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Monday, 25 June 2001

The PRESIDENT (Senator the Hon. Margaret Reid) took the chair at 12.30 p.m., and read prayers.

BUSINESS

Days and Hours of Meeting and Routine of Business

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

That on Tuesday, 26 June 2001:

(a) the hours of meeting shall be 2.30 p.m. to 6.30 p.m., and 7.30 p.m. to 11.10 p.m.;
(b) the order of business from 7.30 p.m. shall be the Appropriation (Parliamentary Departments) Bill (No. 1) 2001-2002 and two related bills – second reading speeches only;
(c) the question for the adjournment of the Senate shall be proposed at 10.30 p.m., and
(d) if a division is called for after 7.30 p.m., the matter before the Senate shall be adjourned until the next day of sitting at a time fixed by the Senate.

DAIRY PRODUCE LEGISLATION AMENDMENT (SUPPLEMENTARY ASSISTANCE) BILL 2001

Second Reading

Debate resumed from 20 June, on motion by Senator Boswell:

That this bill be now read a second time.

Senator FORSHAW (New South Wales) (12.32 p.m.)—The Dairy Produce Legislation Amendment (Supplementary Assistance) Bill 2001 demonstrates just how this federal government has mismanaged the deregulation of Australia’s dairy industry. This bill is an admission of failure by the federal government. I take the Senate back to the report of the Senate Rural and Regional Affairs and Transport References Committee on the deregulation of the Australian dairy industry, which was tabled in the Senate in October 1999. That report was a detailed analysis of the impending deregulation of the dairy industry and the serious issues that confronted the dairy industry at that time. It was a unanimous report. In almost 200 pages, the report detailed the various problems confronting the dairy industry at that time and the consequences for the dairy industry in particular regions and particular states if deregulation were not managed in a coordinated and timely manner.

The report particularly highlighted the likely devastating impact that deregulation would have on dairy farmers and their communities and regions in New South Wales and Queensland. In the preparation of that report, the committee had the opportunity to examine the package that was then being structured and negotiated by the dairy industry with the Commonwealth government in order to prepare the industry for deregulation in July 2000. Because the committee had the opportunity to look at that package, it was able to highlight some of the inadequacies of the package at that time. For instance, it pointed to the problems that would occur in cooperatives. It highlighted the fact that, whilst the package, as it was then being developed, would provide assistance to dairy farmers or those receiving income from milk production, there was nothing in the package to deal with structural adjustment issues and the particular consequences for communities and regions in which the dairy industry was curtailed or, indeed, disappeared.

The report highlighted the particular need for the federal government to take the lead in a coordinated approach involving the states and the industry. That report put the government on notice that deregulation of the dairy industry could and would have devastating effects if not handled properly. Unfortunately, the government did not listen. The government sat back and washed its hands of the problem. It said that this was not an issue for the federal government but an issue for the states because the states issued milk quotas or regulated the industry.

The federal government’s attitude was that it had nothing to do with deregulation. The federal government’s only proposal was to threaten the states and the industry by saying that, if the industry and the government ultimately developed and agreed upon a package, that package would not apply unless every single state signed up to it. So the states and the industry effectively had a gun at their heads: they could have deregulation
with no package or deregulation with an assistance package but only if every single state signed up. There was no attempt to bring all the parties together to work through the problem. Rather, it was a stand-and-deliver situation. That detailed report, tabled in October 1999, was not responded to until 12 or 15 months later.

Senator Woodley—It got three paragraphs.

Senator FORSHAW—As Senator Woodley states—and I was going to point this out, as I have on a number of occasions—the government’s response to a 200-page unanimous detailed report was two large paragraphs and one three-line paragraph—that is, it was three paragraphs. That was an insult to the committee, the Senate and the industry. All that government response said was that we have implemented a package; we have passed legislation to impose a levy on consumers to fund a package. Therefore, they did not think they had to do anything else.

