australia sit in this chamber and in the other place?

We all know that problem gambling is rife in this country. Nobody knows it better than I do, as chair of the Senate select committee that looked into online gambling. We had some quite terrifying statistics which outlined the extent of problem gambling in this country. As patron of Pokies Anonymous in South Australia, I am very aware of the damage that is being done, particularly in the poorer suburbs of my own state of South Australia, by poker machines; and I am very, very concerned about them. Problem gamblers definitely exist in Australia. In fact, the Productivity Commission has estimated that approximately 130,000 Australians have severe problems with their gambling and a further 160,000 people are affected by problem gambling and may require treatment. If you look at families that are affected by problem gambling, there are hundreds of thousands of them.

Gamblers in New South Wales, interestingly enough, are the worst affected in Australia. They lose over $5 billion in gambling each year—over $1,000 of problem gambling losses per family. The direct beneficiary of those revenues is the Labor government of New South Wales under Premier Bob Carr. It is the state where poker machines were introduced into hotels on the basis that if they were removed from just being in clubs that would address the problem gambling issues. I find it interesting that one of the beneficiaries of the decision to introduce poker machines into hotels was none other than the police minister of New South Wales, Mr Whelan. I wonder how many poker machines are in Mr Whelan’s clubs, whether Mr Whelan owns them and whether Mr Whelan has declared them? I
have a 1996 press clipping here from the *Sun Herald*. I seek leave to table it. It outlines police probes into the pub licence of the police minister, Mr Whelan.

Leave granted.

(Time expired)

**Senator ROBERT RAY (Victoria)** (3.23 p.m.)—You notice that the two coalition contributors have not defended the McGauran’s at all—not once. We had one interjector when the words ‘family trusts’ were mentioned and you would not have to be an Einstein to guess who that was: one of the masters of the webs of family trusts in this place. The government today has whinged about us scrutinising the behaviour and ethics of ministers. At question time yesterday, we raised several serious economic issues only to be met with bombast and polemics in response. Today, we ask this one crucial question: why didn’t Minister McGauran indicate the massive benefit he and his family were deriving from poker machine gambling? Because of a complex company and family trust system, the gambling interests were not obvious to anyone. You can read Mr McGauran’s declaration in the House of Representatives and you would not know he owned a poker machine. Unless you peel four or five layers back, you still would not get to know. It is all hidden away in this web of complex companies and family trusts.

He should have made it clear. When he was handling this bill, Senator Hill, in the House of Representatives he should have actually said that he had gambling interests. His name is apparently up on the wall in that hotel as one of the licensees of the poker machines. A search of the record shows that his brother, Senator Julian McGauran, twice voted on the online gambling issue on 5 December 2000 without informing the Senate at the time that he too was deriving an income stream from poker machine revenue. We have said on the record that—and I do not want to be misquoted here—if it is explicit in your declaration of pecuniary interest, we regard it as a farce to have to get to your feet here and repeat it. But it was not explicit on Senator McGauran’s form. He may have made it explicit in committee hearings and elsewhere but he did not do it in this particular chamber when he was obliged to do so.

It appears that the McGauran family trust is deriving approximately $1 million per year from poker machines. What does it do with this money? This company that controls the hotel and the poker machines bought 34,000 ordinary shares in the National Bank of Australia. Based on its latest price value, the value of those shares is $1,039,720. I can recall Senator McGauran, when debating the role of banks on 11 October 2000, saying:

It is an area in which people on lower incomes are hit most and in the past banks unquestionably have been vigorous ... if not exploitative in regard to bank fees.

But that does not stop you holding bank shares, does it? It does not stop you holding shares in banks that are guilty of these practices and are out making country closures and foreclosing on farmers. Oh, no. You have $1 million worth of shares in those particular institutions. And what an irony: these very bank shares are bought from the contribution of the battlers in Altona who have contributed through the poker machines. The McGauran family trust then buy shares in banks that in turn go and screw those battlers back down to the ground. That other side talks about hypocrisy. This is hypocrisy run mad.

There are members on all sides of the chamber who have genuine concerns about the addictive nature of gambling. What we are considering here is not a question of legality but a question of double standards. There is an absolutely clear benefit to the owners of existing poker machines to have online gambling banned. The federal government’s legislation on online gambling will profit the McGaurans. Hence, there was an absolute need for them to declare their interest before the issue progressed. Whether they failed to do so deliberately or out of stupidity is not really relevant in the end. But do not worry; nothing will happen about it. The Prime Minister’s code of conduct has proved to be a one day wonder. Mr Max Moore-Wilton will clear them. Meanwhile, the punters of Altona will continue to support the squattocracy whilst at the same time being
hammered by the very banks that the McGaurans invest in. (Time expired)

Senator McGauran (Victoria) (3.28 p.m.)—I was listening to the TV and I heard Senator Ray speak and he mentioned my name. I will only address that specific point and not be provoked on other matters. In regard to my position on the Senate committee on technologies and information, which did inquire into this particular subject of a moratorium—

Senator Robert Ray—I acknowledged that you may have declared it to the committee. I was talking about you not declaring it to this chamber.

Senator McGauran—Correct.

The Acting Deputy President (Senator George Campbell)—Order! Senator McGauran, address your comments through the chair.

Senator McGauran—Given we are on broadcast. I suppose I should not stop talking but Senator Ray—

The Acting Deputy President—Just ignore the interjections and continue.

Senator McGauran—I should not take the interjection, although I would like it recorded in Hansard. The point was that, yes, I did declare a possible interest in regard—

Senator Carr—One million dollars.

Senator McGauran—I got advice from the Clerk on this matter. The advice from the Clerk was that it was not a prima facie conflict of interest at all, given the reference of that committee. Nevertheless, precaution is always necessary. I took the precaution of putting in writing my particular interest in poker machines and maintained my position on that committee. Senator Ray then moved on to the question of when the bill came to the Senate. Again, I was aware of the Clerk’s advice that it was not a direct conflict of interest. Nevertheless, precaution is necessary. My recollection, Senator Ray, is that there were no divisions on this bill at all.

Senator Robert Ray—There were two. Check it. It was 5 December.

Senator McGauran—My recollection is that, at least on the primary third reading and on the second reading, there were no divisions. Therefore, I had no opportunity, nor was it necessary, to declare an interest. I come back to my main point—that I sought advice from the Clerk on this matter, and I stand by that advice.

Question resolved in the affirmative.

Health: Radiation from Powerlines

The Acting Deputy President (Senator George Campbell)—Senator Allison, I believe you have limited time.

Senator Allison (Victoria) (3.31 p.m.)—I rise today to—

Senator Robert Ray—Mr Acting Deputy President, I agree that Senator McGauran should have been able to set the record straight, but he should not have eaten into the Democrats’ time. Can we have an agreement that Senator Allison have her full five minutes?

The Acting Deputy President—You can seek leave, Senator Allison, but I do make the point that you were not in the chamber to get the call when it was your opportunity to do so.

Senator Allison—I take that point. How many minutes were you proposing to allow me?

The Acting Deputy President—I think you have two minutes and eight seconds.

Senator Allison—Two minutes is probably as much as I need. Thank you.

The Acting Deputy President—If you seek leave, you can have your full five minutes.

Senator Allison—I seek leave to have five minutes for my remarks.

Leave granted.

Senator Allison—I move:

That the Senate take note of the answer given by the Minister for Family and Community Services (Senator Vanstone) to a question without notice asked by Senator Allison today relating to radiation from powerlines.

My question was on the subject of radiation from powerlines, particularly high voltage powerlines. I sought to draw to her attention today the report that was in the press yester-
day. I thought the minister would have noticed this. It was in just about every major daily paper that I saw. It is very significant, because Sir Richard Doll is a very respected researcher around the world. In fact, 40 years or more ago, he first warned the world about the dangers of tobacco smoking. As we know, that was a very long and protracted debate in terms of whether a cause and effect could be shown between the smoking of cigarettes and cancer. Now we do accept that worldwide, and we have taken steps in government to limit the amount of advertising, for instance, on tobacco. It does not go anywhere near as far as the Democrats would like, and I wish to put a motion tomorrow related to the exemption that is granted for major events, including the running of the Grand Prix. We have seen a smorgasbord of advertising of tobacco products through that race, but that is beside the point that I want to make.

The issue here is childhood and even adult leukaemia and the links which Sir Richard Doll has drawn by reanalysing existing research. This is not new research; it is existing research. On the basis of his recommendations, the UK government is likely to indicate that there may well be health problems associated with living in close proximity to high voltage powerlines and that people ought to be warned about the situation. I think it flows from that that we should examine the standard setting so that we have proper mechanisms in place to protect people. As the Senate will be aware, the Environment, Communications, Information Technology and the Arts References Committee is currently looking into this question with regard to telecommunications, although we have had some evidence on the subject of powerlines too.

In the articles in the Sydney Morning Herald and the Age yesterday, we were warned by Dr Bruce Hocking that the current safety standards allow much higher doses of electromagnetic radiation from powerlines than we currently have. He says that there was a fair amount of attention given to this question back in the 1990s, when very large pylon structures were being proposed through residential areas. I know the Northcote area in Melbourne was certainly in the midst of a very contentious public debate about whether these were safe. He points out too that more recently the interest in this question has shifted to mobile phones. Nonetheless, he suggests that this problem has not gone away. In fact, the UK work also suggests that asthma and depression may be linked to proximity to electrical facilities, including high voltage powerlines.

This is an interesting observation and something which warrants much greater attention. I think it is the government’s responsibility to have an open mind on these questions and be prepared to fund research into them. We do know there has been an increase in depression, and perhaps there is an answer as to why that increase has occurred. I am disappointed the minister did not notice this article in the paper and did not prepare herself for the question. I think that it would be surprising if any of us here missed that article in the paper. I would like to see the government pay careful attention to this whole question and talk with the states about how people can be protected. (Time expired)

Question resolved in the affirmative.

PETITIONS

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

Australian Broadcasting Corporation: Independence and Funding

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

The petition of the undersigned calls on the Federal Government to support:

i. the independence of the ABC Board;

ii. the Australian Democrats Private Members’ Bill which provides for the establishment of a joint Parliamentary Committee to oversee ABC Board appointments so that the Board is constructed as a multi-partisan Board, independent from the government of the day;

iii. an immediate increase in funding to the ABC in order that the ABC can operate independently from commercial pressures, including advertising and sponsorship;

iv. news and current affairs programming is made, scheduled and broadcast free from government interference, as required under law; and
Education: Expenditure

To the Honourable the President of the Senate in Parliament assembled:
The petition of the undersigned shows Australia’s spending on education has fallen from five per cent of GDP in 1994 to just 4.3 per cent now, even though most other OECD countries are increasing spending on education to better prepare for the knowledge based global economy of the future.

Your petitioners ask that the Senate should call on the Government and the Labor Opposition to commit to increasing education spending to five per cent of GDP as a matter of priority to improve school standards and completion rates, end the decline of the higher education sector, increase research and development, promote innovation in industry and prepare Australia’s workforce for the jobs of the future.

by Senator Bourne (from 75 citizens).

Petrol Prices

To the Honourable President and Senators assembled in Parliament.
The petition of certain citizens of Australia draws to the attention of the House that although the Government promised that petrol prices would not rise because of their new tax—the GST, petrol prices have increased significantly.

Your petitioners therefore ask the House to ensure that Mr Howard honours his promise and that the reduction in the excise on petrol would be equivalent to the increase in the GST on petrol and therefore not result in an increase in petrol prices.

by Senator Cook (from 60 citizens).

Asylum Seekers: Political

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

Whereas the 1998 Synod of the Anglican Diocese of Melbourne carried without dissent the following Motion:

That this Synod regrets the Government’s adoption of procedures for certain people seeking political asylum in Australia which exclude them from all public income support while withholding permission to work, thereby creating a group of beggars dependent on the Churches and charities for food and the necessities of life;

and calls upon the Federal government to review such procedures immediately and remove all practices which are manifestly inhumane and in some cases in contravention of our national obligations as a signatory of the UN Covenant on Civil and Political Rights.

We, therefore, the individual, undersigned Members of St James the Great Anglican Church, Wandin, Victoria 3139, petition the Senate in support of the abovementioned Motion.

And we, as in duty bound will every pray.

by Senator Patterson (from 60 citizens).

Petitions received.

NOTICES

Presentation

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

That the time for the presentation of the report of the Economics Legislation Committee on its examination of annual reports referred to the committee be extended to 8 March 2001.

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

That the Senate—

(a) notes that:

(i) Dungog Shire Council has received its first payment under the Federal Government’s $1.6 billion Roads to Recovery program, and

(ii) the council will be paid $1.4 million over 4 years and the following three projects will be aided by Roads to Recovery funding:

Monkerai Road,
Main Creek Road; and
St Mary’s Bridge, Allwyn River Road; and

(b) calls on other councils within the Hunter community to finalise the projects they wish to receive funding under the Roads to Recovery program, so that the benefits of improved roads can be passed on to the community as soon as possible.

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

That the Senate—

(a) notes that the Minister for Health and Aged Care (Dr Wooldridge) declined the Senate’s invitation of 1 March 2001 to provide an explanation for the Government’s failure to ensure effective moni-
toring and safety control of 58 sites of genetically-engineered crops in Tasmania associated with foreign companies Aventis and Monsanto; and
(b) resolves that there be laid on the table, no later than 9.45 am on 8 March 2001, by the Minister representing the Minister for Health and Aged Care (Senator Vanstone), an explanation for the failure referred to in (a), together with details on:
(i) what prosecution or other legal action is being taken,
(ii) what urgent moves have been set in train to contain the spread, including by bees, of genetically-modified material within and beyond the 100-metre buffer zone for the crop area,
(iii) when and how the Minister was informed and how he reacted,
(iv) the potential damage, direct and indirect, to Tasmania’s agriculture sector, in particular its growing organic produce sector’s well-being,
and
(v) all approved, current and previous, genetically-engineered sites in Tasmania.

Withdrawal

Senator CALVERT (Tasmania) (3.38 p.m.)—On behalf of Senator Coonan, pursuant to notice given on the last day of sitting on behalf of the Regulations and Ordinances Committee, I now withdraw business of the Senate notices of motion Nos 1 and 2 standing in her name for eight sitting days after today.

Senator ALLISON (Victoria) (3.39 p.m.)—I withdraw general business notice of motion No. 835.

Postponement

Items of business were postponed as follows:

General business notice of motion no. 831 standing in the name of Senator Stott Despoja for today, relating to the Glenelg Croquet Club, postponed till 7 March 2001.

General business notice of motion no. 839 standing in the name of Senator Allison for today, relating to the Australian Grand Prix and tobacco advertising, postponed till 7 March 2001.

GENERAL BUSINESS (FIRST SITTING OF COMMONWEALTH PARLIAMENT)

Motion (by Senator Brown) not agreed to:

(1) That the resolution of the Senate agreed to on 27 February 2001 in relation to the centenary sittings in Melbourne be modified as follows:
(a) After subparagraph (1)(b)(iii), insert:
   (iiia) addresses by senators and members of the House of Representatives who are independent or members of minority political parties for a maximum of 10 minutes each; and
(b) After subparagraph (2)(b)(ii), insert:
   (iia) addresses by senators who are independent or members of minority political parties not mentioned in subparagraph (ii), for a maximum of 10 minutes each.

(2) That a message be sent to the House of Representatives seeking its concurrence with the modification made by paragraph (1)(a) of this resolution.

BUSINESS

Consideration of Legislation

Motion (by Senator Ian Campbell) agreed to:

That the provisions of paragraphs (5) to (7) of standing order 111 not apply to the Family and Community Services Legislation Amendment (New Zealand Citizens) Bill 2001, allowing it to be considered during this period of sittings.

Motion (by Senator Ian Campbell) agreed to:

That the provisions of paragraphs (5) to (7) of standing order 111 not apply to the Aircraft Noise Levy Collection Amendment Bill 2001, allowing it to be considered during this period of sittings.

Motion (by Senator Ian Campbell) agreed to:

That the provisions of paragraphs (5) to (7) of standing order 111 not apply to the Lake Eyre Basin Intergovernmental Agreement Bill 2001,
allowing it to be considered during this period of sittings.

GO CASUAL FOR A CAUSE DAY

Motion (by Senator Allison, at the request of Senator Stott Despoja) agreed to:

That the Senate—

(a) notes that:

(i) 2 March 2001 is ‘Go Casual for a Cause Day’, and
(ii) people may choose to ‘Go Casual for a Cause’ by wearing jeans, pyjamas, a moth-balled relic from the past, or an ‘I Would if I Could’ badge for those who can not bring themselves to dress casually; and

(b) commends the Spastic Centres of Australia in their bid to make Australians ‘Go Casual for a Cause’ on 2 March 2001, in support of therapy, research, education and services for people with cerebral palsy.

COMMITTEES

Superannuation and Financial Services Committee

Extension of Time

Motion (by Senator Calvert, at the request of Senator Watson) agreed to:

That the time for the presentation of reports of the Select Committee on Superannuation and Financial Services be extended as follows:

(a) initial terms of reference—to 24 May 2001; and

(b) the benefit design of Commonwealth public sector and defence force unfunded superannuation funds and schemes—to 5 April 2001.

BUDGET 2000-01

Consideration by Legislation Committees

Additional Information

Senator CALVERT (Tasmania) (3.42 p.m.)—On behalf of the Environment, Communications, Information Technology and the Arts Legislation Committee, I present additional information received by the committee relating to the supplementary hearings on the budget estimates for 2000-01.

FAMILY LAW LEGISLATION AMENDMENT (SUPERANNUATION) BILL 2000

Report of Superannuation and Financial Services Committee

Senator CALVERT (Tasmania) (3.43 p.m.)—On behalf of the Select Committee on Superannuation and Financial Services, I present the committee’s report on the provisions of the Family Law Legislation Amendment (Superannuation) Bill 2000, together with submissions received by the committee.

Ordered that the report be printed.

COMMITTEES

Public Works Committee

Reports

Senator CALVERT (Tasmania) (3.43 p.m.)—On behalf of the Parliamentary Standing Committee on Public Works, I present the following reports: No. 1 of 2001—Remediation of Defence land at Neutral Bay, Sydney, NSW; and No. 2 of 2001—Defence Housing Authority responses to recommendations in the tenth report of 2000—Development of 90 apartments in Darwin. I seek leave to move a motion in relation to the reports.

Leave granted.

Senator CALVERT—I move:

That the Senate take note of the reports.

I seek leave to incorporate my tabling statement in Hansard.

Leave granted.

The statement read as follows—

First Report - Neutral Bay Report

Madam President, the first report I have tabled concerns the proposed remediation of Defence Land at Neutral Bay, Sydney, New South Wales.

The remediation of the Defence land, the site of the former HMAS Platypus, is intended to do two things:

- First, it will mitigate Commonwealth liability for the contamination of the site; and
- Secondly, it maximise the revenue to the Commonwealth from the sale of the site.

Once remediated, the site is intended for use as a residential development.
The estimated cost of the proposed work is $16.5 million. This includes:

- design:
- site establishment and environmental controls:
- demolition and excavation:
- the treatment and removal of contaminated materials:
- the backfilling and compaction of clean fill;
- seawall protection works; and
- management of contaminated groundwater.

The estimated cost includes a construction contingency and a price indexation adjustment over the proposed remediation period.

The Committee has recommended that the proposed remediation proceed.

**Conclusions**

The Committee's key conclusions were:

- first, that contamination on the site is causing ongoing pollution to the Neutral Bay area and the surrounding environment;
- secondly, that remediation of the site may mitigate Commonwealth's liability for the contamination of the site; and
- thirdly, that the proposed work represents value for money and has potential to maximise the revenue return to the Commonwealth from a future sale.

The Committee acknowledges that nearby residents have concerns about the remediation. However, it believes two factors will minimise the impact of the proposed remediation on the amenity of local area. They are:

- conditions imposed by the Land and Environment Court of New South Wales; and
- actions proposed to be taken by the contractor over the time required to remediate the site.

**Contamination**

The issue of most concern to all stakeholders is that of ground contamination – a legacy of a gas works constructed in the late 1800s.