That brings me to the legislation that was passed last year: the Dairy Industry Adjustment Bill 2000. That legislation implemented the amended package that had been initially developed by the industry. I say ‘amended’ because the significant amendment to the package that was made during the negotiations between the industry and the federal government was that it went from $1.25 billion worth of assistance to $1.85 billion worth of assistance, in round figures. The extra $500 million or so was not extra assistance to the industry; it was actually tax revenue that went back to the government. So the government said, ‘We will have a package for the industry, but only if it is taxed when it is received by the farmers.’ That meant consumers, who were to pay an 11c levy on the retail price of milk in order to fund the package, had to pay that levy for a longer period of time—now up to eight years—in order for the government to claw back $500 million in tax. They are the big winners out of this package, which is funded by a new tax introduced by a Prime Minister and a Treasurer who said they would never ever introduce new taxes and that they would never increase taxes. They introduced this levy to assist dairy farmers but in the process will pick up $500 million for themselves.

The committee had the opportunity to look at the legislation. The Rural and Regional Affairs and Transport Committee issued a report into the Dairy Industry Adjustment Bill. In our supplementary comments, Senator O’Brien and I drew attention to some of the concerns we had. Firstly, we drew attention to the fact that the legislation at that time had been hurriedly introduced in order to meet the deadline date of 1 July 2000. We stated in that report:

1.6 It is the view of the Opposition that the committee has not been able to properly consider the effectiveness of the scheme in achieving its stated objective.

1.7 However, the Opposition has agreed to the Government’s timetable only because to extend the time for consideration of the Bills may well put a significant financial burden on the majority of industry participants at a time when the industry will already be under financial pressure from further deregulation.

We went on and said:

1.8 The Opposition considers that the fairness and effectiveness of the scheme may well be compromised by the haste with which the Parliament is being asked to progress the legislation.

1.9 The Government has already been forced to move a number of amendments to deal with unforeseen problems with the Bills and the Opposition believes further amendments may be required.

1.10 While there is broad industry acceptance of the restructuring package, and the industry should be commended for advancing the process to this point with little Government support, a number of issues of concern have been raised during the committee inquiry.

We went on to point to some of those issues of concern, such as the problem with respect to lessors, who may not be dealt with in an equitable manner under the proposed package. We put it on the record fairly and squarely at that time that the government—having dropped the ball or not even bothered to pick up the ball—had sat on its hands and done nothing for a number of months, other than say to the industry, ‘We will support your package, providing: (1) it’s taxable and (2) all the states are prepared to sign up.’ It then proceeded to introduce at the eleventh
That is why we have this assistance package before the parliament today: the government got it wrong. They got it wrong because they ignored the advice of ABARE. At the time, they said, ‘No, we’ve got to get this legislation through the parliament in order to ensure that payments will start to flow to dairy farmers.’ We cooperated and the Democrats cooperated in getting the legislation through, but we put the government on notice that problems could eventuate because they had not thought it through and they had done it all in haste.

What else happened? There were substantial delays in payments. Even though payments were supposed to flow around August or September, some farmers still had not received a first payment till the end of last year. They were coping with substantially reduced incomes, but they were not receiving the assistance that the package was supposed to deliver. Communities and regions were hard hit, as we know. Then, unfortunately, some regions in northern New South Wales and southern Queensland actually copped floods on top of everything else. It really was a terrible Christmas and New Year for many of those dairy farmers.

What was the government’s response to this? They sat and said, ‘Look, the package is in place; we do not have to do any more. Look at the great thing we have done: we have delivered the greatest assistance package ever in the history of this country—$1.9 billion.’ That is what Minister Truss said he was delivering to the industry. He delivered nothing to the industry. It was simply a new tax to raise funds to pay assistance to farmers and it was developed primarily by the industry in the first place. That is why, when the government and minister continue to say that the federal government have done their bit and the states should pick up their share, they are actually engaging in a false argument.

All the government have done is implement a levy to raise funds from the consumers in New South Wales, Queensland and every other state to pay this assistance package. Not one cent has come out of the budget for dairy farmers, yet the government have the hide to turn to the states and say, ‘We are providing funds; you should do it as well.’ It is the taxpayers in those states that are paying for the funds for the assistance package in the first place. We have reached a situation where the government engaged ABARE earlier this year to look at how serious the problems were. ABARE told them in their report that the industry was facing serious problems, notwithstanding the assistance package having been implemented. That report was released in January.