The Committee found that the site is subject to contamination flowing from the ground beneath an adjacent residential property and that, under the remediation proposal, the Commonwealth would meet the costs of a contamination management system.

In the Committee’s opinion, responsibility for drainage from the adjacent site is the responsibility of the New South Wales Government, both now and in the future. The Committee is firmly of the view that the Commonwealth should be exempted from any future legal liability.

Accordingly, the Committee has made two recommendations:

First, it recommends that the Minister for Defence write to the New South Wales Environment Protection Authority, requesting that the Authority consider issuing an investigation order under Part 3 of the NSW Contaminated Land Management Act 1997 in respect of the adjacent property, and

Secondly, it recommends that the Department of Defence investigate the possibility of being compensated for:

1. any damage caused by the migration onto the former HMAS Platypus site of off-site contaminants; and
2. costs associated with remediation and installation of a management system for such contaminants.

**Heritage issues**

In all its inquiries the Committee gives specific attention to heritage and environmental issues. They must have priority in any proposed work submitted for consideration. They can never be an afterthought.

The Committee believes that, where practicable, features of cultural and historical significance attached to public works should be preserved and bequeathed to future generations.

From time to time, the Committee has faced challenges in determining how others assess some features to be significant - either culturally or historically.

In the case of the remediation at Neutral Bay, the Committee had to assess how some in the community had come to see retaining walls, remnant pipes, traces of tar and other chemicals and a cliff profile as being in need of preservation.

The Committee expects that Defence will photograph and carefully document features of heritage and historical value that have been identified. It should be done in consultation with the Australian Heritage Commission and the Australian National Archives.

With respect to the heritage value of the cliff at the rear of the site, the Committee is of the opinion that a satisfactory solution would be to recreate a straight vertical face at the back of the site when excavations are completed. Then, the cliff will continue to appear as it currently does, that is, a single excavation alongside the waterfront.

**Conclusion**

In conclusion, I would like to thank the Department of Defence, and in particularly
Mr Bernard Blackley and Mr Mathew Beggs for their assistance during the Inquiry.

The information provided to the Committee by the Department included an independent audit of the works costs and an independent legal opinion as to the Commonwealth’s future liability with respect to the site. This information greatly assisted the Committee and has set a benchmark which other agencies would do well to follow.

**Ian Ireland**

Before commenting on the second report I have tabled I would also like to pay tribute to the work of Ian Ireland in the Parliamentary Library. Ian was seconded to the Committee’s secretariat last year and since then has demonstrated an impressive affinity with the role and work of the Committee.

The quality of the report I have just tabled is, in large measure, due to Ian.

From the Committee’s point of view, Ian’s return to the Library is a sad loss and we miss him. We nevertheless wish him every success.

I commend the Report to the Senate.

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The second report I have tabled is sequel to the Committee’s 10th Report of 2000.

It is unusual for the Committee to report in such a fashion and so will provide some background information.

**10th Report of 2000**

The Committee’s Tenth Report of 2000 was tabled on 11 October 2000. It presented findings and recommendations in relation to a proposal to develop three residential apartment towers in Darwin. The proposal was presented by the Defence Housing Authority or DHA as it is more commonly known.

Under the heading of ‘General Comments’ the Committee concluded its 10th Report of 2000, stating that:

After months of investigation the Committee still has serious concerns about aspects of the DHA proposal and the need … The Committee believes DHA must do more work before the Parliament can endorse the proposal.

The Committee concludes that the development of apartment towers in Carey Street, Darwin by the DHA should not proceed until all the Committee’s recommendations have been met.

The Committee recommends that the Defence Housing Authority report to the Committee when it has complied with all the recommendations contained in this report.

**Follow-up**

In accordance with this last recommendation, the Minister for Veterans’ Affairs and Minister Assisting the Minister for Defence wrote to the Committee on 8 November 2000, providing the Committee with a response to its recommendations.

The Committee considered the response advised the Minister that it had:

- agreed to DHA proceeding with the issue and evaluation of tenders and obtaining an updated market appraisal;
- accepted a response to Recommendation 6 (concerning a cost-benefit analysis of the Defence Rental Assistance Program); and
- resolved that the construction of the proposed work not proceed until the Committee’s recommendations, with the exception of Recommendation 6, had been met.

The Committee also advised DHA that it required a more detailed response than that initially provided.

**Committee’s findings**

The Report I have tabled today presents the Committee’s findings and conclusions in relation to material provided after the tabling of the Tenth Report of 2000 and in particular, a detailed response and accompanying reports provided by DHA on 1 February 2001.

The Committee has found DHA willing to comply with all of its recommendations. Its willingness to comply with the Committee’s recommendations has been evident in the provision of the detailed response and the commissioning of various technical reports.

This willingness was also evident from a recent meeting with all members of the DHA Board of Directors, led by the Chairman of the Board, Mr Peter Jollie.

The Committee recognises that there are challenges for a Commonwealth agency, such as DHA, which is charged with operating in a commercial environment while remaining accountable to the Parliament.

The Committee is firmly of the view that, while at times it may be difficult to achieve a balance between commercial imperatives and accountability to the Parliament, it is not impossible to do so.

Since tabling its Tenth Report of 2000, the Committee has reviewed DHA’s proposal for apartment towers at the Carey Street in Darwin. At
this time the Committee has some reluctance in approving the proposed work. This reluctance is linked to:

- the need for the work; and
- the operation of the rental assistance program.

**Conclusion**

The Committee states in its Report that, following approval by the Committee, the DHA Board of Directors will proceed to consider whether the work proceeds. Because of the way DHA is established, the Board of Directors will accept responsibility for the success or otherwise of the work.

The Committee concludes that the Parliament should not delay the Board from its final consideration of the proposal.

I commend the Report to the Senate.

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**DEFENCE LEGISLATION AMENDMENT (ENHANCEMENT OF THE RESERVES AND MODERNISATION) BILL 2000**

**DEFENCE RESERVE SERVICE (PROTECTION) BILL 2000**

**Second Reading**

Debate resumed from 5 March, on motion by Senator Ian Campbell:

That these bills be now read a second time.

upon which Senator Faulkner had moved by way of an amendment in respect of the Defence Legislation Amendment (Enhancement of the Reserves and Modernisation) Bill 2000:

At the end of the motion, add:

“but the Senate condemns the failure of the Government to introduce arrangements to optimise the successful operation of the Defence Force, including the Government’s failure to:

(a) articulate a coherent policy on the expected contribution of reservists and Reserve Units to our national Defence effort;

(b) reintroduce defence leave for reservists as an allowable award matter;

(c) review its disastrous experiment with Common Induction Training in the Army;

(d) implement employment and education protection measures before the deployment of reservists to East Timor;

(e) reverse the dramatic decline in recruitment levels in recent years;

(f) address anomalies in pay and conditions for reservists;

(g) properly manage the provision of training opportunities and of necessary equipment;

(h) clarify ongoing levels of funding for its announced measures beyond the 2000-01 financial year; and

(i) consult adequately with relevant stakeholder groups”

Senator GIBBS (Queensland) (3.46 p.m.)—I rise to speak to these extremely important pieces of legislation—that is, the Defence Legislation Amendment (Enhancement of the Reserves and Modernisation) Bill 2000 and the Defence Reserve Service (Protection) Bill 2000. These two bills are being
debated together and seek to finally give effect to measures announced by this government as far back as 22 December 1999, and more recently in August last year. The Defence Legislation Amendment (Enhancement of the Reserves and Modernisation) Bill 2000 seeks to widen the circumstances whereby reserves can be called out for continuous, full-time service. It initiates a process of modernising the structure and organisation of the reserves in Australia and empowers Defence to implement an employer support payment to compensate employers who incur additional expense and disruption because of the absence of an employee on extended reserve service.

The Defence Reserve Service (Protection) Bill 2000 proposes a series of protections and benefits that will apply to various forms of service in the reserves. This includes a prohibition on discrimination in employment and rights to defer and resume studies and, in the case of compulsory service following call-out, to postpone certain financial liabilities. Labor will support the passage of these bills. Nevertheless, we do have a number of reservations about key aspects of the bills and will continue to emphasise the government’s failure to properly address the full array of challenges that confront the defence reserves. Indeed, the government has failed on a number of key challenges. It has failed to articulate a coherent policy on the expected contribution of reservists and reserve units in the national defence effort of this country. The government has refused to reintroduce defence leave for reservists as an allowable award matter. It has failed to articulate a coherent policy on the expected contribution of reservists and reserve units in the national defence effort of this country. The government has refused to reintroduce defence leave for reservists as an allowable award matter. It has failed to review its disastrous experiment with common induction training in the Army. It disgracefully neglected to implement employment and education protection measures before the deployment of reservists to East Timor.

The government has been unable to reverse the dramatic decline in recruitment levels in recent years and to address anomalies in pay and conditions for reservists. It has failed to properly manage the provision of training opportunities and necessary equipment and to clarify ongoing levels of funding for its announced measures beyond the current financial year. Finally, judging by community reaction to recent decisions in this regard, the government has clearly failed to consult adequately with relevant stakeholder groups.

Since the coalition government was elected to office, we have heard endless assertions in this place that the reserves will have to assume a growing proportion of our national defence effort. Yet, at the same time, the government has ruthlessly slashed the number of full-time Defence Force positions by approximately 8,000 as part of its Defence Reform Program. Like most other aspects of this government’s reform agenda, a key driver has been its ideological commitment to outsourcing. The Peacock committee recently conveyed broad critical comment of stakeholders around this country in its consultation about our defence situation. Evidence suggests that commanders and rank and file troops are extremely critical of the situation that has arisen as a result of this ideological preoccupation with outsourcing and subcontracting.

The more the coalition crow about reservists needing to play a larger role in the Defence Force, the further recruitment has plummeted. Retention levels and the number of reservists actually fulfilling their training obligations have become issues of serious concern to people interested in these areas. In the 12 months to June, the number of active Army Reservists shrank by a massive 18 per cent—from just under 22,000 to less than 18,000. During the same period, the Army Reserve achieved only 33 per cent of its recruitment target. Both of these figures are from Defence’s own recent annual report. This is a set of figures that the Howard government should have little pride in.

In comprehending the seriousness of the recruitment position of the Army Reserves, it is worthwhile analysing comparative data for the eight years commencing in July 1992. In the first six of those years, the Army Reserve managed an average of 4,800 recruits each year. During that period, the year by year variation was quite small, ranging between 4,300 and 5,800. In contrast, despite the government’s constant rhetoric in every policy area about the 13 years of Labor government, over the last two years of the Howard
administration we have seen the worst recruiting outcomes for reserves ever. In 1998-99, the number of recruits collapsed to 2,281, and in the past financial year it fell even further, to 1,566 for the whole country. These figures compare dismally with the earlier six-year average of 4,800. It is a disgraceful record for the minister responsible for handling this policy area, and that is why Labor have relentlessly pursued the government on these matters.

Labor have provided the government with a myriad of initiatives, including private motions and private members’ bills by the Leader of the Opposition in the lower house. The government, to its discredit and in its short-sightedness, did not support these measures, but we have pursued this matter because Labor can see that there is a growing problem. It has been acknowledged by just about everyone that the government has been doing nothing to turn things around. Indeed, there is widespread agreement, as I will demonstrate, that various coalition policies were directly contributing to the problem. Given this, the key measures included in these two bills are long overdue. The bills propose that some or all of the reserves may be called out in a wide range of circumstances other than war, including a defence emergency, defence preparation, peacekeeping, peace enforcement, civil aid, humanitarian assistance and disaster relief. In considering this, however, it will be important for the associated call-out powers to be utilised appropriately, and there will be a clear need for the parliament to oversee their application.

Other proposals in the bills provide for a permanent force and a reserve force for each of the three services. Additionally, the bills empower Defence to define training requirements for reservists, which will facilitate, through regulation, the implementation of a revised structure of defence service. The bills also provide for the introduction of an employer support payment to compensate employers impacted upon by the absence of an employee on extended reserve service. Labor do not oppose the introduction of an employer support payment; however, the government has clearly neglected to adequately consult with employer organisations in the development of this outcome. Indeed, the Joint Standing Committee on Foreign Affairs, Defence and Trade, following evidence from the Australian Chamber of Commerce and Industry, was far from convinced that the Army had consulted sufficiently widely on the issue of employer needs. In implementing the employer support payment, it will be incumbent upon the government to ensure that this measure is not exploited.

With the Defence Reserve Service (Protection) Bill 2000, the government has made limited but welcome progress on protection and benefits afforded to reservists. These include a general prohibition on discrimination against employees on the grounds that they are currently serving in the reserves, have served in the reserves or are considering serving in the reserves. In addition, the bill provides for additional but time limited employment protection for workers who are absent from the workplace on what is called ‘protected’ defence service. This additional protection includes the right to have an absence treated as leave without pay but does not break a person’s contract of employment, and it entitles them to resume work in their previous position, or in an equivalent position, without any diminution of their terms and conditions of employment. In an important step, students who are serving in the reserves will also be afforded protection where they undertake certain forms of continuous, full-time defence service. This includes the right to defer their studies without disadvantage. Finally, in the event of continuous, full-time service that results from a call-out order, the bill offers reservists specific protection in relation to financial liabilities, including the right to postpone certain repayments and to avoid the threat of bankruptcy action being taken against them because of their reserve activity.

It is sufficient to say that, through word and action, Labor have offered support for the general thrust of these measures and, as I mentioned previously, we have laid out on the table our own measures to further this agenda. Unfortunately, the same cannot be said of the government. Indeed, I remind the
Senate that way back in October 1999 the Leader of the Opposition introduced a detailed private member’s bill to this end. Whilst the bill received widespread support from key stakeholders, let us never forget that the government saw it as unnecessary to implement the important changes in Labor’s proposals. Minister Reith insisted that there was no need for any new legislation and that existing protections were adequate. Judging by these bills now before us, the minister has clearly admitted he was dead wrong on this matter, but it is a shame that he has taken so long to correct his mistake. Overall, the government’s approach to improving the state and conditions of the reserves has been, at the very least, lacklustre, and critical issues continue to be neglected by the Howard government.

The first issue relates to defence leave. The government has been adversely silent on the need to restore defence leave as an allowable award matter. Following the 1996 elections, the Howard government attacked workers, and ultimately hindered its own ability to maintain and improve reserve recruitment and retention, by removing defence leave as an allowable award matter despite strong advice from the Defence Force. In its report From Phantom to Force the Joint Standing Committee on Foreign Affairs, Defence and Trade, of which I am a member, found that the loss of reserve leave entitlement has significantly impacted upon employees attempting to meet the time demands of reserve service. To highlight the situation that has evolved, the committee noted:

There was evidence that some reservists do not reveal their service to their employer, sometimes because of an expectation of discrimination.

The sad fact of the matter is that, as suggested by the Defence Reserves Association, general reserve personnel returning from East Timor may be faced with the reality of having lost their job and having to find another one. As noted in the Sun-Herald on 13 August last year, Major-General Warren Glenny, in discussing the government’s removal of reserve leave from employment agreements, said that the move had sent a message to employers that the government was not serious about the reserves. Yet the government is silent and continues to refuse to restore defence leave as an allowable award matter. While the men and women of the defence reserves have put the interests of the nation ahead of their own, the government has threatened their job security and promotional prospects in the long term.

The second issue relates to common induction training in the Army. Under this system, new recruits are required to attend a full-time induction course together with those signing up to the regular Army. This means that reserve recruits must be absent from their jobs for a longer period than before. This clearly acts as a significant barrier to recruitment into the Army Reserve. The joint standing committee found that the expansion of time taken to complete training courses has had a heavy impact on the reserve. It also noted:

It seemed illogical to place heavier training demands on reservists if they were not given clear and credible missions.

Despite this the government has not provided an alternative solution and appears unable to admit that common induction training has had a severely negative impact on the Army Reserve. Finally, another key issue which has earned greater scrutiny relates to recruitment. The Howard government has failed dismally to reverse the dramatic decline in recruitment levels since it came to office. On 30 August last year, the West Australian noted that only seven per cent of 17- to 24-year-olds—which is the key age group for recruitment—said they would not consider a Defence Force career. Given the government’s disastrous record of undermining support for the reserves and inhibiting new recruits from fulfilling training obligations, it is little wonder that young people feel disillusioned about joining the reserves.

We now have a situation where reservists are having to serve as full-time troops in an Army that is increasingly reliant upon volunteers from the reserve to maintain numbers for peacekeeping missions. As noted in the Age on August 30 last year, RSL President, Major-General Peter Phillips, said that recent demands of the peacekeeping force in East Timor had shown a glaring need for more
defence manpower. In 1998-99 the Army assigned a recruitment target for the general reserve of 4,465. Only 51 per cent of this target was achieved. This is combined with a separation rate in 1999 of 14 per cent. Although hardly surprising, the joint standing committee found that factors contributing to the high separation rate included inadequate career progression, the impact of an excessive drive for efficiency, an indifference by the administration regarding continuous change and poor job satisfaction. The men and women who continue to make such an important contribution to this country through their service in the reserves rightly deserve our appreciation and congratulation, yet you cannot blame them for feeling disillusioned about the government’s commitment to and faith in them as a valued force and service.

The government continues with its refusal to make the necessary steps towards reversing its disastrous record on the state of the defence reserves and to give clear direction to the future of the ADF. Whilst Labor will support the passage of these bills, let me make it absolutely clear that these measures will address only some of the challenges facing the sustainability of the reserve. You can rest assured that Labor will maintain pressure on the government to finally correct each and every mistake it has made to date.

Senator CROSSIN (Northern Territory)
(4.05 p.m.)—I rise this afternoon to speak on the Defence Reserve Service (Protection) Bill 2000 and the Defence Legislation Amendment (Enhancement of the Reserves and Modernisation) Bill 2000. These bills give legislative effect to the defence reserve measures that were announced by this government on 22 December 1999 and on 24 August last year. The announcements were an attempt by this government to deflect criticisms of the run-down state of the reserves and of its disastrously poor recruitment performance over the last two years.

These bills clearly indicate that changes to our defence reserves are long overdue. We have yet to significantly recognise the importance of the role that our reserves played during the East Timor peacekeeping mission. Increasingly important for our defence reserves in years to come, with increasing instability in our region, is the need to look after and to build up our reserve force. I represent the people of the Northern Territory. In Darwin we are all well aware of East Timor’s close proximity and the continuing problems that occur in Indonesia. Although, thanks to Kim Beazley’s initiatives many years ago, we have an increased Defence Force presence in the Top End of this country, there is a need for this government to recognise even more so the important role that our defence reserves play in assisting our full-time Defence Force members.

For any given level of resources applied to defence, there is a potential trade-off between the number of personnel, the level of readiness and the amount of money that can be committed to the acquisition of platforms and weapons systems that will enhance capabilities. We know—and this is shown by the white paper that was released last year and the amount of money that this government has committed to that—that Defence personnel are expensive to recruit, to train and to maintain. But there would not be one person listening to this sitting of parliament this afternoon who would not believe that they are a vital element in our community and a vital part of the make-up and responsibility of this government in ensuring that this country is properly armed in its defence and is capable of assisting, as it has done so magnificently, peacekeeping efforts such as those in East Timor.

But with this in mind, properly trained reserves offer the most cost-effective means of providing for expansion and sustainability. However, this government has cut the number of full-time Defence Force positions by about 8,000 as part of its so-called Defence Reform Program. While the coalition has made noises about needing reservists to play a large part in the Defence Force, actual recruitment has fallen dramatically. In the 12 months to June 2000 the number of active Army reservists shrunk by 18 per cent from 22,000 to a little under 18,000. In 1995-96 we were recruiting a bit over 5,500 reservists per year, but in 1999-2000 this dropped below 2,000 per year. So, obviously, there are real problems with our reservists and they...
need to be identified. Other countries, such as the USA, make more use of their reserves than Australia does. Reserves offer the opportunity to maintain elements with particular skills that are at a higher level than is available among the existing regular forces, such as medical staff.