The government has now been forced to act again. It brings in this new bill, the Dairy Produce Legislation Amendment (Supplementary Assistance) Bill 2001. This bill has three key components. Firstly, there is $100 million for additional adjustment payments to producers who earned more than 35 per cent of their income from market milk before deregulation; secondly, there is $20 million for discretionary payments; and, thirdly, there is an extra $20 million to go into the Dairy Regional Adjustment Program. I want to comment about that. It was at the eleventh hour, when the first legislation was passed last year, that the government finally accepted the calls from the opposition for the
granting of funds to regions in particular to assist with the problems, and it instituted the program called Dairy RAP.

Where did some of those payments go? They were supposed to go to assist the dairy industry and the communities suffering from the effects on the dairy industry. But in one case $220,000 went to a polocrosse field and equestrian centre in Beaudesert in Queensland, while in another case $55,000 of dairy regional assistance package funds went to a wine appreciation course at Ipswich Grammar School. This is an absolute joke. Not so long ago, $1.5 million was announced by the Prime Minister—not by the minister for agriculture—for a meatworks in the electorate of the minister for agriculture. Talk about pork-barrelling—except in this case it might be called milk-barrelling. The scheme has been mismanaged and has clearly been used but not to assist dairy farmers.

There is a lot more that I can say. I am sure we are going to get time during the committee stage to debate this bill further. I just want to make a couple of comments in conclusion. Firstly, the committee has had the opportunity, though briefly, to look at this legislation. It seems that we are spending a lot of time looking at the government’s attempts to fix up its own mistakes in the dairy industry. As we highlighted in our supplementary comments from the opposition in the report, we have firstly noted that once again we are faced with legislation being introduced into this parliament in haste, where we have had very little time to properly examine it.

The government has known about this problem and issue for months and months, yet the committee was given the legislation only about two weeks ago. We only had a couple of days in which to have a public hearing and then try and report back to this parliament. We did our level best to meet that timetable. We brought down a report, after an extensive public hearing, within a matter of a week. We are here today to deal with this legislation because, if the further supplementary assistance is to be paid to farmers, it has to be dealt with this week. We will cooperate with that. But we believe there still are some major deficiencies in the legislation. They are again brought about by the slack attitude of this minister and this government when it comes to dealing with these issues.

One of the particular issues that we want to focus on is the fact that many dairy farmers who relied on market milk for a significant proportion of their income will not have access to the supplementary market milk payment. Therefore, the 35 per cent threshold should be reviewed. We have proposed an amendment, which has been circulated, which will extend the payment under that additional assistance payment to more farmers that have been affected seriously by deregulation and by this government’s unfortunate mismanagement of the entire exercise. There will be much more to say when it comes to the committee stage. We will ultimately be supporting the legislation, but on the basis that there will need to be some improvements to it to recognise the harsh realities and problems that dairy farmers face as a result of this government’s mismanagement.

Senator WOODLEY (Queensland) (12.52 p.m.)—I want to agree with most of what the previous speaker has said. However, I want to begin the debate a little further back in time because the problems that the dairy industry is facing, and has faced, began with the coalition and the Labor Party giving in to the commercial forces in Victoria which they said made deregulation inevitable. The Democrats have never accepted that deregulation was inevitable. We have said on many occasions that it was only inevitable because there was not the political will to ensure that those commercial forces could be resisted.

Let us be sure in describing those political forces, because very often generalisation is used rather than specifics when we refer to the dairy industry in Victoria as driving deregulation. In fact, a few large producers drove deregulation. Many producers were absolutely confused by the whole process and some producers were absolutely opposed, as were the Democrats, to deregulation. However, the main driving force for deregulation came not from farmers but from processors, particularly from Bonlac and
Murray Goulburn. The Senate report in 1999 made it very clear that processors were driving deregulation and that those same processors, through deregulation, would destroy the very industry on which they depended. I want to begin the debate at that point to make sure that the chamber and anyone listening to this debate are quite clear that we are here not simply because the original legislation was flawed—and it was—but because we proceeded to deregulate an industry which did not need deregulation and which has suffered incredibly because deregulation went ahead.

When we debated the original legislation, I predicted that we would be back in the Senate within 12 months because the legislation was flawed. It was quite clear that it was not going to meet the needs of everybody and that a significant number of people would be disadvantaged rather than advantaged by the legislation. My prediction was slightly out. It is a little over 12 months since we debated the legislation on the last occasion, but it is near enough to 12 months. We have had to come back. The original legislation was flawed and it was rushed through, and we are now having to fix it up. When we debated the original legislation in committee, I said:

I just do not think it is good enough that, if we discover problems along the road, the government might look at this issue. I want some commitment from the government that there is a process that will enable that to happen.

I then went on to talk about the people who I was sure, at that point in time, would be disadvantaged. Unfortunately, the government did not put in place an appeals mechanism which would have allowed the Dairy Adjustment Authority to deal with that particular problem. So let us very clearly say that, having passed these amendments—as we will this week—let us not have again the situation where, because of restrictive appeals guidelines, we discover that we are still not able to assist those people for whom the anomalies have been thrown up, although there is no doubt that they have a just claim and a just cause, but, because of the restrictive guidelines, that cause cannot be finalised to their benefit.

Let me say in support of the government that the amendments certainly are needed and they will be beneficial. The outstanding question is whether they will be sufficiently flexible to achieve what the government says it wants to achieve. Several amendments will enable the government to achieve its objective, and I hope that the government will see the logic of those amendments and will support them. That will enable it to deliver what the rhetoric has said should be delivered.
Senator McGauran—Are you going to mention the state governments?

Senator WOODLEY—I certainly am—that comes very shortly, Senator McGauran. Thank you for reminding me of that.

Senator McGauran—I gave you the lead.

Senator WOODLEY—That is good. This amendment bill picks up a number of dairy farmers who were severely disadvantaged under the entitlements accessed by other dairy farmers through the original Dairy Structural Adjustment Program. Now I come to Senator McGauran’s point: this includes those farmers in the quota states of Queensland, New South Wales and Western Australia who have not received any compensation for the loss of quotas, even though those quotas were real property that had been bought and sold prior to legislation. Certainly in Western Australia, and perhaps in other quota states, the sale of quotas attracted stamp duty. State governments actually recognised that they were real property, and that stamp duty was a gain for those state governments. But, apart from Western Australia, which has done something, other states, particularly New South Wales and Queensland, have refused to recognise their responsibility to compensate people whose real property was destroyed. Those states have received millions of dollars through the National Competition Council payments, and part of those payments was for dairy deregulation. There is a clear obligation on the states of Queensland and New South Wales, and a part obligation still on the state of Western Australia, to come good on those payments to dairy farmers who have lost quota. I am very clear about that: this bill does not remove the obligation on those states to come up with compensation for those farmers.

Another problem is that some farmers who were lessors received very little under the DSAP payments while the lessees received the bulk of the entitlement. Many lessees walked off the farms, broke their contracts, and left the owners in great difficulty and unable to find new lessees for their properties. In evidence at the hearing on this legislation—it was subsequently supported by written documentation—we were told that that represents about 70 per cent of farmers who had contracts between lessor and lessee. Nobody really expected that lessees would break contracts to that extent, but it has happened. We could not say that the government should have expected that—I do not think that anyone expected it. We expected lessees to support the contracts by which they were obligated, but they did not. Lessors in Victoria, in particular, have found great difficulty in getting new lessees to take up leases on their properties. They have been disadvantaged to a significant degree, and this package must address their problem. I believe that the legislation is again too restrictive. I have an amendment that I hope will be accepted, as it will certainly make it easier for lessors to get some justice under the legislation.

Another group of farmers who were disadvantaged under the DSAP were Capel dairy farmers in Western Australia and farmers in the south-east of South Australia whose entitlements were unfairly reduced because of the way in which their entitlements were calculated under the DSAP. To put it in simple language and to short cut the rather complicated explanation, they were deemed to have produced a certain amount of market milk because of the payment of the DSM. Because of that, they were deemed to have produced a certain percentage of market milk, but in fact they produced a higher percentage than that which was deemed to them. We need to address their problems, too.

It was very difficult to come up with an amendment that would deal with their situation, because of the problem with the Constitution and the need to treat everybody equally. I am still puzzling about that, but I hope that the government, in their response, will indicate that the needs of those farmers will also be covered. It depends on the anomalous circumstances and how widely they are defined, and on the discretion that the minister and the Dairy Adjustment Authority will have. It depends also on whether that discretion will be flexible enough to take on board their situation, and it is important that we do that.
Those are some of the problems that still remain with this legislation. Let us give the government credit for attempting to bring in amendments that will be beneficial for a number of dairy farmers. The government certainly are trying, but they have not quite got there. I hope that they will be sensible enough to understand that they can get there if they accept the amendments to be moved by the opposition and the Democrats. If so, they will be able to deliver what the rhetoric says they want to deliver, but if they refuse to accept those amendments, or refuse to give us a commitment that they will deal with the problems in one way or another, they will not be able to deliver what the rhetoric says they want to deliver.