I will now turn to the bills. The Defence Legislation Amendment (Enhancement of the Reserves and Modernisation) Bill 2000 seeks to widen the circumstances in which reservists can be called out for continuous full-time duty. It should be pointed out that one of the new five categories of reserves service being introduced in this legislation is the high readiness active reservists, which is similar to the Labor Party’s Ready Reserves, which was abolished by this federal government. As we know, military training and full-time defence services are expensive. This is one important reason, amongst others, against national conscription.

The Ready Reserves was a substantial force of well-motivated and well-trained volunteers who filled a defined defence need. The Ready Reserves did a year’s full-time training. They then undertook part-time service for the following five years. This was useful for tertiary students who received a year of full-time work before starting study, had their tertiary fees paid by Defence and had a reliable source of income while studying. They were effective soldiers, and the structure of their training ensured that they had the necessary skills. The Ready Reserves was a cost-effective means of providing an essential force element that did not require the maintenance of full-time forces. However, as I mentioned, this government decided to abolish the Ready Reserves.

Problems faced by the Australian Defence Force were highlighted in the Joint Standing Committee on Foreign Affairs, Defence and Trade report *From phantom to force: towards a more efficient and effective army*. This report raised a number of issues: a lack of planning for expansion and sustainability; force elements that do not have an adequate number of personnel for deployment; problems in recruiting and training reserves; and an impending financial crisis in the Defence budget because of rising personnel costs. The Labor Party has sought to try to rectify some of these problems in relation to our situation with the Defence Force. Kim Beazley in October 1999, as Leader of the Opposition, introduced two private members’ bills. The first bill was to amend the Workplace Relations Act to fix up the fact that Defence Force leave had been stripped out of the allowable matters, and the second was a private member’s bill entitled Defence (Re-establishment) Amendment Bill 1999. The purpose of that private member’s bill was to enhance the civilian employment protection available to members of the ADF reserves under the Defence (Re-establishment) Act 1965. The government did not support either of these bills.

I will turn for a moment to the bill in which we sought to reinstate Defence Force leave as an allowable matter. Defence Force leave is now to be negotiated between an employee and an employer and has been moved from awards and moved into individual contracts and AWAs, or Australian Workplace Agreements. An employee will now have to negotiate Defence Force leave and convince the employer of the merits of that leave, as opposed to having the backing of the federal government by leaving it as an allowable matter—by leaving it as one of the 20 matters which the commission can approve as being part of an industrial award. As I said, the government did not support either of the private members’ bills. It claimed that the private members’ bills were unnecessary because the employment position of a reservist who went to East Timor—and that bill was introduced around the time of the East Timor peacekeeping mission—was fully protected anyway. We clearly know that this is not the case.

This government is now prepared to acknowledge the potential difficulties of reservists by introducing its legislation—the Defence Reserve Service (Protection) Bill 2000. This legislation will introduce protections and benefits that will prohibit discrimination in employment, rights to defer and resume studies and to postpone certain financial liabilities. However, the government is still not prepared to restore defence leave as an allowable award matter.
The two bills before us this afternoon present the first stage of a process of modernising the structure of the reserves by providing that the ADF will, basically, provide a permanent force and a reserve force for each of the three services, establishing regulations that will have five categories of reserve services—the high readiness active reservists, the high readiness specialist reservists, active reservists, stand-by reservists and retired reservists. They also empower Defence to implement an employment support payment—the current estimate of this is around $784.90 a week—to compensate employers who suffer disruption and additional expense because of the absence of an employee on extended reserve leave.

The Defence Reserve Service (Protection) Bill 2000 talks about implementing a graduated series of protections and benefits that will apply to various forms of services in the reserves, including a prohibition on discrimination in employment, the right to defer and resume studies and—as I said previously—to postpone certain financial liabilities. This legislation is long overdue. In 1996 the coalition had promised to accelerate the legislation to protect the reservist civilian jobs, but it failed to deliver. This government did not do anything to protect the plight of those reservists who served in East Timor. Reservists put the national interest first, despite threats to their personal employment at that time—threats to their employment security or their long-term promotional prospects.

I understand from talking to people in the Northern Territory who are part of the defence reserves—and there are a significant number of them—that those members of the Defence Reserves Association have been upset that the government had legislated to remove Defence Force leave for reservists as an allowable matter. They are concerned about privatising the Defence Force Housing Association, and they question the future of the independent Defence Force Remuneration Tribunal. This government also chose to treat defence personnel entitlements as perks to be reported on group certificates through the fringe benefits reporting tax—a position from which it only partially relented in some areas under sustained pressure from the Labor Party.

As has been previously highlighted, Labor does not believe the bill goes sufficiently far to ensure that the issues that were raised in the report mentioned earlier, *From Phantom to Force*, are adequately addressed. Under this scheme in the bill there is a six-week common induction training, requiring new recruits to attend a full-time induction course alongside those joining the Regular Army. This creates real problems for reservists’ ability to get leave.

One important issue has been reserve forces pay. We need to pay reservists better and to give them better conditions if we are to successfully recruit and maintain them in our reserves. There is also an issue of compensation for the income effect of the GST. Reservist money is tax free. Therefore, they did not get the supposed savings from the GST or the GST tax cuts designed to compensate for the introduction of the GST. Therefore, to maintain parity, there should have been an increase in reserve pay. My understanding is that many of them are, in fact, worse off since the introduction of the GST. This government has introduced other adverse changes, such as the abandonment of the RFD award and anomalies with the home loan benefit scheme. There is concern over the use of regular officers in reserve postings, which is not sensitive to the balancing act required by reservists. Another concern is reservists being made redundant without compensation.

It is important for this government to finally recognise—which I think it has yet to do—that it can make more effective use of its reservists. About 600 out of 16,000 reservists on the books went to East Timor. So of 16,000 reservists in this country, 600 went to East Timor during the peacekeeping mission, that is, 16,000 reservists, costing $500 million, produced at the time of emergency only 600 reservists, who could not be sent in formed units but were only used—as is my understanding, and they are most disgruntled about it—to slot in and fill the gaps. We know they did a good job, and they are yet to be recognised sufficiently for that. However, reservists want to be deployed in formed
units. They want to be given roles and tasks that they are capable of performing, and they want the same equipment as the Regular Army.

Under sections 50E and 50F of the Defence Act 1903, the defence forces can be called out for continuous full-time service by proclamation by the Governor-General in situations ‘of war or defence emergency’ and where it is ‘desirable to do so for the defence of Australia’. This limits the ability of reservists to contribute to the range of functions that the modern Defence Force performs. As a result of an increasing level of instability in our immediate region, we are more likely to call out and need our defence forces and our reserves for peacekeeping duties, peace enforcement, humanitarian assistance, civil aid and disaster relief rather than war fighting operations. These bills address and allow the call out of reservists to occur in far broader situations than just call out for war and fighting purposes.

I have met with many reservists during my time and, in fact, represented many of them during my time as a trade union official. The East Timor mission has highlighted the need to ensure that we properly support, resource and rebuild our reserve forces. The problems experienced by our reservists need to be addressed. But I still believe that this government is avoiding the issues of defence leave as an allowable award matter; problems of a common induction training and shortfalls in recruitment and retention, and they still need to significantly address the pay and conditions of our reservists.

Finally, I want to note the amendment that Senator Faulkner moved to the second reading of these bills in his address to the Senate. Contained in the amendment are a number of items that go to the government’s failure to address some of the issues—the four issues that I have raised and many more—and they are matters that this government needs to address. A significant number of the people from the Northern Territory whom I represent—including those who live in Darwin and Katherine—are members of the reserves, and there are also a significant number of Aboriginal members who live outside Darwin and Katherine and around the different Aboriginal communities who are members of the reserves. This bill is something that we would support. It is long overdue. I do not think it goes anywhere near recognising the efforts and the attempts that these people make in our Defence Force over, above and beyond their full-time jobs and commitment to their families. There are many more issues that need to be addressed on behalf of those people and we call upon the government to do so.

Senator ABETZ (Tasmania—Special Minister of State) (4.24 p.m.)—I understand that it is traditional at the end of these debates to thank honourable senators for their contributions. Having listened to their contributions, I can say that there was only one outstanding contribution, that of Senator Sandy Macdonald, National Party for New South Wales. If you had listened to the contributions you would have been forgiven for believing that Labor opposes this legislation. They were so negative, so carping, so critical, that you would think that they were opposing the legislation. In fact they support it, and I welcome that.

It is the same sort of stunt that they play with the community over tax reform. They would have you believe that somehow they oppose it when they have no intention of changing it if they are ever re-elected. Similarly, with health insurance, they were against our policy of health insurance, and now they are going to adopt it. On education, they gave speeches against our policy and then voted for the legislation at the end of the day. It seems that the Labor Party are pulling the same stunt in relation to this legislation as well. At the end of the day they are going to vote for it, albeit there is an amendment of some sort to the second reading which we, as the government, will be opposing.

The Labor Party’s new-found interest in defence I am sure will be welcomed by those people who are willing to serve their nation, especially in relation to these bills, as reservists. I believe that it was that great former Prime Minister of the United Kingdom Sir Winston Churchill who described reservists as ‘twice the citizen’ because they were prepared to be actively engaged in citizen life but, also, were prepared to serve
their country in time of emergency. We are fully cognisant of the fantastic role that the reservists play within our community as citizens but, also, in their dual role as being willing to defend the interests of this nation when called upon. As the government we are concerned about reservists.

We heard two speeches today—one from Senator Gibbs and one from Senator Crossin. They both told us that these reforms were long overdue. Possibly so, but it does lead to the question: where was Labor on this issue during their 13 years in government? When did they move on these issues? Not at all. Indeed, I am wrong. They did move on the reservists—and allow me to tell the people of Australia how they moved on reserves. Labor introduced the Ready Reserves because they thought it would be cheaper. They were trying to do defence capability on the cheap. Labor scrapped two battalions of regular troops to pay for a reserve force that was designed to operate only 50 days a year. Labor said that the scheme would save money because the annual cost of a Ready Reservist would be only one-third that of a regular soldier. But as usual—especially in the area of defence—Labor got the sums wrong. Later estimates showed that the true cost of a Ready Reservist was about two-thirds that of a full-time soldier. Labor’s plan on reserves was conceptually flawed, financially irresponsible, and strategically frivolous.

When we look at the Labor Party’s approach to defence, need I remind them of the Collins class submarine debacle? Time and time again the now Leader of the Opposition and would-be Prime Minister promised that they would be delivered on time and on budget. It was about as credible as the promise of the then Minister for Finance to the Australian people that the budget was in surplus and then we came to office and found it to be in $10.3 billion deficit. We have this history of defence with the Labor Party—and, indeed, with the management of the economy—where everything blew out. I am reminded of the Manoora and the Kanimbla which were purchased in 1993 during the reign of Senator Robert Ray as the Minister for Defence. The initial cost was to be $62 million; the final cost—$394 million.

Guess what? When you are confronted with blow-outs on the Collins class submarine; when you are confronted with problems and blow-outs on Manoora and Kanimbla; when you are presented with a problem of a $10.3 billion budget deficit, guess what the incoming government has to do? It has to take some tough decisions and try to reform the financial affairs of the nation so it can then build in a positive way. Sure, our first term of government was spent in rectifying some of these problems, and that is why we developed the Defence Reform Program—to see where there were areas of fat within defence that we could trim off to save the Australian taxpayers money.

But we did not only go on with an efficiency program; it was all designed so we could then develop the white paper that was so ably delivered by the former Minister for Defence, the Hon. John Moore. In that white paper, not only did we talk about our dreams and aspirations for defence, as the Labor Party white paper in 1994 did, but we actually put dollar figures on our dreams and aspirations for defence and promised to fund them—unlike Labor. Indeed, Labor at the last election promised another two Collins class submarines. Do you know what the cost was, according to Labor’s financial documents at the last election? Zero dollars; no cost at all. We now know of course that would have cost taxpayers $1.2 billion.

When the Labor Party tries to come into an area such as defence, you have to ask the question: where was the Leader of the Opposition whilst he was Minister for Defence? Where was Senator Robert Ray when he was Minister for Defence, when you were confronted with those problems?

Senator Forshaw—Where is John Moore? That is what we want to know.

Senator ABETZ—And I take the interjection: where was John Moore? I would have thought he was one Minister of Defence in recent years who has really taken to the task of reforming defence for the security of our nation. At the end of the day, that is what the Defence Force is all about; it is not about a burgeoning bureaucracy and buying rust buckets from the United States, nor about developing Collins class submarines and
then trying to say they will be delivered on budget on time, when you must have known at the time that was manifestly wrong. Minister Moore got out and about and exposed the problems with the Collins class submarines. We are now having a $500 million budget to get them up to scratch—once again overcoming a Labor problem, a Labor legacy.

So it is quite disingenuous of the Australian Labor Party to try to come into this debate and somehow hector us and lecture us as a government as to how we ought to be running defence. Indeed, nobody in defence actually believes them, because they are aware of the fantastic job that we have done in defence and of our absolute commitment to our troops and the reservists.

We have been told that recruitment is a problem. I would suggest to the Senate and the people of Australia that a very good place to start with recruitment might be the consideration of the cadets. There are 26,000 young Australians involved in cadets, supported by 2,000-plus volunteers. The Labor Party have gone to the last two elections absolutely policy free on the issue of cadets. We have unashamedly been supporters of defence cadets. That is why in the white paper there was a great increase for cadets, and now we have a budget of $30 million. The Labor Party were absolutely silent in the area of cadets.

Sure, there are difficulties in the area of recruitment: one of the problems that basically all Western nations face is that, when you have a growing economy and growing employment, there are a greater range of job opportunities available to young people and therefore, when they make their choices, unfortunately from time to time defence misses out. As unemployment grows, job opportunities decrease and, as a result, defence becomes a more attractive career prospect. That is the reality, and we as a government are aware of that. But I suppose that was the Labor Party’s secret plan to increase recruitment in the defence forces; and that is why, whilst he was minister for employment, Mr Beazley undoubtedly deliberately ratcheted up the unemployment figures to one million Australians unemployed—in the hope that it might do something for his recruitment figures in the area of defence! But, apart from that horrid social statistic, quite frankly, Labor has nothing to point to in the area of recruitment.

Senator Crossin tried to give us a lecture about the effect of taxation in the area of defence and defence reserves. She did not tell the Australian people, did she, that when Mr Beazley was the Minister for Defence he tried to tax the salary of reservists? We opposed that and, thank goodness, that decision was reversed. If Senator Crossin and the Labor Party were genuinely concerned about the tax implication for reservists, where were they in 1994 when Mr Beazley was trying to impose a tax on reservists?

This legislation is part and parcel of our whole reform program of upgrading defence. The white paper is a very good document and it has clearly articulated our approach to the reserves. These bills will permit the full integration of the reserve components into the total force structure, enabling the government to access the full potential of the ADF. As a result, the reserve will be able to take on appropriate roles and tasks that are essential to ensure the ADF’s ability to generate appropriate capabilities, to deliver these capabilities where and when required, and to sustain them over time.

As for the opposition’s request to reintroduce defence leave for reservists as an allowable award matter, appropriate comprehensive protection for the management of reservists is provided under defence legislation. There is no need for reservists to be covered by separate industrial legislation. Contrary to Labor’s claim that the Army’s common induction training has been a disastrous failure, it has in fact been successful. Full-time soldier standards have been maintained, while part-time recruit standards have improved markedly.

The common induction training provides a firm and common base for initial employment within units and a consistent entry standard for further specialised training for all soldiers. Part-time soldiers are now more robust and demonstrate that soldier qualities and the army ethos are being more effectively assimilated in the reserve. The best
example of the success of the common induction training concept and of its practical value is that the Army was able to quickly bring a significant number of these trained part-time soldiers into full-time service for operations in East Timor. Without the common base provided by the induction training, this option would not have been available.

I turn now to the opposition’s claim that the government failed to implement employment and education protection measures before the deployment of reservists to East Timor. As the proposed legislation will do precisely what the opposition are seeking, one would have thought they would have complimented the government. Unfortunately, as is the wont of Labor, they want to harp, criticise and knock—although they will be supporting the proposals.

As part of the government’s suite of reserves initiatives, Defence is undertaking a study into the attitudes, opinions, needs and desires of our reserve personnel. This will better enable the development of policies and related personnel initiatives to enhance the attraction, recruitment and retention of reserves. These studies have commenced, and initial findings are anticipated midyear. We have enhanced the Defence Reserve Support Committee structure right around Australia—and the support of James Packer as its head Australia-wide is very much appreciated by the government, because it shows the community and employers working together within the best interests of the defence of this nation.

In terms of the opposition’s concern about anomalies in reserve pay, they should be aware that reserve pay is based industrially on qualifications, skills and conditions required for employment and is directly linked to the permanent force pay and allowance rates set by the Defence Force Remuneration Tribunal. There are no known pay condition anomalies for reservists, nor has the government mismanaged the provision of training and other support to reservists. Indeed, by enabling this legislation and, thereby, the introduction of categories of service directly related to capability and readiness, we will be able to better provide for the needs of reservists and, of course, those of defence. I commend the bill to the Senate.

Question put:
That the amendment (Senator Faulkner’s) be agreed to.

The Senate divided. [4.44 p.m.]
(The President—Senator the Hon. Margaret Reid)

<table>
<thead>
<tr>
<th>Ayes</th>
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AYES
Allison, L.F.          Bartlett, A.J.J.
Bishop, T.M.           Bolkus, N.
Bourne, V.W.           Brown, B.J.
Buckland, G.           Campbell, G.
Carr, K.J.             Collins, J.M.A.
Cook, P.F.S.           Cooney, B.C.
Crossin, P.M.          Crowley, R.A.
Denman, K.J.*          Evans, C.V.
Forshaw, M.G.          Gibbs, B.
Greig, B.              Harradine, B.
Hogg, J.J.             Hutchins, S.P.
Lees, M.H.             Ludwig, J.W.
Lundy, K.A.            Mackay, S.M.
McKerihan, J.P.        McLucas, J.E.
Murphy, S.M.           Murray, A.J.M.
Ridgeway, A.D.         Sherry, N.J.
Stott Despoja, N.      Woodley, J.

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

PAIRS
Conroy, S.M.          Faulkner, J.P.
                      Hill, R.M.
                      Crane, A.W.
The bills.

Senator BROWN (Tasmania) (4.48 p.m.)—I note the comments of speakers on all sides that the Defence Legislation Amendment (Enhancement of the Reserves and Modernisation) Bill 2000 does give much greater certainty and better conditions for those good Australians who join the reserves and become part of the defence forces in this country. What I am interested in is the blurring of lines between the reserves and the regular defence forces, taking note of the fact that upwards of 40 per cent of the Defence Force numbers will be reserves. What we effectively have is a part-time Defence Force augmenting the regular Defence Force but with very little to distinguish the two except for that work arrangement, and with the Minister for Defence having the ability, after a phone call with the Prime Minister, to call out the reserves as if they are full-time members of the armed forces, for a very big range of things. The legislation under schedule 1 says that the minister may make an order for the call-out for one or more of the following:

(a) war or warlike operations;
(b) defence emergency;
(c) defence preparation;
(d) peacekeeping or peace enforcement;
(e) assistance to Commonwealth, State, Territory or foreign government authorities and agencies in matters involving Australia’s national security or affecting Australian defence interests;
(f) support to community activities of national or international significance;
(g) civil aid, humanitarian assistance, medical or civil emergency or disaster relief.

The first matter I would like cleared up is: what are those matters, then, which the reserves, as against the regular defence forces, cannot be called out for? Minister, please tell the committee what those matters are and perhaps give an example.

Senator ABETZ (Tasmania—Special Minister of State) (4.50 p.m.)—I am not sure what the honourable senator’s question is alluding to. He was asking us: in what circumstances wouldn’t they be able to be called out? The answer is: in all such circumstances that do not relate to the matters that you yourself read out. Section 50D(2) is the section you read out. It sets out the seven reasons, paragraphs (a) to (g), as to the circumstances and that is quite prescriptive. If the reason for call-out does not fit into those seven categories, then you cannot have a call-out.

Senator BROWN (Tasmania) (4.51 p.m.)—Yes, I read those seven categories out. Are these the only matters in which the defence forces can be called out?

Senator ABETZ (Tasmania—Special Minister of State) (4.51 p.m.)—No, this bill relates to reserves and reserves only and these are the seven categories in which the reserves can be called out.

Senator BROWN (Tasmania) (4.51 p.m.)—Then why the prescriptive list differentiating the reserves from the defence forces in matters in which there can be a call-out? I want to tease out what the government’s philosophy is, what its definitive list means and what those matters are where the defence forces can be called out but the reserves cannot.

Senator ABETZ (Tasmania—Special Minister of State) (4.52 p.m.)—We are a co-operative government. The Australian Labor Party put this proposition to us, and we agreed that it made sense, especially for reservists because peculiar circumstances impact on reservists being called out—their education, employment, et cetera—whereas the regulars are full-time defence personnel; they can be Army, Navy or Air Force. Therefore, the same sorts of categories have not been specified for the regulars.

Senator BROWN (Tasmania) (4.53 p.m.)—Can the minister—or the opposition, seeing as he has now said that this is the opposition’s list—give an example of a situa-
tion in which the defence forces would be called out but the reservists could not?

The TEMPORARY CHAIRMAN (Senator Bartlett)—The question is that the bills stand as printed. I call Senator Brown.

Senator BROWN (Tasmania) (4.54 p.m.)—I only get two goes at this. Listeners might be aware that if a minister does not answer a question it is a refusal by government to reply. You will be aware that this is a very valid question. We have an important piece of legislation here which enumerates the circumstances in which the reserves can be called out by a minister—mind you, without the authority or the reasons being given to parliament. That has specifically been left out of this legislation. Under those circumstances, I believe that we as a Senate committee need to know what the government’s thinking is here.

I will be clear about this. We passed what was called, in shorthand, the shoot to kill bill before the Olympics, which allows the defence forces to be called out to confront Australian civilians in circumstances of strikes or protests—and protest I did. The government and the opposition passed that legislation without a sunset clause. Can I get a specific response from the government or the opposition—I do not mind which—to this question: will this legislation enable the reservists to be called out against Australian civilians in a confrontational situation, whether it be a peaceful protest or a strike? It is a very important question.

Senator CHRIS EVANS (Western Australia) (4.55 p.m.)—I do not intend to answer that question because I think it is a question for the government. But, on behalf of the Labor opposition, I want to clarify the record as I understand it. The opposition asked the government to define all the circumstances under which the call-out of reservists could occur; but the minister, in his reply, implied that we had drafted that section. All I am saying is that we did not draft that; we just suggested to the government that the legislation ought to cover all the circumstances under which it could be applied. The government, I understand, then proposed an amendment in the House of Representatives that is now contained in the bill. I want to make it clear that we supported the defining of all the circumstances, but I do not know that we will take any ownership of the particular wording. I thought that might help the debate. As to the question Senator Brown asked of Senator Abetz, I think it is best answered by Senator Abetz.

The TEMPORARY CHAIRMAN—The question is that the bill stand as printed.

Senator GREIG (Western Australia) (4.56 p.m.)—Minister, you referred in your second reading speech to the difficulties of recruitment—the need to recruit more and better people into the forces and, for that matter, into the reserves. I put it to you that one of the stumbling blocks we have to recruitment into the ADF is the systemic homophobia that we have within the defence forces. In 1994, I think—and it should be recalled—due to persistent and successful agitation by the Australian Democrats, the then Labor government moved to repeal the ban on throwing people out of the defence forces if they happened to be lesbian or gay or found to be lesbian or gay. So we have done away with the complete ban on gay and lesbian people serving their country in the ADF. However, promises then made by the ALP to better promote an understanding of sexuality and homophobia issues within the ADF were never followed through.

While we have what I understand to be a good equity program dealing with the integration of women into the defence forces, there has been no attempt by this or the previous government to deal with the issue of discrimination faced by gay and lesbian people. There are many hundreds of gay and lesbian people—good people—serving their country in the ADF, yet they experience discrimination in partnership recognition; superannuation; and, most appallingly, death benefits, if an accident or death should occur when serving overseas. So the scenario is that the environment is quite hostile to them, despite the fact that they want to contribute to their country.

We learnt recently that, despite there being a small contingent serving in East Timor, there were several gay and lesbian people serving over there—serving in the Australian Federal Police or in the ADF. We found out
from them anecdotally that what concerned them most was that their relationships with their partners and, in some cases, their children living in Australia were not recognised. They were deeply concerned—quite rightly—that they were still being treated as second-class citizens and not being afforded the same rights, protections and recognition that the relationships of their heterosexual counterparts were afforded. Is it the government’s intention to continue this policy of hostility towards people who, through no fault of their own, do not happen to be heterosexual but who are able-bodied and good people who want to serve and fight for their country and work towards freedom wherever they can, yet they have a government and, for that matter, a previous government that will not recognise them as full citizens? Is it the government’s intention to continue this policy of discrimination against gay and lesbian citizens?

Senator ABETZ (Tasmania—Special Minister of State) (4.59 p.m.)—A Defence instruction for ADF members and a Defence personnel instruction for Defence APS staff on preventing, managing and eliminating unacceptable behaviour have been issued, supported by an extensive collection of brochures and booklets. On 5 February last year, all members of the ADF were stood down to view a message from the Chief of the Defence Force and their relevant service chief regarding unacceptable behaviour. There are three free-call 1800 equity advice lines and a comprehensive network of more than 2,000 trained equity advisers who provide support and advice on equity matters to individuals, managers and commanding officers. An extensive program of equity, antiharassment and gender integration training has been implemented within the services.

Senator GREIG (Western Australia) (5.00 p.m.)—There is a fundamental difference between gender integration and sex discrimination and the experience of gay and lesbian people with homophobia and discrimination based not on their sex but on their sexuality. Can the minister clarify whether the video program to which he refers and the equity program, which I understand is operating within the ADF, specifically and unambiguously deal with the issues of sexuality related and anti-gay discrimination—that is, they deal with homophobia and not basic sexism?

Senator ABETZ (Tasmania—Special Minister of State) (5.00 p.m.)—We can keep this discussion going for quite some time, like we did with Senator Brown. After a while, you just have to stop the discussion. These were of a general nature. Therefore, if you fell into a category where you felt that you had been harassed, the antiharassment provisions would apply irrespective of the reasons that you were harassed. It is similar with equity issues. If you believed that you were not treated on an equitable basis for whatever reason, the appropriate provisions would apply. We can ask about all sorts of behaviour being unacceptable within the defence forces, but there was a general approach to this on the basis that any type of behaviour which falls into the categories of harassment or inequity is unacceptable.

Senator GREIG (Western Australia) (5.02 p.m.)—The problem with that response is that, sadly, homophobia remains the last acceptable prejudice. The reason that many people, whatever field they are in but in the ADF in particular, do not come forward with their claims of harassment and discrimination is that, sadly, either they feel that it is acceptable or will be tolerated—because the ADF makes no attempt to specifically refer to it as unacceptable—or they know that they are in an environment where homophobia is simply a part of harassment, abuse and unacceptable behaviour.

For example, the minister just said that, if any member of the ADF feels that they have been dealt with on an inequitable basis, they should come forward. I have given several examples already where it occurs on a systemic, inequitable basis. I think the most appalling is the fact that the surviving partner of someone in the ADF who is injured or killed overseas is not eligible for compensation or a death benefit.

Of course, there are also the ongoing difficulties with partnership recognition. For example, I know that literally dozens of complaints were made to Bronwyn Bishop when she was the minister for defence force
personnel. I am aware of dozens of cases over recent years where one partner in a same sex relationship is transferred to another aspect of the ADF—whether it be in Townsville or, in the case of a colleague, in South Australia—and because their relationship is not recognised their partner cannot travel with them at ADF expense, nor can they be housed in quarters for couples. So you have systemic, inequitable, ongoing discrimination within the ADF. The aspect of my question which the minister has not yet answered is: is it the government’s intention to specifically continue with that policy, particularly the nonrecognition of same sex relationships within the ADF and the difficulties that causes?

The TEMPORARY CHAIRMAN (Senator McKiernan)—The question is that the bill stand as printed.

Senator GREIG (Western Australia) (5.04 p.m.)—I think it is worth noting that nobody from the government decided to respond to that. I take it from that that the answer is yes and that the policy will continue but that the government will not defend it or apologise for it. I find that deeply regrettable. I say to Senator Faulkner, who is now in the chamber, that to your credit your government lifted the ban on gay and lesbian personnel serving in the ADF in 1994—with some agitation from the Democrats—but gay and lesbian people experience ongoing, systemic and sometimes appalling difficulties within the ADF. Should you ever come to government, I would be interested to hear what Labor would do to address that.

Senator BROWN (Tasmania) (5.05 p.m.)—I move:

Schedule 1, item 1, page 3 (line 31), at the end of subsection (2), add:

; (h) but not in circumstances involving confrontation with civilians within Australia, such as in strikes or protests.

This amendment is to schedule 1, section 50D. In the bill at schedule 1 there is ‘Defence Act 1903’ and proposed subsection (1). Then comes proposed section 50D. ‘Calling out the Reserves’. Proposed subsection (2) has the heading ‘Circumstances required for call-out’, and I have read those out to the committee. In the amendment that I am proposing, proposed subsection (h) would say that the reserves can be called out under those circumstances ‘but not in circumstances involving confrontation with civilians within Australia, such as in strikes or protests’.

I did not get an answer from the minister about this matter. I am concerned that people who are in civilian life and who, as great citizens, become part of the Defence Force reserves are open to having politicians call them out to confront their fellow citizens in matters like strikes and protests. I am not going to go through the whole debate of last year, but I must object to this move to have civilians used in those circumstances. I expect that, when the minister has been instructed, he will say that this specific list does not allow for such things. But you will note that subsection (e) does say that the reserves can be called out for ‘assistance to Commonwealth, state, territory or foreign government authorities’ in matters affecting Australia’s national security.

All of us know the sorts of matters where national security may be involved, like the Franklin blockade or certainly a wharf strike, a coalminers strike, a meatworkers strike, a postal strike or a protest against something that is happening in the political arena. All these things will very readily fall within the definition of a ‘matter of national security’ if the Defence minister of the day wants it to be so.

I remind senators that, under this legislation, there is no report to parliament. There are no reasons given; no permission is required. All the minister has to do, if he or she thinks it is an urgent situation, is go to the Governor-General to get the document signed. There is a requirement that he or she will have spoken to the Prime Minister of the day on the way to the Governor-General. That worries me. I think if we are going to allow that to happen we should debate it in this place and all members should know that is what is being debated. I note the list that the government has drawn up, apparently in response to a request from the Labor Party. I think it was a wise request from the Labor Party to put some definition into this. I doubt
the opposition did mean that reservists could be used, for example, against people who are on strike. But I draw it to the committee’s attention.

**Senator Faulkner**—But I would have thought that the provisions of the other bill would have primacy. We could hear from the minister.

**Senator BROWN**—Yes, I think that is a good point.

**Senator Faulkner interjecting**—

**Senator BROWN**—Yes, it is a point that has exercised my mind, Senator Faulkner, as to whether the bill that was brought in before the Olympics, which does allow the defence forces to be brought out against civilians, prevents the reserves being used. What does worry me is that this is a subsequent bill and therefore, ipso facto, has primacy because it is the later intent of parliament being expressed.

**Senator Faulkner**—My guess is that this is not necessary, but we can hear from the minister. You may be right.

**Senator BROWN**—Yes, he was not in a mood to answer me a little earlier, but I hope this will get him to explain to the committee whether this amendment is necessary or not.

**Senator ABETZ** (Tasmania—Special Minister of State) (5.09 p.m.)—It is most unfortunate that, when the minister’s office provides two opportunities to Senator Brown’s office for a briefing to discuss this bill and these issues, he declines both those opportunities but then scrambles in here with a handwritten amendment to the legislation. The approach we took with the Australian Labor Party was to engage in discussion about the matter. We made changes to the legislation on the basis of constructive discussion. If you are genuinely interested in these issues, which at the end of the day are in the interests of the whole nation, it is not in the interests of the nation to try to score political points on them. I congratulate the Labor Party on their sensible attitude to this legislation. We approached them, they came up with a suggestion and we were able to incorporate it.

We made a similar offer to Senator Brown to be briefed and to discuss any concerns he might have. The first we get to hear of this is when the Senate is on broadcast and we get this scrappy piece of paper with a handwritten amendment on it, which indicates there has been no thought. Tellingly, he did have two words scribbled out in the amendment, which goes to show the rush with which Senator Brown has prepared this. Even at this late stage, in writing out this amendment of only a few words, he has had to delete two of them. If that is Senator Brown’s attitude to drafting legislation on such important issues, I think it is genuinely regrettable. He comes into this place, seeking to grandstand only because we are on broadcast, and does not accept the opportunities given to him, in a spirit of cooperation, to be briefed on the legislation. He should explain his concerns to us, and then see if we can accommodate those concerns. Once again I congratulate the Labor Party on their approach.

In the legislation we have seven categories which state the basis on which the reserves can be called out. I would imagine we could throw up a whole host of other examples. Why don’t we add ‘but not in circumstances to direct traffic’? We could have a whole lot of other examples to try to detract from the seven points, (a) to (g), which are prescriptive. We could say ‘the reserves will not be allowed to monitor swimming pools’ or whatever you might want the reserves to do otherwise. The seven bases on which they can be called out are there in the legislation.

**Senator Faulkner**—That is true. You should go through those and indicate what that means in terms of this proposal being put by Senator Brown. I presume you are arguing, therefore, that it is not necessary.

**Senator ABETZ**—Yes. When proposing an amendment, I think the onus is on the senator to argue why the amendment is necessary. On that basis, Senator Brown might like to state whether that falls into the description of ‘war or warlike operations’ or ‘defence emergency’. I think the onus is on Senator Brown to convince this chamber as to how paragraphs (a) to (g) could somehow be misinterpreted to include the circumstances which he has just scribbled out for the Senate.
Senator BROWN (Tasmania) (5.14 p.m.)—I thank Senator Abetz for that helpful interlude. What he is saying is that this all has to be fixed up outside and that we will come in here, agree to it and get it over and done with. I will not be a party to that. I do not believe that the executive government should be dominating the parliament. I think these matters should be debated in the parliament, and I do not apologise for the fact that the government has scheduled this on a broadcast day. The scheduling is the government’s responsibility; it is not mine. I am not going to be prohibited from coming in here and taking part in a debate because Senator Abetz says that I should do it somewhere else. I would, however, agree that there have been approaches to my office in the last couple of days, particularly to see if we could get this legislation debated without a vote and put through as non-controversial. It is a very taxing thing for the office of the only Green, representing people right around Australia who have a different point of view from Senator Abetz, to cover all the legislation. I do that as best I can in good faith, and that is why I am here now.

The question put by Senator Faulkner to Senator Abetz by way of interjection does help us to resolve this matter and get on with it—that is, can Senator Abetz say that the reasons for calling out the reserves that he has listed in this section exclude and would not allow the reserves to be called out in circumstances that are called ‘a civilian emergency’, such as a strike or a protest? If Senator Abetz, on behalf of the government—and he is on top of this legislation—can explain to me how the legislation excludes reserves being called out against strikers, we can move on. If not, the amendment is necessary. I reiterate that, in this legislation, there is no need to report to parliament on why people are called out. There should be, but there is not. So it is incumbent upon parliament to make it very clear that there are tight parameters. What I am doing is tightening up those parameters. In fact, I am doing Senator Abetz’s job for him. I do not mind doing that because that is the nature of a multipartisan house of parliament, and we do end up with better legislation.

Senator FAULKNER (New South Wales—Leader of the Opposition in the Senate) (5.18 p.m.)—Let me outline to the committee the position of the opposition, because we have a situation now that I did not expect the committee would be facing. Let me, along with Senator Brown, go through a little history on this matter, because I think it is important for those who have been following this debate to understand. I want to make it clear that the opposition, and I assume the minor party and Independent candidates, extended to the government a courtesy last night in bringing forward the second reading debate on this particular bill.

There was a lack of pressure on the government’s legislative program, and it was planned to deal with this particular bill during debate on non-controversial legislation on a Thursday. I agreed, on behalf of the opposition, to break into what was a very heavy meeting schedule on Monday night to com-
mence the second reading debate, and I know that other senators also gave some excellent contributions during that debate. Because this was originally planned to be non-controversial legislation, as far as the opposition were concerned—and the government can speak for itself—we did not expect amendments to be moved in the committee stage. Let us be clear: no amendments were circulated prior to the second reading debate. I understand how these things work. I understand that Senator Brown, having had a closer look at the bill, decided that he thought it was appropriate to move an amendment. But the opposition, having extended a considerable courtesy in allowing this matter to come forward when some senators would not have been prepared because they expected the bill to be debated on Thursday, find ourselves in a situation where I would like to consult with my shadow ministerial colleagues in the House of Representatives.

Two members have an interest here: Mr Martin, the shadow minister for defence; and Mr Laurie Ferguson, the shadow minister for defence, science and personnel. I think that is more than appropriate, and I think that senators in the chamber would acknowledge that I engaged a great deal in the debate that occurred in this chamber on the Defence Legislation Amendment (Aid to Civilian Authorities) Bill 2000, which, of course, took up a considerable amount of chamber time. I think the substantive point that I have tried to raise by interjection—which is not the best way for dealing with things, as you would appreciate, Mr Temporary Chairman—

The TEMPORARY CHAIRMAN (Senator McKiernan)—Yes, it is very disorderly.

Senator FAULKNER—It is a little disorderly, but I was trying to assist the committee in coming to a conclusion on this matter. I think that I too would now like an opportunity to see how this particular amendment to schedule 1 relates to the act that has received assent. I think its application is at least a moot point, and I have not heard definitive advice as yet from the minister in this regard.

So the committee is faced with a situation that sometimes occurs in the Senate: what do we do in this circumstance? The sensible course of action is for us to try to get the legislation right. It is our responsibility in this chamber to try to make sure that we deal with an amendment properly. We have all the available advice to the fore, and it seems to me to be the proper course of action, given that we now have amendments circulated, and it is possible—I cannot be sure of this—that other senators may be circulating other amendments. I do not know what Senator Brown’s intentions are and I do not know the intentions of any of the other minor parties or Independent senators; I can speak only on behalf of the opposition. I outlined in some detail our approach to this legislation—both our broad support and also our concern with a range of government policies in relation to reserves. So my approach in this circumstance—

Senator Abetz—The next day?

Senator FAULKNER—That is a matter for you to move in a subsequent motion, Senator Abetz. I say to Senator Abetz, who is being disorderly, that my plan is to move that the committee report progress. It seems to me appropriate for this to be brought back, certainly on the next day of sitting. I do not think it is realistic to bring it back at a later hour this day, but I think it is certainly realistic to deal with it tomorrow. Let us not forget that the original plan was to deal with this in non-controversial legislation tomorrow. As I understand it, commitments had been given in relation to amendments not being moved, but I am not going to get too upset about a change of plan that senators might have. I just think that, given this circumstance, we have to be sensible. I think what I have outlined is sensible and is in the interests of all senators in the chamber. I commend this responsible approach to the chamber.

Progress reported.

Senator ABETZ (Tasmania—Special Minister of State) (5.25 p.m.)—I move:

That the committee have leave to sit again on the next day of sitting.
I will just briefly say that I fully understand the circumstances the opposition finds itself in. It is unfortunate that the situation has arisen, but unfortunately Senator Brown was not at the meeting where the parties tried to organise the business of the Senate. Therefore, this was sprung on us and I fully accept that the opposition will want to seriously consider a piece of legislation which is in the national interest.

Senator BROWN (Tasmania) (5.26 p.m.) — I respond to that by saying that what was sprung on us was a lack of information by the government. I asked a very simple question in committee about the circumstances in which reservists could be brought out, and the minister could not answer it. Under those circumstances, I felt that it was important to clarify that matter through an amendment. I wrote that down on the spot, and Senator Faulkner has offered the committee a very practical and sensible resolution to that matter so that that amendment can be looked at. I would hope that the government can clarify the matter after the passage of 24 hours so that we do not make a mistake but get it right. I thank Senator Faulkner and I thank the minister for this quite proper adjournment.