These are the issues that are to be dealt with under this legislation. I commend to the Senate the report of the Senate Rural and Regional Affairs and Transport Legislation Committee. I also commend the staff of the committee who responded to the one-day hearing that we had on the legislation and wrote a very good report in very quick time. I did not have a chance to say this when the report was presented: I want to put on the record the tremendous expertise that the staff of our committee bring and the very good work that they did on this occasion to produce the report on the provisions of this legislation. I commend to the Senate the legislation and also the amendments which will be moved in the committee stage. I trust that the government will see that these amendments are not meant to destroy the legislation but rather to enable the government to really deliver what the rhetoric of the press release and the minister’s statement says they want to deliver.

Senator HOGG (Queensland) (1.09 p.m.)—I rise to support my colleague Senator Forshaw in this debate. There is a degree of anger out there that people on all sides of politics will be aware of in respect of the dairy deregulation. I took part in the Labor dairy task force which visited a number of centres in Queensland, where this anger very much came to the surface and people had an opportunity to vent their spleen on the actions that had taken place under this government. We visited in particular Monto, Maleny and Woodford. I am going to recount today for the sake of the record some of the feelings that came out of that meeting and, in particular, I am going to quote one person at our hearing in Maleny who summed up many of the responses that we got right across the board in Monto, Maleny and Woodford.

Clearly the result of deregulation in my state has seen substantial losses of income. One of the persons who appeared before us in Monto said that two years ago they were getting 46c a litre for their milk; their last payment was 30c a litre. There had been an average loss of $70,000 per farm, and the restructure was only worth $22,000 to them. They said that a lot of people have been forced to take the money up front and the only people who have benefited from the restructure money have been the banks. Another person at the same meeting recounted to us that they had lost a third of their income, and this had restricted their normal spending on repairs and maintenance, new equipment, seed and fertiliser. If they are not maintaining their farms, even if the prices correct themselves, they are still going to be a long way behind the eight ball.

At that meeting in Monto we sat in the shire hall and above us was the crest of the shire of Monto. At the head of the crest was a dairy cow, because the shire of Monto obviously is heavily dependent upon the dairy industry. It was rather ironic that underneath the crest the words of the motto read: ‘In abundance prepare for scarcity’. I do not think that the dairy farmers who are the life-blood and the source of wealth, employment and livelihood in that area ever thought that that would apply to them—that in their previous period they should have been preparing for the scarcity that has now been thrust upon them.

When we moved to Maleny we had similar sorts of statements placed before us. In the case of one farmer, their income had been cut from an average of 45c per litre to 25c per litre. There was someone who had found themselves $12,000 in the red each month, $1 million in debt, with a 13-year-old son and no future. There was an element of despair, dismay and no way forward. The re-
Sensa T.E. Monday, 25 June 2001

Response was probably best characterised by Mrs Nolene Stark, who has taken the time to put together a number of emails which have been sent to all senators. Nolene Stark’s comments in her emails encapsulate the despair that has been felt by many people who have been in the dairy industry over a long period of time. I am going to take a few minutes to look at the comments that she has forwarded to all senators. Her first email was on Sunday, 4 March. She said:

I have just watched Channel 7’s Sunday Sunrise Program which contained a story about a family being forced off their farm because of the deregulation of the dairy industry. Every man woman and child in Australia should be forced to see a program like that. Maybe then it would bring home to the powers that be what an inhuman thing they have forced on ordinary hard working men and women.

I am in tears. The sadness of it all just makes me cry—and then I get angry.

Mrs Stark obviously—and I have met Mrs Stark—is a person of great passion indeed and was moved by what she had seen not simply because she was a bystander but because of her knowledge of the industry over a long period of time. She goes on to outline the length of her association with the industry:

I am almost 70 years of age. I have owned my farm for 50 years and my son wishes to carry on after I am gone, and then I have a grandson who wishes to carry on as well. We are faced with the same outcome as those poor people on your program. I was in tears as the old couple watched their cattle being driven away. In my eyes we were watching my herd being driven away.