Question resolved in the affirmative.

HEALTH LEGISLATION AMENDMENT BILL (No. 1) 2001

Second Reading

Debate resumed from 26 February, on motion by Senator Abetz:

That this bill be now read a second time.

Senator FORSHAW (New South Wales) (5.27 p.m.)—The Health Legislation Amendment Bill (No. 1) 2001 is a retitled version of the Health Legislation Amendment Bill (No. 3) 2000. That bill passed the House of Representatives earlier this month, with amendments moved by the opposition. The purpose of the bill is to allow private patients in both public and private hospitals to cover the cost of their after-hospital care at home with private health insurance. Medicare patients in public hospitals have been able to receive additional care in the home as part of early discharge programs for some years, and more recently as part of 'hospital in the home' care provided as a substitute for in-hospital care.

Under the National Health Act 1953, health insurance funds can only pay benefits from hospital tables for patients admitted to hospital. Funds have been able to offer outreach services to their members from their ancillary tables. This bill has come about because some funds want to offer benefits under hospital insurance products for after-care type services. These services come in many different forms, such as specifically targeted services for palliative care, rehabilitation and psychiatric services. They can also cover programs provided as an alternative to hospital admission, programs to support early discharge from hospital, and programs for post-operative recovery in the home environment.

The opposition’s principal concern with this proposal is that allowing private health insurance to become involved in such programs should not change the fundamental separation between in-hospital and out-of-hospital medical services. Medicare is based on the foundation that all out-of-hospital medical treatment is funded through Medicare and not private insurance. Allowing private health insurance to cover out-of-hospital medical services would fundamentally change Medicare and would be another big step down the road to an American style health system with two classes of treatment available, depending on your income and insurance coverage.

I will turn to the issue of inflationary pressures. Allowing health insurance funds to cover medical expenses out of hospital would also have a dramatic inflationary effect, which would be contrary to the interests of patients. Private health insurance should not apply to out-of-hospital medical costs. The extension of health insurance to cover the cost of GPs attending a patient after a hospital admission would result in an immediate inflation of GP fees, an increased burden on the public in gap charges and an increase in the cost of private health insurance. Labor does not oppose the extension of hospital health insurance to cover the cost of after-care paid for by the hospitals and provided by nurses and allied health profession-
als. Health insurance funds already have the ability to cover ancillary costs for after-hospital-care services provided by allied health professionals; however, this can occur only if the patient already has ancillary health cover.

Labor believes it is reasonable for funds to reduce their overall costs and hence reduce pressure on premiums by substituting alternative health care support services for a continuing stay in hospital where that is in the patient’s health interest. This bill will provide the option for patients to recuperate at home rather than in hospital, which for many people will have attractions. However, we certainly do not want to see people forced into home care options against their will or funds pressuring people into the programs for purely cost reasons. The industry should be careful in the way that it experiments with hospital in the home programs and should avoid using such programs as a way of forcing people out of hospital to save money. This would only add to the adverse image that many health insurance funds have developed.

There are opportunities for mutual benefits for patients and funds through better treatment in a more appropriate environment if such programs are undertaken properly. These programs need to focus on the provision of nurses and care services as an alternative to hospital accommodation. The amendments that the government accepted in the House will ensure that these schemes are clearly defined and restricted to genuine programs to replace time in hospital. The amendments also ensure that the approval for the schemes can be revoked and the whole arrangement can be reviewed in two years time.

I will now turn to the other part of the bill, which contains two amendments to the rules for Lifetime Health Cover. The first amendment ensures that all people who enter Australia on a humanitarian or refugee visa after 1 January 2000, or who were granted a protection visa after entering Australia on or after 1 January 2000, have 12 months after the day on which they become eligible for Medicare to take out hospital cover without their contributions being increased under Lifetime Health Cover. This provision was originally inserted into the Lifetime Health Cover by the opposition, but I understand it now needs to be reworded to pick up an accurate definition of refugee or humanitarian visa because of subsequent changes to the definitions of these classes under migration legislation.

The bill also clarifies the definition of adult beneficiary and hospital cover with respect to Lifetime Health Cover to ensure that spouses, including de facto spouses, of contributors are defined as adult beneficiaries and can have hospital cover. The opposition supports these changes but would like to reiterate its view that the Lifetime Health Cover arrangements are still flawed in a number of important respects and are unnecessarily harsh and restrictive in relation to the minister’s power to grant relief on hardship grounds.

Finally, the bill remedies another flaw in the Lifetime Health Cover arrangements by amending the privacy rules to allow private health funds to disclose information about a member to a hospital to allow a check to be made of eligibility for coverage. Consumers need hospitals to be able to check their level of cover so that they can be correctly advised of the total bill that they can expect to pay for treatment. The difficulty of checking membership status has been the cause of considerable problems in recent times, mainly because health fund products have grown so complex. Over recent years, there has been a rapid growth in the proportion of policies that include one or more of the following.

Firstly, up-front deductibles are payments that patients must make either every time they use a policy or the first time they use it each year. Premiums are lower but the cost to the patient is higher when they need their insurance. Secondly, exclusions are expensive categories of treatment which particular health insurance products do not cover, including such things as cardiac treatment, hip replacement or obstetrics. There have been many complaints by people who have not had exclusions explained properly to them, and the Private Health Insurance Ombudsman has questioned the morality of these
products. Thirdly, funds are adopting increasingly complex variations in their waiting periods. The pre-existing ailment rules have resulted in many new members being bitterly disappointed because they are not covered for treatment under the policies they have bought. Often this disappointment is heightened by misleading claims made by the funds in selling the policies, including the making of statements such as ‘waiting periods are waived’.

The combined effect of these policies is that the public are more confused than ever about exactly what cover they have. Some of these misleading claims have been investigated by the ACCC, and in at least two cases a prosecution is under way. The health insurance industry has been disappointing in its slow reaction to the consumer confusion created by the often misleading and poorly explained advertising that went to air. 

There is a need for the industry to recognise the need for a dramatic shift in its relationship with consumers to offer them gap-free cover that is simple and reliable. The proliferation of complex exclusions and excessive front-end deductible charges has created consumer confusion and resentment from people who discover they are not covered for things they thought they were. The lack of progress on the proposed key features statement and the absence of clear rules on transfers between funds are a serious hindrance to the industry. If it does not get its act into gear, an incoming Labor government will have to take some action to restore consumer confidence. In the meantime, the opposition is happy to support this bill.

Senator LEES (South Australia—Leader of the Australian Democrats) (5.37 p.m.)—The Democrats support the main purpose of the Health Legislation Amendment Bill (No. 1) 2001, which is to enable the private health insurance industry to fund outreach services as an alternative to in-hospital care for patients who are admitted. Outreach services, such as hospital in the home, have become more popular in the public health system, as patients realise that they feel more comfortable in a home environment and prefer to have their treatment at home. Hospital in the home programs can provide an extensive range of services, including intravenous antibiotic therapy, chemotherapy and anticoagulant therapy. Some of the advantages are perhaps best illustrated when we look at the treatment of young children, who can be far better treated, given their medical conditions—obviously some will still end up in hospital—and do a lot better in familiar surroundings, as do elderly patients.

Hospital in the home services can reduce the risk of infection. That is, I guess, a very sad comment about some of our hospitals, but it is an inevitable fact that some of the hospitals, public and private, have major issues with endemic infections. Research has shown that longer hospital stays increase the risk of infection. Therefore, if we can get people out into the home sooner and look after them there, that risk is decreased. As well, hospital in the home is cheaper, but we must not let that become the determining factor. It must be used only when it is the appropriate option. Of course hospitals, if they are able to release people to the home environment earlier with adequate support, are able to keep those beds for people who really are acutely ill.

As people know, the Australian Health Care Agreement between the government and the public hospitals allows Commonwealth funding to be used for outreach services for patients in the public system. However, private health insurance funds are only able to pay benefits for hospital cover tables when people are actually in hospital—when they are admitted patients in a hospital bed. Therefore, outreach services can be provided only where people have both hospital and ancillary cover, not for those people who have only the hospital cover. As a result, some private hospitals are forced to retain patients in beds when they really can be supported at home—indeed, when it is more appropriate at home—to take advantage of insurance cover. Another problem is that Medicare benefits are not available to attending doctors under ancillary cover tables.

It is pleasing to note the results of the recently completed trial of the hospital in the home program. This trial involved private sector patients selected and transferred home as part of their normal period of hospital stay while still being covered under their private
health insurance. Six trials were conducted across a range of health care services—including psychiatric, rehabilitation, post-operative and palliative care—and involved six health insurance funds. The national evaluation of this project found that hospital in the home had benefited patients, had good health outcomes and was more cost-effective than in-hospital care. The results of this trial indicated that we needed the legislation that we are dealing with today, so that more patients could take advantage of this option.

We support the extension of the definition of hospital treatment in the National Health Act 1953 to include specific outreach services at particular hospitals which are approved by the minister. We also support the expansion of the definition of a patient of a day hospital to include persons who receive outreach services provided by or on behalf of a day hospital. I would like to stress that we do not support the wholesale exodus of patients from hospitals unless it is appropriate; however, we see this as a positive move. We must make sure that there is no compromising of people’s health and the services that they need. We support the need for this determination to be disallowed by parliament as a safeguard for those people who are privately insured and who choose to use the private system. We do not want to see people encouraged to leave hospital before they are ready purely to save money for either the fund or the hospital. We support the requirement for an independent review of the operation of the extension of the act in relation to outreach services and the fact that that is to be tabled in both houses of parliament by June 2003. This review must be undertaken by people who, in the minister’s opinion, possess the appropriate qualifications to actually undertake this review. I think this will ensure that this policy change undergoes appropriate scrutiny and that qualified and independent people are involved in that process.

We will also be supporting the changes to Lifetime Health Cover. The changes are necessary to ensure that a dependent spouse under 31 years of age is not excluded from being a beneficiary in their own right. This was, I understand, a drafting error in the original bill which we are now correcting. We also strongly support the provisions relating to refugees who enter Australia after 1 January. I understand the opposition have an amendment. When we get to the committee stage we will look at both the government amendment on premium increases and the opposition amendment which I understand they have foreshadowed.

Senator BUCKLAND (South Australia) (5.42 p.m.)—I rise to speak on the Health Legislation Amendment Bill (No. 1) 2001 because, in my view, its intent has a great deal of merit. The bill aims to enable private patients in both public and private hospitals to receive the same equitable care choices available to public patients in public hospitals. It enables approved outreach services as a direct substitute for in-hospital care that is provided beyond the hospital that either shortens or prevents a hospital admission.

One of Labor’s principal concerns with the bill has been the allowing of private health insurance providers to become involved in programs that could change the fundamental separation between in-hospital and out-of-hospital medical services. Allowing private health insurance to cover out-of-hospital medical services would fundamentally change Medicare and would be another step towards an American style health system in Australia—thereby creating two classes of treatment being available, depending on your income and insurance coverage. This has important implications for the cost of medical treatment, and the minister should ensure by a study into the inflationary impact of this proposed new arrangement that it does not substantially impact on the overall cost of health care.

The opposition is not opposed to extending hospital health insurance to cover those costs paid by hospitals for care provided by nurses and other health professionals. It is reasonable for funds to reduce costs by substituting other health care support services for a continuing stay in hospital—that is, of course, if it is in the patient’s best health interests. It is a great attraction for many patients to be able to recuperate in the comfort and familiar surroundings of their own home or unit. I have personal experience of this through my mother. She was hospitalised but
had a great desire to return to the small unit she has in a nursing home—it was familiar, the care was reasonable and, provided she had access to doctors and nursing professionals, she was more comfortable recuperating there than in a remote hospital.

But while this is so, we need to guard against the home care option being used against the patient’s will by funds pressuring people into home care programs on the simple basis of cost cutting. We must always keep paramount in the minds of patients that they have the right to some choice. The wellbeing of the patient must come first and if applied appropriately the funds and the patient can mutually benefit from this program. These benefits can only be realised if there is a focus on the provision of nurses and care services as an alternative to hospital accommodation.

In the case of South Australia, where I come from, our hospitals are already facing a crisis and, if we consider the impact this bill could have on the older members of our community, that crisis could get worse. For instance, the Productivity Commission has confirmed that South Australians are waiting longer to get into a nursing home. We currently have a situation where 17 per cent of people assessed as needing a nursing home bed wait more than three months to find one. There is a shortage of 633 residential aged care beds. This is well below the government's own target of 90 beds per 1,000 people aged 70 years and over. When the present government came to office in 1996, South Australia was 287 beds above the target. The Howard government’s failure to manage the aged care system means that the frail aged and their families in South Australia are being forced to wait months to access the beds and care that they need and deserve. Add to that the state government’s inability to manage a reasonable health system and you have a situation that can only be described as deplorable.

What is unclear is which categories of services or specific services, and from which hospitals, the minister will be approving. As yet, there has been no indication of what criterion will be used in order to approve such services, as well as to what capacity the minister will exercise his powers to revoke approvals. This bill may go some way towards easing some of the pressure on the health care system but it will not alleviate all of the community concerns. Looking around South Australia, we have a crisis in maternity care where mothers to be are required to leave their families to attend maternity services in Adelaide or in the larger centres, with doctors not being prepared to deliver children in remote areas. That clearly needs to be addressed.

Some large centres in South Australia, including some of the larger cities, do not have the ability to provide dialysis procedures. Specialist care in remote and regional areas is almost non-existent. Where it does exist, the specialists tend to be more concerned about what they can do for those who are suffering from WorkCover injuries associated with the work they have been doing. Again, there is a need for patients to travel long distances to the major city of Adelaide to receive medical care from specialists. One of the major problems that we face is the growing incidence of mental illness. This is a real problem in regional South Australia and, from what I am reading, across Australia—more so in regional areas. The government needs to address these areas as well as aged care when looking at revamping and revitalising the health care system.

Although the Health Legislation Amendment Bill (No. 1) 2001 has reasonable merit, there still exist many problems that need to be addressed with some degree of urgency. Some of those I have mentioned. The current state of the health system in South Australia leaves a lot to be desired and causes considerable concern for those in dire need of medical care. The federal government must take some responsibility for that. Whilst this bill has merit, this merit could be substantially diminished in South Australia because of the South Australian government’s appalling lack of attention to the health care system and to the crises we face.

Senator CROSSIN (Northern Territory) (5.51 p.m.)—I rise this afternoon to speak on the Health Legislation Amendment Bill (No. 1) 2001 and want to comment on some of the issues that are being debated in the Northern
Territory at the moment that concern Aboriginal health. This bill puts the practice of bulk billing at further risk. It further jeopardises the important principle of access to quality health care for all, and this principle is one that we in the Labor Party hold dear. The bill undermines the principle of equal access, but it is the failure of the Northern Territory government in relation to health matters which I want speak about this evening—and in particular I want to address my remarks to indigenous people in the Northern Territory.

Recent history in the Northern Territory tells us that, while all Territorians are equal, some are more equal than others. This is particularly the case in relation to some aspects of Aboriginal health in the Territory. I will start by providing the Senate with some statistics about Aboriginal illnesses and illness patterns that are well known. These figures vary greatly across Australia, but generally are worse in the Northern Territory than elsewhere. For example, life expectancy is almost 20 years less for Aboriginal people than for non-Aboriginal Territorians. Mortality rates for Aboriginal males are improving, but only at the same rate as for the general population—that is, the mortality gap between Aboriginal and non-Aboriginal males is not narrowing. Mortality rates for indigenous females are not improving; the mortality gap between Aboriginal and non-Aboriginal females is, in fact, widening. Life expectancy of Aboriginal people is consistently worse than for other comparable indigenous populations, such as the native peoples of the United States and Canada and the Maoris of Aotearoa, New Zealand. Infant mortality for indigenous people is 3.3 times the Territory average.

Aboriginal people also suffer a greater burden of illness across Australia. Hospitalisation rates for indigenous people are over 50 per cent higher than for all Australians. Aboriginal people suffer from certain health conditions at a much higher rate than non-Aboriginal people. For example, Aboriginal people have diabetes at a rate of 12 to 17 times that of the non-Aboriginal population, and the figure for renal disease is 17.4 times. Of the 64 clients of the Alice Springs Renal Dialysis Unit, 63 are Aboriginal.

So let me turn to the issue of end stage renal disease. Renal disease has now reached epidemic proportions in Central Australia. In fact, end stage renal disease rates among Central Australian Aborigines are around 20 times greater than rates for non-Aboriginal Australians and are among the highest rates in the world. In particular, the community of Tennant Creek, in the Barkly region, has the highest incidence of renal disease in Australia. The only treatments for end stage renal failure are renal replacement therapy—dialysis, in other words—or transplant. Of course, people with renal failure who are suitable for a transplant must go on dialysis while waiting for a compatible donor to be found. In the Barkly region, which encompasses Tennant Creek and the strip across that section of the Territory from the Queensland border to the Western Australian border, there are no dialysis facilities. People there who have end stage renal failure and need dialysis are therefore forced to relocate to Alice Springs.

I will try for a moment to see if I can get people to understand and to picture what that is like. When I say simple words like ‘relocate to Alice Springs’, I am talking of a distance of over 600 kilometres; I am talking about a distance that is greater than from Melbourne to Sydney. So imagine that you lived in Melbourne and I said to you that you need renal dialysis treatment and the only way you can possibly have that is to get on a bus, be transported as far as Newcastle and be relocated there for every day of your life, when your family, your surroundings, your country, the area you grew up in and are familiar with, are more than 600 kilometres away—but that’s life, bad luck, because the only service we can provide to save your life is in Alice Springs. As I said, that is the equivalent distance of Melbourne to Newcastle. If you imagine that then you might start to have a tiny inkling about what that means for the Aboriginal people: how distressing it is for those people who have to relocate and live in another city, where they have no connections, no base, no family, no friends and no familiar surroundings, and what it means for the people they leave be-
hind who cannot see them on a regular basis, who miss them and who want to be constantly with their sick family member—as you would want to be with your family.

The number of people who are forced to relocate because there is no local facility is not insignificant. Currently, a quarter of the patients being dialysed at the Alice Springs Renal Dialysis Unit are from the Barkly region. In the Barkly, fear of renal disease and its consequences, especially the fear of having to relocate to Alice Springs for treatment, negatively affects the community’s acceptance of and involvement in treatment and screening. Thus, prevention and early treatment of renal disease is being hampered by the lack of a local dialysis facility. It needs to be stressed that the ‘head in the sand’ approach taken, I believe, by the Northern Territory government about renal disease in the Barkly comes at a high cost—medically, socially and economically. This burden is carried by the individuals with the disease and by their families, but also by the community at large. It is recognised that primary prevention through health and housing—which I will go on to speak about in a moment—and secondary prevention through health screening are imperative if the epidemic proportions of renal disease in Central Australia are to be seriously addressed.

However, addressing renal disease simply cannot be done without putting into place appropriate services for all stages of the disease, including the end stage renal disease phase. A Deakin University report in 1997 entitled *Renal disease in Central Australia: Challenges and opportunities for better health* states:

One important and immediate action is to increase the availability of clinically effective and socially appropriate choices of renal replacement therapy.

So why, given the fact that the Barkly has the highest rate of renal disease in the country, let alone the Northern Territory, is the Barkly still without any renal dialysis service? A report prepared last year projected that demand for dialysis services in Central Australia will outstrip supply within 18 months.

Given that one-quarter of the Alice Springs clientele come from the Barkly region, not surprisingly the report recommended the establishment of a satellite dialysis unit in Tennant Creek. The report stated that the infrastructure exists for such a unit and that the recurrent costs of local treatment in the Barkly would be expected to be equivalent—I stress ‘equivalent’—to the cost of treating patients in Alice Springs. So we are not looking at an additional cost here, particularly when I talk about transporting a patient to Alice Springs, paying for that patient to actually stay in Alice Springs and for the cost of actually dialysing that patient a couple of times a week. There is no increase in costs. In fact, the report suggests that the costs would be expected to be equivalent.

The report also anticipated cost savings in terms of fewer medical evacuations. This claim is backed by research evidence which shows that having a local dialysis unit increases treatment compliance. Renal disease is a major problem in the Barkly and one that will require a lot of resources to address it. But the report warns that the resources being put into prevention and early treatment will not reduce the number of people needing dialysis in the short to medium term.

So why has the Northern Territory government failed to act? In a recent television interview, the President of the Northern Territory AMA confirmed that renal physicians had developed guidelines for establishing dialysis units and that Tennant Creek had the highest priority in terms of those guidelines. He also expressed the opinion that Tennant Creek should have got a dialysis unit before the township of Katherine did, where the unit was opened last year.

Of course, we all know why Katherine got their dialysis unit, which I have had the advantage of actually going to look at. It was because the Jawoyn Association agreed to give up their land in order to allow the dialysis unit to be funded. So it was an exchange of land for the unit, in the same way that the community of Kintore, which I will speak of in a moment, have raised in the last six months $1 million—not an insignificant amount; in fact, a major and tremendous effort from the people in that community—from the sale of their paintings both nationally and internationally. For what reason? To provide funds for a renal dialysis
provide funds for a renal dialysis unit out at Kintore.

Going back to the President of the NT AMA on television in the previous week: when asked why he thought this has occurred—for example, why Tennant Creek had got a dialysis unit and not Katherine—he said:

Well, I believe it was a political decision to put it in Katherine and there was a lack of political will to put it in Tennant Creek.

He went on to spell this out:
The seat of Katherine is held by the CLP, while Tennant Creek in the seat of Barkly is held by Labor.

His words, not mine. Tennant Creek is not the only place where there is an unmet need for dialysis. There is also a significant number of people from the Western Desert with end stage renal failure. Last year in the Northern Territory Legislative Assembly, the local Labor member, Peter Toyne, asked the health minister for the Northern Territory, Stephen Dunham, about plans for extending dialysis in the Northern Territory, particularly to the community of Kintore. The minister argued the need to evaluate the units established at Katherine and on the Tiwi Islands before making any commitments to further dialysis units. He also said this, did the Minister for Health in the Northern Territory:

The option of people moving into town is an option and it might not suit all people but it exists. There will be some among us that need to go elsewhere for treatment and it is something you have got to weigh up in your own head. You’ve got to decide whether this treatment is more important, sustaining your life with this treatment, than some other option.

In other words, he is saying that you can permanently leave your family and your country or, alternatively, you stay behind to die. These are the options that are currently being provided through Territory Health Services—and, let me tell you, these are the options that Aboriginal people in the Northern Territory are currently taking up. There are Aboriginal people in the Territory who do not want to go to Alice Springs if they live in the Barkly region. There are people in Kintore who do not want to go to Alice Springs and sadly—excruciatingly sadly—they stay behind in their communities and make the choice to die rather than to have to travel more than 600 kilometres to get renal dialysis for themselves.

I believe that the minister’s stubborn refusal to address renal services in Central Australia has come to the point where it is critical and outrageous. The Northern Territory government, I believe, stands condemned for its failure to address the serious problem of renal disease in Central Australia; and it is something that I will be raising again and again until something is done about it.

Let me say in the final minutes I have for this speech that it has come to light in the last couple of days that we have another chronic problem in the Top End of the Northern Territory, at Maningrida—and Senator Tambling would know all too well about what I am about to refer to: the comments that have been made by a number of my colleagues in relation to tuberculosis at Maningrida. The situation that has now come to pass is that the incidence of tuberculosis at Maningrida is in fact 100 times the national average. We know that the national average for TB infection is five per 100,000. The figure in Maningrida equates to 523 per 100,000, with 12 acute cases being diagnosed last year. Add to this the fact that 31 per cent of the adults and 16.5 per cent of school children have tested positive to a test for potential tuberculosis, and the situation, I believe, takes on epidemic proportions.

I have read the transcripts, and I know the arguments that have been put by Stephen Dunham, the Minister for Health in the Northern Territory; he advises that in 1999 there were no cases and that there were 12 cases in the year 2000. Nevertheless, we now know that there are enough cases of tuberculosis out there for us to be worried about it, yet there is no designated nurse. I understand that there was in the past a nurse responsible for, and particularly dedicated to, ensuring that these cases were picked up and were treated. But I would say that surely an area with the highest incidence of tuberculosis infection in the country should have, at a minimum, a dedicated tuberculosis nurse
who is in fact looking after the needs of this community and can try not only to keep that disease under control but to eradicate it—as it is eradicated in the non-indigenous community.

There has been much discussion about why this community has this disease and why this community is in such a parlous state. While we might want to attribute blame to the people in that community—I think one of my colleagues may have said earlier this week, ‘People want to live in filthy conditions’—let me just say this for the record: when you actually go around the Aboriginal communities in the Northern Territory, those communities are in an appalling condition, but it is not because the people in those communities choose to have it that way. Let us have a look at the decisions of this federal government in just the last three months, where $25 million of the Roads to Recovery program went to the Northern Territory, a territory that has an expanse of 1.3 million square kilometres—yet a seat like Gwydir, where we have the deputy leader of this government, Mr John Anderson, with 114 square kilometres of electorate, gets $43 million. There are few sealed roads at Maningrida and those that are would probably stretch less than a kilometre and are well overdue for rescaling. But, by and large, Maningrida is no different to any other town or community that I have been to in the Territory. There is a severe lack of sealed roads, and so we have a huge dust problem there. Do you seriously believe that the people in Maningrida want it that way? I put it to you that they do not. Aboriginal people are 50 times more likely to be sharing their home with 10 or more people and are also more likely to be living in sheds or humpies, according to a national report that was released on indigenous health and welfare back in August 1999.

So what do we have in those communities? Overcrowding, with 10 or 20 more people sharing, when you and I would have three or four in a four-bedroom house. We have unsealed roads. We have a lack of medical staff who can cater for their needs. This is not a situation that those Aboriginal people choose to live in, and they choose to want to do something about it. They actually want to vote for and put into power governments that will allocate the necessary resources to them, governments that will look after their needs, that will make sure that they get a fair share and an equitable share of the funding when it comes to roads, housing and health infrastructure. This is something that this government has failed to address.

(Time expired)

Senator TAMBLING (Northern Territory—Parliamentary Secretary to the Minister for Health and Aged Care) (6.11 p.m.)—The bill before us, the Health Legislation Amendment Bill (No. 1) 2001, will enable the private health industry to fund appropriate alternative models of health care delivery as a direct substitute to in-hospital care for admitted privately insured patients. This bill will address existing private health insurance legislation that prevents health funds from offering outreach services from hospital tables. This bill will enable privately insured patients in both public and private hospitals to receive the same quality care and choices available to public patients in public hospitals.

Under the proposed amendment, hospitals and insurance funds seeking to provide outreach services to private patients will be required to gain ministerial approval before providing an outreach service. Only approved services will be covered by hospital table insurance arrangements. To gain approval, hospitals would be required to meet the minimum guidelines that will be developed in consultation with the relevant stakeholders.

The bill now incorporates amendments agreed by the government that were proposed by the opposition in the House of Representatives on 7 February 2001. We now have before us government amendments circulated in my name, proposing to allow the Minister for Health and Aged Care to reject premium increase applications from health insurance funds, on the grounds that they would be contrary to public interest. In recent years the Minister for Health and Aged Care has initiated a number of reforms to introduce greater balance between the private and public health sectors. In particular, the
government introduced the 30 per cent rebate and Lifetime Health Cover and broadened legislation to allow funds to pay benefits above the Medicare benefits schedule without the need for contracts. These initiatives have resulted in a significant growth in membership of private health insurance funds. The 30 per cent rebate, for example, has helped to make health insurance more affordable for all Australians who choose private cover. However, the gains made by major government initiatives in providing a balance between the public and private sectors and providing more choice for consumers and more affordable private health cover could all be jeopardised by premium increases that are not in the public interest.

It is against this background that this amendment is being proposed. The minister has many responsibilities and powers in this area and one of them relates to the premiums that funds charge. This amendment will allow the minister to protect the community from the impact and consequences of a premium increase that is contrary to public interest. The amendment will come into effect with the passage of this legislation. Health insurance funds are already required under legislation to meet capital adequacy and solvency standards. This will not change. These standards both ensure financial soundness of the health funds and provide adequate capital for the conduct of their health insurance business. This will not change. This amendment simply allows the minister to take into account the interests of the broader community before health funds can increase premiums.

Finally, I am aware that Senator Forshaw has circulated amendments requiring the minister to subsequently table a statement outlining the grounds for the decision. The government will accept these amendments.

Before I conclude my remarks, as a Northern Territory senator I make reference to the comments by Senator Crossin, who spoke immediately before me. I think what Senator Crossin has done is highlight the major differences in health care between urban and remote communities. Those of us who live in the larger population and urban centres of Australia and are used to dealing very openly and honestly with both private and public health facilities of a very high standard. Senator Crossin drew the comparison with people in very remote and isolated communities, particularly Aboriginal communities, where there is still a very wide disparity in the delivery of all forms of health service. She referred in particular to the need for renal services in the Barkly-Tennant Creek region and other areas of the Northern Territory, to other areas of Aboriginal health considerations and to the recent media reports with regard to issues arising from tuberculosis at Maningrida. I concur that these are very important issues that the government needs to address in considerable detail.

Both the Northern Territory government and the Commonwealth government have in recent years injected very considerable funding and resources into addressing these and many other problems in remote area health right throughout Australia, particularly in indigenous and Aboriginal communities. The measures of cost effectiveness do need very careful analysis in comparison with the Labor Party’s own administrative period between 1983 and 1996. I believe the Howard government can stand tall and very proudly in regard to its record for introducing very wide, extra and special health services throughout the country. In particular, in the Northern Territory I am familiar with the coordinated care trials both on the Tiwi Islands and in the Katherine West area near Katherine, where was a shandying of Commonwealth and Territory MBS and PBS funding that has worked very satisfactorily. Tragically, the issues that have arisen more recently at Maningrida, where there has been an unsatisfactory and totally unacceptable incidence of tuberculosis, do need to be highlighted. I have contributed to this debate in recent days. In the media in the Northern Territory yesterday, I alluded to the need for a four-way partnership between the people living in remote communities and service providers, particularly in the smaller and special Aboriginal communities on the ground, to address the areas of health, hygiene and housing and the risks that inherently arise as a result of the very close personal contact that occurs where people live in often appalling circumstances. I think
Senator Crossin was obliquely referring to me today, whereas her colleague in the House of Representatives has been much more personal in his criticism because I dared to describe some of the appalling living conditions, particularly those that need to be addressed at the environmental level by the local community.

As I said, there is a need for a four-way partnership between the local residents and the local community and the Territory health service; which provides many of the standard state services, the Commonwealth, which has injected, particularly into Maningrida, considerable additional resources, including the means to support a mooted local health board which is having problems getting off the ground; and the very excellent and hard work of so many clinicians in the medical profession seeking to deal with people living in such difficult circumstances and places. I make no apology for demanding adherence to high standards, whether it is by local residents or in the delivery of health services or by governments in the provision of proper and adequate services. I am disturbed that too many people seem to visit Aboriginal communities with dark glasses and unfortunately do not see the reality of what often needs to be corrected by very simple means, through accepting responsibility at that local level.

However, that is not directly related to this legislation, which will affect so many others of us living in better serviced and certainly better-off communities. I think the legislation goes a long way, particularly that which relates to alternative models of health care so that services can be delivered from private health facilities. This legislation has much to commend it. I commend the bill and the foreshadowed government amendments to the Senate.

Question resolved in the affirmative.

Bill read a second time.

In Committee

The bill.

Senator TAMBLING (Northern Territory—Parliamentary Secretary to the Minister for Health and Aged Care) (6.21 p.m.)—I table a supplementary explanatory memorandum relating to the government amendments to be moved to this bill. The memorandum was circulated in the chamber on 6 March. I seek leave to move my amendments together.

Leave granted.

Senator TAMBLING—I move:

(1) Page 2 (after line 16), after clause 4, insert:

5 Application of amendments made by Schedule 4

The National Health Act 1953 as amended by Schedule 4 applies to any changes intended to come into effect at or after the commencement of Schedule 4, including changes notified to the Secretary before the commencement of Schedule 4.

(2) Page 7 (after line 21), at the end of the Bill, add:

Schedule 4—Rate increases proposed by registered organisations

National Health Act 1953

1 After paragraph 6(1)(a)

Insert:

(aa) the Minister’s power under subsection 78(4A); or

2 After subsection 78(4)

Insert:

(4A) Where the Minister is of the opinion that a change that would increase rates of contribution by contributors would be contrary to the public interest, the Minister may, by declaration in writing, declare that the change shall not come into operation.

(4B) The Minister must cause a copy of a declaration under subsection (4A) to be laid before each House of the Parliament within 15 sitting days after the declaration is made.

3 Subsection 78(5)

Add at the end “or (4A)”.

4 Subsection 78(6)

After “subsection (4)”, insert “or (4A)”.

5 Subsection 78(7)

Omit “a declaration under subsection (4)”, substitute “any declaration under either of subsections (4) and (4A)”.

Bill read a second time.

In Committee

The bill.
Paragraph 78(9)(b)

Omit “a declaration under subsection (4)” substitute “any declaration under either of subsections (4) and (4A)”.

Senator FORSHAW (New South Wales)

(6.22 p.m.)—I indicate for the benefit of the minister, who may not have caught up with the latest advice whilst he was on his feet in reply in closing off the second reading debate—and I apologise for this—that it is the opposition’s intention to move the original amendment that was circulated on sheet 2150. We did subsequently circulate a revised amendment, which the minister indicated in his closing remarks the government was prepared to accept. However, we have had further opportunity to consider in more detail the differences between the wording of the original amendment that we foreshadowed we would move, an amendment to the government’s amendment, and the revised wording. It is our belief that the original amendment on sheet 2150 is more appropriate. Accordingly, I move:

(1) Amendment (2), Schedule 4, item 2, at the end of the item, add:

(4C) A declaration under subsection (4A) must set out the grounds on which the Minister formed the opinion that a change that would increase rates of contributions by contributors would be contrary to the public interest.

Perhaps the minister may wish to reconsider the government’s position in the light of that, whilst I make some remarks in response to the government’s amendment and indeed in respect of our own.

As this bill has now been before parliament for nine months and has already been dealt with by the House, we in the opposition are amazed and somewhat amused that the government has at the last minute brought forward an amendment to clarify the minister’s power to reject a proposed increase sought by a health fund. Senators may not recall the history of this matter, so I will briefly refresh their memories.

In 1997 when the government introduced the means-tested Private Health Insurance Incentives Scheme, the health funds rapidly increased their premiums and managed to swallow the benefit of the scheme for themselves. In the ensuing outcry, the Prime Minister undertook to personally scrutinise all premium increases and ensure that if they were excessive they would be rejected. The minister assured the public he stood as guardian of their interests and would be tough on the funds. In fact, he never rejected a single increase from that point on. The minister turned out to be a complete paper tiger, approving a series of increases which averaged twice the rate of inflation from that time until well after the introduction of the 30 per cent rebate.

Under the act, the minister had a number of grounds on which he could reject an application for a premium increase, but he did not use them. The government is now saying that the existing grounds are not broad enough to cover simply knocking back a fee increase because the government thinks it is not justified. For four years, the minister has been peddling this misconception to the public, presenting himself as their champion, defending them from fee increases, when in fact he was powerless to act and failed to act through a succession of double and triple inflation increases. Inflationary pressure has temporarily come off the funds after the run for cover advertising blackmailed Australians into joining funds. As a result, we have seen one year with a below CPI increase and we will see no increase at all in the current year. So now that funds are in a position to temporarily defer increases, the minister has decided that the time has arrived when he needs to get some muscle and look tough.

This is a big turnaround from his position in 1999 when the Senate debated the Health Legislation Amendment Bill (No. 4) 1998. The government proposed in schedule 3 of that bill to totally divest responsibility for monitoring premium increases to the Private Health Insurance Administration Council without any residual power for the minister. If that schedule had been passed, the minister would have lost any power after two years. In other words, in 2001—this year—he would no longer even have a monitoring role on prices. Fortunately, the opposition saved him the embarrassment by defeating that ill-conceived amendment in the Senate in
early 1999, thereby forcing the minister to keep his responsibility for monitoring health fund premiums. Now, two years later, we find he suddenly needs to increase his powers, not throw them away. One is entitled to ask: why could this be?

Perhaps the answer is provided in a front page story in an edition of the Australian last year, which blew the lid off a scheme the minister had cooked up to artificially depress health fund premiums until after the next election. The Australian newspaper reported a secret meeting with the minister’s former Chief of Staff, Mr Ken Smith, who lectured health funds on the need for them to avoid any premium increases between July 2000 and the next election. One of the health funds told the Australian newspaper that the message given by Mr Smith was that ‘the government has given the industry a boost with the private health rebate and now we want something in return’. In other words, this was a plot not to protect the public interest but to put in place part of the government’s re-election strategy.

Today we are seeing yet another step in this plan—a plan that is obviously destined not to work. But the government is endeavouring to run with this plan. The deadline for the submission of premium increases for the year 2001 was February, and it appears that the only fund to make such an application was the Hospital Benefits Fund, HBF, of Western Australia—a fund which enjoys a near monopoly of 70 per cent of the Western Australian market. This increase was hushed up during the Western Australian election campaign recently, and it was only because of a leak to the West Australian newspaper that the public was made aware that HBF had applied for an increase. These amendments moved by the government appear to be directed at that application for an increase because the minister wants to ensure there is no increase this year. I do not know the details of the HBF application, but it should be considered on its merits. The minister cannot be allowed to hush it up for political reasons.

The National Health Act already gives the minister three grounds for rejecting an application for a real change: if it would (a) result in a breach of the act or of a condition of registration of an organisation; (b) impose an unreasonable or inequitable condition affecting the rights of any contributors; or (c) might, having regard to the advice of the council, adversely affect the financial stability of the Health Benefits Fund. This amendment would add an undefined test of if the fee increase ‘would be contrary to the public interest’.

The onus is on the government to explain what sort of fee increase proposal would be against the public interest. The bill provides that the minister must table a copy of any declaration in the parliament, but it does not currently require him to give any explanation or to explain the grounds on which he considers the increase to be against the public interest. Given that health funds are private companies selling products to the community, there should be pretty limited circumstances where a public interest arises which is not already covered by another provision in this act or the Trade Practices Act. Therefore, the opposition are willing to support the government’s amendments on the basis that we have moved our own amendment which re-expresses the provisions of the government’s amendments so that, when a declaration is made, the minister must set out the grounds for his view that the increase would be against the public interest. With that explanation of our position on the government’s amendments and on our amendment moved to the government’s amendments, I seek the support of the Senate for the opposition’s amendment.

Senator TAMBLING (Northern Territory—Parliamentary Secretary to the Minister for Health and Aged Care) (6.31 p.m.)—I have to admit that Senator Forshaw is a good poker player. Before I stood up, I was advised that a form of words in the Labor amendment had been agreed and we were going to accept those. Then, of course, during my speech—perhaps I should not have spoken for so long—there was further negotiation. I note that the difference between the two proposed Labor amendments and the one that has finally been accepted is essentially one of semantics in the process of the words with regard to the setting out of the grounds on which the minister has formed
the opinion that a change would increase the rates of contribution. It is essentially a matter of administrative detail and when it would have taken place. I indicate that, whilst Senator Forshaw has juggled the words at the last minute, the government will accept the Labor amendment.

The TEMPORARY CHAIRMAN
(Senator Bartlett)—The question is that the amendment moved by Senator Forshaw to government amendment No. 2 be agreed to.

Question resolved in the affirmative.

The TEMPORARY CHAIRMAN—The question now is that government amendments Nos 1 and 2, as amended, be agreed to.

Question resolved in the affirmative.

The TEMPORARY CHAIRMAN—The question is that the bill, as amended, be agreed to.