Senator McGauran—So you’re against deregulation.

Senator HOGG—Mrs Stark went on to explain how she came out of retirement to come back to the farm to help her son out of the current difficulties that she and her son were experiencing. She is a fairly prolific emailer, Senator McGauran. You might like to pick up some of her emails. She went on to say in her email of 30 March:

I cannot believe the ignorance and arrogance of the Prime Minister in his press conference at Parliament House on the 18th March. He said, “This country is irrevocably on the path toward change and reform because we need to do so in order to create jobs for our children and to maintain our living standards.” He goes on to say, that he does understand that people can be hurt in the process and he has to do better at ensuring that those people are protected.

Then she said:

(What about the dairy farmers who are suffering? 200 have gone out in Queensland alone and now we have a shortage of milk. So much so that we have to import milk powder from New Zealand.)

Mrs Stark said further:

The Prime Minister also said, “Wherever a policy is being implemented that involves change and reform, we have to be absolutely certain that we identify people who might be adversely affected by it, and that where possible to provide them with help to adjust to change. The dairy industry is a classic example. The dairy industry itself asked to be reformed. We didn’t force it on them. And many dairy farmers are much better off now as a result of reform. You go to Tasmania or Victoria and ask the dairy farmers there what they think about dairy deregulation. They think it’s marvellous.”

That is the Prime Minister speaking of the deregulation. Then Mrs Stark went on to pick up the points that should have been picked up. She said:

I take exception to two things the Prime Minister said in that quote. Firstly, the dairy industry leaders asked for reform—Grassroots dairy farmers did not want a bar of it. We trusted our dairy leaders who let us down so badly that we do not want anything to do with them now.

Secondly, it is typical that the Prime Minister quoted the Tasmanian and Victorian farmers as thinking deregulation was marvellous—Deregulation has got nothing to do with why they are so happy now. It is all to do with the low dollar value. I wonder how the Victorian farmers will feel when the dollar value climbs back up to 60 cents. I believe for every cent the dollar falls, it is worth 5 cents per litre to the export market. Let the Prime Minister, come to any of the other states, Qld, WA or NSW, and really get out in the country and ask the true farmers what they think of deregulation.

So there is an element of despair expressed by Mrs Stark in her email. As I said, it was not something that was isolated to Mrs Stark alone.

Senator McGauran—You led her on.
Senator HOGG—Mrs Stark was not led on, Senator McGauran, because this was sent prior to any contact we have ever had with Mrs Stark. These are Mrs Stark’s own words of desperation trying to reach the Australian people, trying to reach the government of the day to say, ‘We are desperate. We are in need of help.’ Whilst we have an amended package before the Senate this week and we have amendments being put forward by the Democrats and the opposition, that of itself will only go part of the way to resolving the difficulties faced by Mrs Stark and her colleagues in the dairy industry in Queensland. She went on to say on 20 May:

At the moment we are at the bottom of the bargaining chain. Cows do have to be milked twice a day, every day. Our milk vat will only hold a certain amount of milk for so long before it has to be dumped. Our hands are completely tied. Whatever processor we supply, we have no choice but to accept the price they are offering for our product. The supermarkets on the other hand are the big winners as they can sell our milk for whatever price they please. Therefore, the margin farmers were getting before deregulation has now been transferred to the supermarkets.

Then at the end of her email of that day she said:

P.S. The Dairy Structural Adjustment Program for farmers was not in the best interests of farmers. Most farmers have taken it up front to minimise debt. However, we do still have to pay tax. If the price for our milk does not improve, every farmer is going to be much worse off in the long run. Some farmers have been refused assistance from Centrelink for family assistance, parenting allowance etc, because they have received their package. Many farmers who have applied for the Dairy Regional Assistance Program to help them finance some project for diversification have been refused because they have received their package. So much money—So little real help for the dairy farmer.

Senator McGauran—Did you—

Senator HOGG—No-one can walk away, Senator McGauran, from the frustration that is out there. No-one can walk away, Senator McGauran, from the difficulties that are being confronted by Mrs Stark and the like.