Senator HARRADINE (Tasmania) (6.33 p.m.)—I agree that the policy is going in the right direction, but the question that concerns me a little is: at the end of the two-year period, what is the service quality going to be? Obviously, the review is after two years, but I put on notice that I would be very concerned about the quality of service at the end. I believe it is incumbent upon the health insurers to pay the full cost of care and not make efficiency gains by encouraging people who should remain in hospital to get out. I know this was canvassed during the second reading debate, but I raise that question with the minister now. My concern is that, at the end of a period, you are going to have a diminution in the quality of health care.

Senator TAMBLING (Northern Territory—Parliamentary Secretary to the Minister for Health and Aged Care) (6.34 p.m.)—In addressing Senator Harradine’s question, which relates to the provisions of the bill with regard to the enabling of hospital health care in the home, I am advised that this matter will be very closely monitored in the interim two-year period. The current proposals that are before us have been subjected to a number of pilots and various evaluation reports that have resulted in this legislation. In the coming two years, there will be a very close following of the whole process, and there will be a formal report to the parliament looking at any issues that need addressing. I give Senator Harradine an assurance that that will be done in the parliament before the conclusion of the two-year period.

Bill, as amended, agreed to.

Bill reported with amendments; reported adopted.

Third Reading

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

TRADE PRACTICES AMENDMENT BILL (No. 1) 2000

Second Reading

Debate resumed from 29 November 2000, on motion by Senator Ian Campbell:

That this bill be now read a second time.

Senator SCHACHT (South Australia) (6.36 p.m.)—I rise on behalf of the opposition to speak to the Trade Practices Amendment Bill (No. 1) 2000. In a number of ways it is a disappointing bill dealing with the Trade Practices Act and its impact on small business. Firstly, I point out that my colleague Senator Jacinta Collins will be speaking on the issue of secondary boycotts in the second reading and will be moving amendments on behalf of the opposition in the committee stage. This indicates that we will not be opposing the second reading.

For many of us in the opposition—particularly for my colleague the shadow minister for small business, Mr Joel Fitzgibbon—this is a disappointing response. Disappointing, too, have been the government’s actions relating to small business over the last 12 months in a number of areas including, in particular, the dreaded BAS—the business activity statement—red tape and paperwork. But I want to refer to the joint select committee report in August 1999 called Fair market or market failure: a review of Australia’s retailing sector. Some of the matters that the government has taken on and recommended in this bill come from that report either directly or indirectly.

I was a member of that select committee, and I think the work of the committee in a bipartisan way was extremely productive and many of its recommendations had unanimous
support. Though some of the recommendations were controversial, it is interesting to note that, irrespective of political allegiances, across the board all members of the committee recognised that there was a major problem in the retailing sector in that basically two major companies dominate the retailing sector in the supermarket area in dry groceries and associated products; namely, Woolworths and Coles Myer. Since this report was tabled in August 1999, the dominance of those two companies in the retail area has become even stronger. The apparent imminent demise of Franklins will leave those two companies in an even stronger position, and in some areas of grocery lines they probably already have over 70 per cent of the Australian market. We know that a German firm has opened its first supermarket—the first one in recent times—to provide some competition, but for a considerable time that will be marginal competition because it will not be able to match the size of the two major companies.

We also note that there has been no evidence that the smaller independent retailer in supermarkets in the grocery area has shown any ability to grow or even protect its share of the market. It is quite clear from the report that the committee was gravely concerned about the ever growing dominance of the two major companies in the Australian supermarket business. We discussed, as we say in our report, the recommendation from the independent grocers that there should be a total cap on how much business any major chain could have. The committee had a lengthy discussion about that and, although in many ways we understand the strength of the argument, for both constitutional and practical reasons the committee itself was not willing to recommend at this time that a cap be imposed that would require the power of divestiture of these companies—whereby if they got too big a share of the market they would have to divest some of the business and sell it off to others.

But the committee members did recognise that, whether the major companies like it or not, it is a problem for two companies to have such dominance over such an important part of the Australian economy. Therefore, we recommended that in three years time the committee should be re instituted—again, as an independent parliamentary committee—to review where we will be in this retail area. I know that is something that the major companies were not overly enthusiastic about—and I can understand that. But it seems to me that there is an inevitability now that sometime next year when the three years are up Mr Fitzgibbon, as—hopefully from my point of view—the then minister for small business in the Labor government, will be able to announce the reappointment of the select committee to look at where we will be on these issues.

It is quite clear that the measures in this bill dealing with amendments to the Trade Practices Act do not go anywhere near far enough to provide protection under the various sections of the act for small business. It really will be a test in this next decade of whether this parliament is willing on a number of occasions to choose to exercise its constitutional power, and even extend its constitutional power—even if that required challenges in the High Court from those who oppose the parliament—to strengthen the Trade Practices Act on the issue of protecting small and medium sized enterprises from the economic power of big business.

This will be a controversial matter, and there are many arguments to say that you do not want to throw the baby out with the bathwater by, when trying to amend something, creating some unintended consequence that will create difficulties elsewhere. That was certainly the evidence given in many areas of our report: if you adopted what often looked to be a simplistic solution to these problems, you would create difficulties elsewhere. One of the most interesting illustrations of that is if you stopped Coles Myer and Woolworths buying up small independent supermarkets in country towns—they would then become part of the chain, adding to the dominance of those two companies.

The small operator may find that the only way they can retire gracefully with an income large enough to provide a dignified retirement is to sell to such a chain and get a reasonable price, because no-one else will be willing to buy. If you stop them selling to the
bigger chains and there is no-one else who will buy, the value of their business will be less and therefore the value they get when they try to sell will be less. So there is a dichotomy: you want to support the small business, the independent supermarket retailer, but if you try to restrict who can buy to maintain a broader based market, you may stop that independent supermarket owner from being able to achieve an income on which they can retire with some dignity after a lifetime in the business. I find that to be a very reasonable argument, and there is no absolute solution to that difficulty.

It is clear that our Trade Practices Act has to be amended in a number of areas to strengthen it so that small businesses can protect themselves from unconscionable conduct and from the economic power and dominance of the market. My colleague Mr Fitzgibbon in the other place has a private member’s bill on petroleum before one of our Senate committees at the moment. It states that any franchisee should have the right to buy 50 per cent of their petrol from any refinery, irrespective of their franchising arrangement. This is strongly opposed by the petrol companies, because they believe it will affect their brand name and, of course, their sales. The small franchisee finds that they are totally dependent upon rebates from the major petrol companies and they do not have any economic independence.

This raises the issue of whether we want to have a fully vertically integrated petroleum industry in this country where three or four companies control the exploration and extraction of petroleum—in Australia or overseas—the refining of it, the transportation of it, the distribution of it and the retailing of it. That is a totally integrated market. I note that people argue that we should not allow this for electricity or gas under competition policy and that we should privatise gas and electricity companies owned by the state—we should break them up and allow competition. That may be a reasonable argument, but I have to say that the argument provides a stark contrast if we allow such vertically integrated structures in the petroleum industry and in the supermarket industry. It seems to me it is because neither of them have public ownership in any way and people do not want to take on the competition issues in both of those areas. Sooner or later, this parliament will have to deal with amendments to the Trade Practices Act that give some protection to small business to ensure that there is proper and balanced competition between big and small business, whether it is the supermarket business, the grocery business or the petroleum business. It is unfortunate that this bill skirts very much at the edge of some of these issues.

I realise the coalition has a real problem, in that one part of it—probably led by our colleague Senator Boswell—is a strong advocate in defence of small business. Senator Boswell was a member of the Joint Select Committee on the Retailing Sector. I think he was the one who most vehemently argued for the most radical action. Listening to Senator Boswell, you would have thought that he was well to the left of the Labor Party in his demand for regulatory action, but that is his commitment to small business. But in the same coalition you have members of the Liberal Party who represent the interests of the big end of town—the major companies and representatives of the Business Council of Australia—who argue very strongly against any further amendments to the Trade Practices Act that would restrict the economic power of big business.

So there is a fundamental contradiction within the coalition itself: there is the Senator Boswell view on one side, which argues for small business—and I think he is to be commended for it—and the Peter Costello big end of town, the Collins Street Melbourne, view of the world that you do not amend the Trade Practices Act; you let the so-called market forces of big business dominate and gobble up the small businesses accordingly. In the time I have left I want to talk about small business.

Debate interrupted.

DOCUMENTS

The ACTING DEPUTY PRESIDENT (Senator Bartlett)—Order! It being 6.50 p.m., the Senate will now move to consideration of government documents.

Senator MACKAY (Tasmania) (6.50 p.m.)—I move:

That the Senate take note of the document.

I assume I have the time to take a few minutes to speak to this report.

Senator Carr—Yes, you do.

Senator MACKAY—Thank you to my colleague Senator Carr. I want to make a couple of comments in relation to this report. I read the report with a great deal of interest, particularly with respect to some references to local government and the GST. Interestingly, the opposition have continually quizzed the Minister for Regional Services, Territories and Local Government, Senator Ian Macdonald, as to the impact of the GST on local government. If I wished to bore the Senate rigid I could provide excerpts from Hansard going back 18 months where we asked the minister for local government what the impact of the GST would be on local government. On every single occasion, without exception, he said that the impact would be good, was good, has been good and will be good. When asked whether the GST has had a deleterious impact on local government. On every single occasion, without exception, he said that the impact would be good, was good, has been good and will be good. When asked whether he had been approached by any councils about the impact of the GST he said, ‘Not one.’ I must admit that I find that pretty amazing, considering that everywhere I go the impact of what has been a totally unnecessary, wasteful and unfair tax on local government has been front and centre on the agenda.

We have denials from the minister that there has been any impact in relation to the GST and local government, but the minister’s own report from the National Office of Local Government states on page 52:

This is in the annual report by the National Office of Local Government. I can only speculate as to whether the minister has misled not only this chamber but also successive estimates committees. Because I am sick and tired of this minister deliberately misleading in relation to a number of matters, I might actually take advice—

Senator Ian Campbell—Mr Acting Deputy President, I rise on a point of order. It is entirely unparliamentary to make an accusation against anyone in this place, and I ask that the senator opposite withdraw immediately.

The ACTING DEPUTY PRESIDENT—I am advised that is unparliamentary. Could you withdraw that, Senator Mackay.

Senator MACKAY—I withdraw. The minister said that he received no submissions from local government in relation to the GST but the minister’s own report—which he may or may not have read; and, given this minister, I doubt he has read it—confirms that the GST has had a deleterious impact on local government. If it is not deliberately misleading, then I would have to say that he must be pretty dumb if it is in his annual report but not one council has reported these difficulties to him. Given the feedback from councils, I would not bother either if I were a council and I had this minister as a minister.

With those few remarks, I seek leave to continue my remarks.

Leave granted; debate adjourned.

Higher Education Report: 2001-03 Triennium

Senator CARR (Victoria) (6.55 p.m.)—I move:

That the Senate take note of the document.

I would like to draw attention to this Higher education report for the 2001 to 2003 triennium, specifically page 29 which highlights the government’s position in moving to higher levels of quality assurance in the higher education sector in this country. This report tells us that the government has entered into a new set of protocols for higher education approval processes. I am particularly concerned about the implications of these new protocols and about the actions of
the government in implementing these protocols, which they praise so highly. I am particularly concerned about the Commonwealth’s actions with regard to protection of the word ‘university’. I do not see any evidence anywhere in this country that the Commonwealth has moved to protect the word ‘university’ insofar as the corporate laws of this country are concerned. I note that a number of states have moved towards reviews, but no action has been taken to protect the word ‘university’ in terms of corporate law.

I say this in the context of a recent report which was given to the Senate estimates committee, the so-called Gallagher report into the application by the Norfolk Island government for the listing of Greenwich University on the Australian Qualifications Framework register. This report demonstrates that the concerns the opposition has had about this matter over the last couple of years have been completely vindicated. The report highlights that the interloper, the Duke of Brannagh, and others have been operating out of Norfolk, selling useless qualifications to the gullible. They have been exposed for the crooks that they are—unscrupulous freeloaders who have taken advantage of this government’s negligence. There is a group of people out there besotted by pretensions of aristocracy but blinded to the realities of quality education in this country.

These parasites are living off the hard-earned reputations of higher education, and this government is doing very little to enforce the standards and to ensure that the quality of Australia’s international reputation is protected. I read this week in the Campus Review—a very worthy publication that highlights a range of issues in the higher education sector—that the Duke of Brannagh, Mr John Walsh, this pretender to aristocratic lineage, says that he is now prepared to take Australian government officials through the legal process, similarly to what he has done in the United States. My understanding is that he is seeking to claim that this is an American university and that he therefore has legal rights in America to prosecute Australian public servants for doing their legitimate task in engaging in this inquiry. I understand that threats are being made to Australian public servants to have their assets and superannuation seized by way of legal action. It is shameful to introduce into this country the sorts of disgraceful, illegal techniques that have been undertaken in the United States by crooks and shysters who are seeking to protect themselves and to undermine due legal process in this country. This is clearly shameful, and this government ought to have been taking much stronger action.

I note that the government of Norfolk Island is seeking to defend Greenwich and to defy the Australian government. It is seeking to defy the processes that have been established and to repudiate commitments that were made before this inquiry was established into the bona fides of Greenwich University. The fact remains that, on all the criteria, this so-called university does not measure up.

Now we see the Norfolk Island government seeking to protect this outfit, these interlopers, and not take the necessary actions to remove this entity from the Australian higher education scene. The Duke of Brannagh is trying to organise the most extreme, lunatic secessionist elements on Norfolk Island in an attempt to establish Norfolk Island as an entity outside of Australian jurisdiction. These are the sorts of people the government of Norfolk Island seems to wish to give aid and comfort to. The minister for territories and the minister for education have failed in their responsibility to ensure that Australian quality standards are maintained. The Minister for Regional Services, Territories and Local Government, Senator Ian Macdonald, ludicrously and naively accepted the assurance that this outfit—an Internet university—would operate on only one island, Norfolk Island. What sorts of clowns do we have in government in this country? What sort of behaviour are we expected to put up with? (Time expired)

Senator STOTT DESPOJA (South Australia—Deputy Leader of the Australian Democrats) (7.00 p.m.)—Like Senator Carr, I will address some remarks to the Department of Education, Training and Youth Affairs report Higher education report for the 2001-
03 triennium. I am glad that Senator Carr did not hold back on telling us how he really felt in relation to Greenwich. Having drawn the chamber’s attention to page 29 of the report, there is probably not a lot more I can add to that particular issue. However, I will turn to the purpose behind this report which has been tabled and which we are discussing tonight. The overview points out the role of this report. It outlines the developments arising from changes in the operating environment for universities and summarises key achievements in relation to the government’s objectives.

I note in the report that the government has placed fairly highly among its objectives and so-called achievements its new innovation response, Backing Australia’s Ability. That statement, released by the Prime Minister earlier this year, at the end of January, outlined a number of initiatives, including an increase in Federation fellowships—postdoctoral fellowships—better pay parity between researchers supported by fellowship and other academics, and a doubling of the funding available under the discovery and linkage elements of the national competitive grants program, et cetera. While the Democrats—and, I am sure, many others in Australia—commend those initiatives announced by the government, they go nowhere near repairing the disinvestment in higher education and schools—and education generally—by this government.

I put on record our concern about the other element of this report. Senator Carr referred to page 29 of the report. Page 59 reveals a very stark trend of declining financial strength of institutions in Australia. The report shows a decline in the safety margins of universities, by aggregate, from 6.9 per cent in 1995 to 3.3 per cent in 1999, the safety margin equalling the surplus relative to income. There are five institutions in this report that recorded a current ratio of less than one in 1999, the current ratio equalling a liquidity ratio that measures ability of institutions to meet their short-term obligations. A ratio of less than one, therefore, is taken as a flag indicating potential liquidity risk. While no one institution may be in immediate trouble, the trend is unmistakable. Anyone who looks at the triennium report will recognise this trend and will be suitably concerned about it. The government’s policy of disinvestment is obviously unsustainable. We have heard this repeatedly not only from the Australian Democrats but from the Australian Vice-Chancellors’ Committee. In December last year, the committee released the report Our universities, our future. It suggested that $500 million was needed now—that is, immediately—plus an additional $500 million over five years.

Backing Australia’s Ability has some additional targeted programs—we acknowledge them and we welcome them—including increased infrastructure funding to match the increase in ARC grants and extra funded places in science, engineering, IT and mathematics. But the core problem remains unaddressed. I do not think any political party with credibility—certainly not any political party sitting on 30 per cent in the polls right now—will be able to go to the next election campaign without a comprehensive and costed education policy that recognises that education is an investment and not a cost. There are elements of this report that show that the government still treats education as a cost, not an investment in the future. There is a huge reliance on ‘user pays’ and a huge reliance on getting students to pay for their education in a way that discriminates against the traditionally disadvantaged. (Time expired)

Question resolved in the affirmative.
Consideration

The following government document was considered:


ADJOURNMENT

The ACTING DEPUTY PRESIDENT (Senator McKiernan)—Order! It being 7.06 p.m. I propose the question:

That the Senate do now adjourn.

Speedo Australia Pty Ltd: Closure

Senator HUTCHINS (New South Wales) (7.06 p.m.)—Tonight I want to take up the time of the Senate to deal with one of our Aussie icons, the Speedo cossie—maybe not for you, Mr Acting Deputy President McKiernan; your national icon as you were growing up might have been Guinness. For those of us who were brought up here in Australia, Speedo swimwear—the Speedo cossie—was synonymous with football, kangaroos, Holden cars and meat pies.

It is with the utmost shame that I have to report to the Senate that, on 23 February this year, the few remaining full-time manufacturing workers—65 staff—in the Speedo plant at Windsor in the federal seat of Macquarie in north-western Sydney were given notice that they were going to have their employment terminated on and from 2 March. These 65 staff are local residents and overwhelmingly women. I am advised by their union—the Textile, Clothing and Footwear Union of Australia, the TCF—that each of these 65 staff has worked for that organisation for, on average, 15 years. We are talking about a group of employees who have made nothing less than a significant contribution to the growth of this company and this country.

I might just remind you, Mr Acting Deputy President, that the Speedo company started up in 1928, and was in Australian hands until 1991. Now it is in the hands of some British company, and the other day their managing director, Mr Rob Davies, sneakily gave notice to these people that their jobs would be terminated, as I said earlier, on and from 2 March. The reason he gave for taking that action was that it was too expensive to manufacture Speedos in Australia, so they were going to move their manufacturing operations offshore to that great People’s Republic of China—that great workers’ paradise! That is where they are going to move those operations.

I wonder why the people in Speedo are doing that. The Textile, Clothing and Footwear Union did a raid on one of their subcontractors. As you would know from your previous occupation, Mr Acting Deputy President McKiernan, there are a number of classifications of employees in this country. In the clothing industry there is a category called outworker. These outworkers in the clothing industry are generally men, women and children working on piece rates—not award wages, but piece rates. One lady advised the union when they did a raid on a company in Seven Hills in the western suburbs of Sydney that had an order with Speedo Australia to manufacture and package 2,252 pairs of royal blue and navy blue briefs. That is what their contract was. The contract price with Speedo to do that was $2.85 an hour. As I understand it, one of the outworkers who spoke to the Textile, Clothing and Footwear Union said that it takes four minutes to sew a pair of male briefs. On an average per item they get 19c. So they get that princely sum of about $2.80 an hour to sew about 14 or 15 items.

It went to Parramatta, which is about three or four kilometres east of Seven Hills, to one of the premier sports stores in Parramatta, where there is a lot of turnover, so you can expect there would be some sort of competition. The product those ladies and probably children were receiving $2.80 an hour to manufacture for Speedo Australia was retailed at that Parramatta sports store for $30. So the difference between $30 and about $2.80 for labour costs, and maybe double that for what that shonky Dolphin Garments might be getting, is about $24.80—and that is going straight into the skyrocket of Speedo Australia. Why is that not enough money for those buggers to be
able to continue to manufacture in this country?