Senator McGauran—Did you set her straight? You know half of that is wrong.
pre-eminence of the banks, in their coming out to suck up whatever benefits these people might have got out of the packages that had been delivered to them. They were frustrated with government. They were frustrated and critical of the processes. They were looking to vent their spleen and their criticisms and, indeed, to see that some of the injustice that, in their eyes, has taken place is redressed. As both my colleagues Senator Forshaw and Senator Woodley have said, the package goes down the path of further addressing the concerns and the needs of these particular people. However, I think the Labor amendment is important.

Senator McGauran—What is it?

Senator HOGG—I am glad you ask that. As I understand the amendment, it seeks to extend the package—but not to those who have 35 per cent of their market milk. As part of the amendment, we seek to reduce that to 25 per cent. That, in itself, is quite a commendable path to be going down. This amendment is being undertaken because we believe it is important to see that those who are in the greatest need in the community do get the real benefits of this legislation. I commend the amendment and the bill to the Senate.

Senator HARRIS (Queensland) (1.26 p.m.)—I rise sadly today to speak to the Dairy Produce Legislation Amendment (Supplementary Assistance) Bill 2001. I say ‘sadly’ because of the necessity to be doing this. Two issues are encompassed by that: firstly, that we are here in an attempt to assist the dairy industry in its demise; and, secondly, that the government could have got the situation so wrong in its initial legislation to assist the dairy industry. It may sound glib and smug to say to the government, ‘I told you so,’ but so many senators raised so many issues in relation to the deregulation of the dairy industry that that is the case. I do not expect the implementation of this bill, in its present form or amended form, to achieve any benefit for those who are seriously lacking justice. I realise that the department’s reply will be sloppily placatory and totally bureaucratic. However, this will not deter me from doing my duty in attempting to achieve justice for all unfortunate enough to be caught up in this deregulation.

This whole sorry saga can be placed wholly at the feet of the national competition policy, in collusion with the highly controversial and damaging GATT agreements and our obligations under those agreements. As representatives of the Australian people, I believe that the government’s obligation should be to the benefit of the Australian people and Australian business. To date, sadly, that has not been the case. It is obvious that the government and Pauline Hanson’s One Nation Party do not operate under the same criteria. While I am entrusted with my present duties, my sole desire is to direct my total efforts to working entirely and tirelessly for the benefits of this nation and its wonderful citizens.

The object of this bill is to introduce additional financial assistance—that is, $1.78 million—to those who have been more adversely affected than others by the implementation of the dairy industry adjustment package. Those found to be in particular need come from Queensland, New South Wales and Western Australia. That is not to the exclusion of all the producers in Victoria and Tasmania, but the officers who are assisting with the implementation of this extra supplementary assistance tabled documents at the Senate hearing very clearly setting out that no-one from Victoria or Tasmania would benefit from this supplementary assistance.

In particular, the states of Queensland, New South Wales and Western Australia have been greatly affected. There is an assessment of farm gate price reductions of up to 30 per cent for their milk, consequently flowing on to a 50 per cent decrease in farm income. Queensland farmers have gone from an average income level of $80,350 down to $47,517, while Western Australia has suffered even more devastatingly. Its average has gone from $127,185 down to $55,823. The question I ask is: have the departmental heads who largely advised the government on the implementation of this program suffered an equal degree of financial loss to the one that has been inflicted on what is now a very suspicious, manipulated dairy industry? It is estimated that 3,100 dairy farm enter-
prises have been involved in the payment scheme related to this bill. I can, however, find no mention of another less obvious partner in the dairy farm process, and that is the lessors, who are as necessary a part of the industry as the cows. Without the land and its infrastructure, there is no dairy enterprise. We have all heard the many pleas of the lessors, but this bill totally fails to recognise their rights and acknowledge the invaluable part they play in this industry.

These additional payments are to be directed to farmers with a market milk portion of 35 per cent and above, and the payments will be capped at $60,000. There have been many pleas and requests for the floor level of these payments to be adjusted down the scale to approximately 20 per cent. The department has received many requests for these figures, but as yet these have not been made available to enable the chamber to fully assess the details and thus accurately evaluate just what we should do for the benefit of these farmers and their local communities. This is an extremely important point. We are being asked to make decisions in relation to this additional supplementary assistance, but at this point in time the department will not even disclose to this chamber the additional number of producers which would fall into this process if the 35 per cent market milk portion were reduced to 20 per cent. I believe the Democrats will be moving amendments to reduce that to 18 per cent. There seems to be strong opposition by both the government and the department to any additional payments to producers who fall below the present 35 per cent, and I believe this is purely based on incurring additional costs.