I am absolutely outraged, particularly with the federal member for Macquarie, Mr Kerry Bartlett. These are all Mr Bartlett’s constituents. Every one of these men and women—and, as I said, they are overwhelmingly women—are his constituents. Where has he been? This has been going on since 23 February. Luckily, these men and women have a union that is looking after their interests and luckily we still have an independent arbitration system in this country. The Australian Industrial Relations Commission has put a stay on this, but only until this week, so that we can see if we can put it to Speedo to bring the manufacturing operations back to this country, so these 65 jobs stay in the outer suburbs of Sydney and so these 65 men and women and their families can maintain their lifestyles and their dignity in their local community and do not have to go on unemployment benefits or have to accept some sort of redundancy payment. Where is the government and where is Mr Bartlett? We have not heard one bloody word out of him—not one word!

I am rightly annoyed about this. We are going to allow this to happen to one of our icons—admittedly no longer owned by Australians—this icon that was worn by almost all our swimmers who picked up gold, silver or bronze at the Olympics. These workers, mostly women, have appealed to our Olympic swimmers to support them. They are pleading with the Olympians and saying, ‘Please assist us in putting pressure on Speedo to stay in Australia. Please assist us to make sure that our jobs, our livelihoods, our dignity and our local communities are maintained. Keep these jobs in Australia.’ To date, I am aware of only one Olympian who has responded positively. Michael Klim has said—and I think I am quoting him correctly—that he believes Speedo should stay here. But all those other stars, all those other Olympians, who have been generously supported—and rightly so—over the years by the Australian community are being sought to lend their support in return to those men and women working at Speedo who paid their taxes, on average, for over 15 years.

I do not want to bash up Speedo; I want Mr Davies to act with a bit of integrity, a bit of nationalism and a bit of forethought and to think about what he is doing by exporting these jobs. The situation is that not only is he exporting those 65 jobs but also these outworkers are being exploited and ripped off not only in respect of their wages and conditions but also in respect of any sort of superannuation entitlements that they may be entitled to. I came here tonight to report to the Senate this outrageous action by an Australian based company, and I hope that I can get some response from the member for Macquarie, Mr Bartlett. But I will do anything that I can to raise this issue. I intend to write to the Prime Minister tomorrow. I intend to write to anybody I can to make sure that this travesty is highlighted and that one of this country’s national icons is preserved in this country and that they do not continue to act shamefully—as they have—and instead act in the interest of the people who have supported them.

Interactive Gambling: Personal Explanation

Senator McGauran (Victoria) (7.15 p.m.)—During the debate on taking note of answers to questions without notice today, I relied on my recollection that I had not voted in this chamber on the second or third readings of the Interactive Gambling (Moratorium) Bill 2000. Since then, I have checked the Journals of the Senate and found that I was absent from the chamber on the second and third readings of the bill on 9 October 2000. My recollection was correct to that extent. However, on the bill’s recommittal on 5 December 2000 I was present in the chamber for the third reading vote. Nevertheless, I stand by the advice I received from the Clerk regarding this matter: given this is the extent of my interest in gambling, it does not amount to a conflict of interest.

Woodside Petroleum: Proposed Takeover by Shell Australia

Senator Lightfoot (Western Australia) (7.16 p.m.)—I, too, want to speak about an Australian icon: more specifically, a Western Australian icon. I am referring to Woodside Petroleum. Woodside Petroleum has recently had an offer of takeover from
Royal Dutch Shell, the Anglo-Dutch petroleum company—one of the largest, if not the largest, petroleum companies in the world, with profits this year recently announced running at $24 billion. The offer, as I said in this chamber some weeks ago, was to augment the 34 per cent interest that it already had in the issued capital of Woodside to 56 per cent by the issue of shares in Woodside in exchange for leases. These leases were given to Shell over a period of time going back some decades—gratis, as I understand it, by the Western Australian government. Shell has been one of the prime developers of petroleum areas in Australia.

If Shell did get control of Woodside—the biggest Australian player in the North West Shelf—it would also take control of the North West Shelf itself, a $40 billion investment project. If that were to happen, that would give Shell 92 per cent of the exploitable and proven gas reserves in Australia. In my view, that is too much; that is selling off the farm. It is okay to sell off the farm, evidently, if you are left with a tractor. That seems to be okay because, once you are left with a tractor, you can then do some work on the farm that you no longer own. When properties such as farms are bought by overseas interests, this is in effect what often happens. I do not want to see this icon company of Woodside in that particular category, even if I am using metaphors.

The offer of $14.80 for Shell’s interest in its leases to be transferred to Woodside is perhaps only the beginning. When one looks at the profit of the second big international player in petroleum, BP—a company that, ironically, started in the northern goldfields of Queensland last century—one could reasonably speculate that $14.80 may not be the first and only offer to be made for a company that has serious gas reserves and sales. The bidding war has not started yet, and I do not suppose it will start until the Foreign Investment Review Board has given its decision as to whether the takeover by Shell should be allowed. I do know this, though: where other takeovers have happened—takeovers of banks, for instance, by the Commonwealth Bank, Westpac or other banks—the companies have rationalised after their merger or takeover. The bush has certainly suffered with the closure of banks. That has also happened with the CES and employment agencies, post offices, et cetera—all in the name of rationalisation.

I would question how we would ever have a company that would compare with Shell or BP if we keep on selling companies like Woodside to overseas companies to make them even bigger—and when I say ‘even bigger’, Shell’s turnover was, in rounded figures, $300 billion this year. We had three other petroleum companies in Australia: the Commonwealth Oil Refineries or COR, which went years ago; Ampol, which has gone to Caltex; and Golden Fleece—I do not know what happened to Golden Fleece. Some people here, such as Senator Conroy, may be too young to remember Golden Fleece and are certainly too young to remember Commonwealth Oil Refineries. We would, as someone of note said recently, become a branch office of overseas companies if that were to happen.

Some global investors in Australia who have shares in Woodside have said—petulantly, I might add—that they would divest themselves of all Australian shares if the takeover was not to go ahead. One global investor, who admitted to having several million Woodside shares, said that it would taint Australia if the move was blocked by FIRB. This company is only interested in profits; it does not matter whether it is in Australia, Mongolia or Zambia.

Mr and Mrs Average are fearful of globalisation when it happens on a scale like this. They fail to understand the concept of globalisation. Another global investor has even used threats to blackmail us—I suppose you could describe it that way—to say that he, too, would not recommend investing in Australian shares and would not only dump his stock but also dump his stock that was bought with Australian dollars.

I want to cite a very recent statement by the head of Shell’s East Asia arm—not an insignificant part of the Shell petroleum empire—Mr Raoul Restucci. He was quoted recently in the Scottish Evening News. He said that, if Shell won control of Woodside, Shell would aim to stop Woodside competing
directly with Shell—as Shell has in the installations in China and India—for the vast trade that Australia could build up with its LNG and is building up with LNG. I quote Mr Restucci because it has often been said that the defence of Shell is that they would not do that—they would not restrict the flow of gas, they would not use their strength or combine to use their near monopoly of gas if the takeover were approved by FIRB. I wonder whether Shell would have the same problems with its other partners in Brunei and Dar es Salaam. I wonder what would happen there, where Shell has a minority equity, or in Petronas in Malaysia—which is owned by the Malaysia government—or, indeed, in other parts of Australia. It is not uncommon for governments throughout the world to have equity in petroleum.

Petroleum is not the icon item that the senator on the other side recently spoke about. It is not a Speedo; it is not a bathing costume. It is not Arnott’s, Cottees, Watsonia or Edgells Birdseye—it is not even Holden, which was once owned by Australia. It is the holder of some of the most strategic and sensitive commodities in the world. I speak of petroleum and the vast gas reserves that are encompassed by the Woodside leases, as I said before, given to it by the Western Australian government.

I do have some empathy that, if Shell were to take over the areas of Woodside and if it were somehow possible to tie Shell down to its 56 per cent or to keep that gas flowing—not to compete with the Sakahlin Island discoveries of Shell just off the coast of Japan, north of the island of Hokkaido—there would be less disenchantment in Australia and less disenchantment with me, as a Western Australian senator in this place. But we have seen all too often, regrettably, that those promises are rarely kept, if ever. Until such time as we could have rock solid proof of that, then I could not allow that and would continue to fight that until Shell was able to relinquish its idea of absorbing our icon of Woodside.

**Small Business: Predatory Pricing**

Senator **Boswell** (Queensland—Leader of the National Party of Australia in the Senate and Parliamentary Secretary to the Minister for Transport and Regional Services) (7.26 p.m.)—It is a long time since I have spoken in the adjournment debate, but I want to make a contribution tonight because an important issue happened over the last week. It is an important step forward for small business as a result of the last Federal Court decision on predatory pricing, which gave the small business community a lot of heart. The availability of remedies for small businesses under the Trade Practices Act, when a large competitor misuses their market power against small business, was an uncertain area of the law for small business until last week.

Last week, some certainty was given to small business when the Federal Court decided that Boral had misused their market power against a small cement-block maker. What is important about the case for small business is that it proves that section 46 of the Trade Practices Act does work for small business people who find themselves trying to compete in a market against large market players abusing their market power. Small businesses often had many doubts over the effectiveness of section 46. This decision now ensures that it is strong enough to support the many instances where big business have used their market power against a smaller and less well resourced competitor.

This point of view came through time and time again in the joint committee inquiry into the retailing sector. That inquiry provided the opportunity to bring out into the open the many examples and instances of small business and suppliers suffering at the hands of the big retailers. A particular interest and crusade of mine through my 19 years in parliament has been against the demise of many small businesses as they fell victim to the strength of the excessive market power of some companies. I have always expressed my strong concern about the effect this has on rural communities. Country towns become the victims of the growth of the large supermarket chains, particularly as their local specialty businesses—like pharmacies, liquor stores, fruit shops and independent grocers—disappear from a community.

The retail inquiry revealed instances of a range of conduct involving predatory pric-
I am very pleased to say that the government acted on that recommendation of the inquiry and showed support for small business. The government acted to increase, overall, the powers of the ACCC to act on behalf of small business. Importantly, this included allowing the ACCC to bring representative action on behalf of small business. Last week’s Boral case in the Federal Court saw the ACCC have a substantial win for small business, which proved that the misuse of market power provisions in the Trade Practices Act can and do work for small business.

The ACCC is to be congratulated on its success in this case. It will set the scene for a fairer trading environment for small business. I hope this decision gives heart to the range of small businesses, from suppliers to other small businesses, that can now have a strong decision that clarifies section 46 of the Trade Practices Act on the abuse of market power. I also hope that small businesses are reassured that the government amendments, which were the response to their own submission to the inquiry, can work for them.

The other matter I wish to refer to tonight is the increased market domination that would arise from either of the major chains taking over Franklins. At the time of the retailing inquiry, market domination by the big three—Coles, Woolworths and Franklins—stood at 70 per cent. That has increased substantially over the period since the inquiry. Nationally it was around 70 per cent and was even higher in some states, like Queensland. I have always maintained that there needs to be a viable third or fourth force out there in the marketplace to ensure continued competition. If Franklins do exit the Australian market, the result should not be an increased market dominance by the remaining two grocery retail giants. I was pleased to see reports at the weekend of Professor Fels saying that he was firmly against the sale of all or part of Franklins to the country’s dominant supermarket chains, Woolworths and Coles. Professor Fels’s words were:

A simple divvying up between the two would raise equal concerns, as would an acquisition of all of Franklins by any one of them.

Market concentration in the retail grocery trade in Australia stands at such a high level that any further increase should never be possible, by any means, as a consequence of dividing up the Franklins properties and shops. There should be no process that would allow either of the market giants to pick the eyes out of the better Franklins stores, should Franklins sell its businesses.

Franklins’ unfortunate position could now become an opportunity to ensure the continued existence of a strong third force in the grocery sector. Independent retailers and wholesalers have served the smaller country towns very loyally in the past. However, country businesses are always living under the threat of the loss of the necessary critical mass to sustain a viable independent sector, and they also need strong buying power. Any increase in market dominance would be a particular disaster for small business in country areas. It would also see a further unbalancing of market power for the independent wholesalers and for suppliers, both manufacturers and farmers. This is reinforced by the words at the weekend from Professor Fels, opposing any further acquisition by Woolworths or Coles from the aftermath of Franklins.

It is often said, but it does not distract from the truth, that small business is the engine room of the Australian economy and work force. Small businesses are also the backbone of many rural and regional towns and communities. Small business will be given a great reassurance if the Trade Practices Act prevents any further increase in market share through acquisition by the retailing giants as a result of any sale of Franklins businesses. Last week’s Federal Court case is also a very welcome development and a reassurance for small businesses. It is a reassurance that we have a system in section 46 of the Trade Practices Act that protects them against the abuse of market power from the large market players.

Senate adjourned at 7.34 p.m.

DOCUMENTS
Tabling

The following government documents were tabled:


**Tabling**

The following documents were tabled by the Clerk:

- Lands Acquisition Act—Statements describing property acquired by agreement under sections 40 and 125 of the Act for specified public purposes [2].

**Indexed Lists of Files**

The following documents were tabled pursuant to the order of the Senate of 30 May 1996 as amended 3 December 1998:

- Indexed lists of departmental and agency files for the period 1 July to 31 December 2000—Statements of compliance—
  - Australian Trade Commission.
  - Department of Health and Aged Care.
  - Department of Transport and Regional Services.
  - International Air Services Commission.
  - Treasurer’s portfolio.
QUESTIONS ON NOTICE

The following answers to questions were circulated:

Australian Taxation Office: Unauthorised Release of Taxation Records
(Question No. 3237)

Senator Faulkner asked the Assistant Treasurer, upon notice, on 20 December 2000:

With reference to the case of the tax agent outlined in the Commonwealth Ombudsman’s 1998-99 Annual Report pp 42-43, and further to the answer to question on notice no. 2869 (Senate Hansard, 6 December 2000, p20609)

(1) How many times has the Australian Taxation Office (ATO) requested a review of the original Director of Public Prosecutions (DPP) opinion that the disclosure of confidential taxpayer information by an ATO officer had been unauthorised by law but done in good faith.

(2) (a) Who requested this review; (b) when was the request made; and (c) why was a review sought in each case.

(3) Has the tax agent been informed of the new DPP opinion; if not, why not.

(4) Has the ATO notified the NSW Police of the new DPP advice; if so, when was this notification and in what form.

(5) Can the Minister confirm that, after a separate investigation in 1997, an ATO officer’s actions, a senior ATO officer, Mr Peter Nash, Director, Individual Non-Business, in a report dated 17 July 1996, stated that the ATO officer had committed a fundamental breach of the ATO secrecy provisions.

(6) Can the Minister confirm that, after a separate investigation in 1997, an ATO Fraud Prevention and Control Unit investigator, Mr Paul Malone, in a report dated 19 September 1997, stated that the ATO officer had no authority to disclose confidential taxpayer information to the police and that in doing so he acted unlawfully.

(7) (a) Can the Minister confirm that the Regional Commissioner of Taxation, Mr Mark Konza, forwarded a letter, dated 22 May 1998, to the tax agent in which he endorsed the findings of Mr Malone and apologised for the actions of the ATO officer who released the confidential information to the NSW Police; and (b) has this apology ever been withdrawn by the ATO.

Senator Kemp—I am advised by the ATO that the answer to the honourable senator’s question is as follows:

(1) The ATO did not request the review in this matter.

(2) (a)-(c) The Attorney-General requested this review in approximately September 1999 following receipt of a complaint from the tax agent. The tax agent also requested a review by writing to the DPP by letter dated 11 January 2000.

(3) The DPP wrote to the tax agent by letter dated 24 January 2000 stating that it had reviewed this matter and remained of the view that there was no basis for a prosecution. The ATO has also orally advised the tax agent that the DPP has reviewed the matter and has found that there was no unauthorised disclosure.

(4) I am advised that at a meeting on 23 November 2000 the ATO orally advised the internal affairs section of the NSW Police that the DPP had reviewed its advice.

(5) I am advised that the report uses words to that effect. The DPP has since advised that there was no breach.

(6) I am advised that the report makes statements to that effect. The DPP has since advised that there was no unauthorised disclosure.

(7) (a) I am advised that the letter refers to administrative action taken in response to the findings and apologised on behalf of the ATO.

(b) No.
Australian Taxation Office: Unauthorised Release of Taxation Records
(Question No. 3238)

Senator Faulkner asked the Assistant Treasurer, upon notice, on 20 December 2000:
With reference to the case of the tax agent outlined in the Commonwealth Ombudsman's 1998-99 Annual Report, pp42-43 and further to the answer to question on notice no. 2871 (Senate Hansard, 6 December 2000, p.20610)
(1) Can the Minister confirm that the letter which 'was not replied to for some months' was a letter dated 25 August 1999 from the tax agent concerned and addressed to the Tax Commissioner, Mr Michael Carmody.
(2) Can the Minister confirm that the tax agent's letter sought clarification of the steps taken by the Commissioner to minimise the harm caused to the tax agent's reputation and business by the actions of the ATO officer.
(3) Can the Minister confirm that the tax agent lodged a complaint with the Commonwealth Ombudsman on 23 December 1999 in regard to the Commissioner's failure to respond to this letter.
(4) Can the Minister confirm that this letter was in fact answered 9 months later on 29 May 2000.
(5) In light of the views expressed in the Commonwealth Ombudsman's annual report in relation to the ATOs poor performance in regard to this case in general, can the Minister advise why it took the Commissioner 9 months to reply to the tax agent, even after receiving a complaint through the Commonwealth Ombudsman in December 1999.
(6) Does the Minister believe that the ATO's performance in this case exhibits best practice in public administration from a major Commonwealth statutory agency, that is provided with substantial resources and powers by the Commonwealth Parliament.

Senator Kemp—I am advised by the ATO that the answer to the honourable senator’s question is as follows:
(1) Yes.
(2) Yes.
(3) The complaint was lodged on 20 December 1999.
(4) Yes.
(5) The ATO did not have a copy of the letter dated 25 August 1999. Subsequent correspondence from the tax agent sought a response to a letter dated 18 August 1999, which did not exist. When a complaint was made to the Ombudsman by the tax agent on 20 December 1999 it became clear that there was a letter dated 25 August 1999 and a copy was then obtained by the ATO. The letter made extensive allegations covering a lengthy period of time and in order to properly consider these it was necessary to identify and review files held in different parts of the ATO and to seek further information on some issues. The tax agent has had considerable dealings with different parts of the ATO over several years.
(6) The ATO seeks to abide by the standards set down in the 'Taxpayers’ Charter in dealing with correspondence.

Department of Family and Community Services: Advice from Attorney-General’s Department
(Question No. 3372)

Senator Robert Ray asked the Minister for Family and Community Services, upon notice, on 29 January 2001:
(1) What has been the total cost to the department in the 1999-2000 financial year of legal advice obtained from the Attorney-General’s Department.
(2) What has been the total cost to the department in the 1999-2000 financial year of legal advice obtained by the department from other sources.

Senator Vanstone—The answer to the honourable senator’s question is as follows:
(1) In 1999-2000, accounts totalling $43,290 were paid to the Attorney-General’s Legal Practice and $1,737,563 to the Australian Government Solicitor.
(2) In 1999-2000, accounts totalling $339,844 were paid by the department for legal advice obtained from other sources.

Immigration and Multicultural Affairs Portfolio: Value of Market Research
(Question No. 3396)

Senator Robert Ray asked the Minister representing the Minister for Immigration and Multicultural Affairs, upon notice, on 29 January 2001:

(1) What was the total value of market research sought by the department and any agencies of the department for the 1999-2000 financial year.
(2) What was the purpose of each contract let.
(3) In each instance: (a) how many firms were invited to submit proposals; and (b) how many tender proposals were received.
(4) In each instance, which firm was selected to conduct the research.
(5) In each instance: (a) what was the estimated or contract price of the research work; and (b) what was the actual amount expended by the department or any agency of the department.

Senator Ellison—The Minister for Immigration and Multicultural Affairs has provided the following answer to the honourable senator’s question:

(1) The Department of Immigration and Multicultural Affairs and its agencies had no contractual arrangements for market research in the 1999-2000 financial year.
(2) Not applicable.
(3) Not applicable.
(4) Not applicable.
(5) Not applicable.