In its manifesto, the ACCC fails to acknowledge the necessary participation of the farmers in producing the product that the almighty consumer requires. The ACCC also miserably fails to acknowledge the blatant fact that these farmers require a profit in order to exist and in order for their enterprises to remain viable and continue to operate. The national competition policy is a blatantly biased piece of propaganda, the evidence of which is arising with great and potent force throughout this country. I find it quite distressing that, in the lead-up to and during the implementation of the dairy deregulation, the Australian Dairy Industry Council played such a devastating part in the destruction of so many dairy farmers and the dairy industry within Australia. No doubt those remaining in the industry will exert just retribution on the present industry leaders.

The ACCC has made claims that the questionable benefits to the consumer outweigh the costs that the farmers have to adjust to—that is, the loss of income in conjunction with the gross devaluation of their farms, if not the unsaleability of their enterprises. We must as a community weigh up the ideology that the ACCC espouses and evaluate whether one sector of the community is to benefit at the cost of another sector of the community. There are further claims by the ACCC that the scheme is in the interests of Australian consumers and that this exonerates the imposition of this piece of legislation—that is, the national competition policy—upon these farmers.

The ACCC states that by maintaining the current strength and competitiveness of the dairy industry it can be expected that the cost savings to the consumer following deregulation, estimated at about $118 million per year, can be sustained. What the ACCC is clearly saying is that, because there is a benefit of $118 million per annum to the economy, they can impose on the dairy farmers of Australia this legislation and morally walk away justified. I ask the question: can it be justified? I believe the answer is no.

There was an open letter that I believe was sent to all senators. I would like to read the content of that open letter because it raises a substantial number of the issues that present dairy farmers have. The letter reads:

The $45,000 Dairy Exit Payment Grant which Mr Howard stood up on TV and came over news broadcasts throughout Australia, gave the impression to the normal listener we were going to be looked after. This DEP is impossible to get due to the sale of the family farm. If the farm is now judged unviable due to deregulation, farmers should then be able to access the Grant whether the farm is sold or not. The Dairy Structural Adjustment Package should not be deemed an asset for the 8 years as this stops farmers from getting the normal welfare assistance available to others. There are cases where
banks have grabbed the DSAP and the farm. Now these people cannot draw unemployment benefits because of an asset they really don’t have. Dairy farmers of pension age cannot get the aged pension for the same reason. Retraining programs put in place are unavailable unless the farm is sold. It is hard to believe our great Agricultural, Fisheries and Forestry Department put these stupid conditions in place so Centrelink can have great fun enforcing them. The Grants now being handed out to districts affected by dairy deregulation are a joke! Grants going to the likes of Sprout Farms, Abattoirs, Chicken Farms, Building Industries and other non Dairy related business while we are left with no help for a lifetime business and work which we now have lost. I used to wonder why in this great country we had homeless people living on the streets, but now I can see how it can all come about. My family is headed for the same bleak future.

We received a considerable amount of information from lessors at the Senate committee hearing. In one case—and this was the case of the actual person before the committee—a lessor stated that she had had a lessee on her property for 55 days prior to the starting date for the deregulation and that person had subsequently broken that lease agreement, having received $150,000 in restructured payment. We were also told of lessees who were in actuality in default of their lease agreement—some of them having been in default for up to three months—and yet they were still paid out under the dairy adjustment package.

I moved amendments to the original legislation in an attempt to tie the dairy adjustment package to the property. Those amendments were voted down by both the government and the opposition. Had they not been voted down, this sector of the dairy industry—the lessors—would be in a far better position today both financially and also in their ability to stay within the dairy industry. The government continually tells us that this entire adjustment package is to assist those staying within the industry, and yet a disproportional number of the people who were supposed to have been assisted to stay in the industry are opting out.

We also have an anomaly with this legislation, as a result of the legal term of an agreement, under which people can be disadvantaged. The difference lies in the definition of a share farmer agreement, which is a legal document that is signed by the property owner and the person operating the dairy on that property. In the case of a share farmer, the owner of that property receives up to 50 per cent of the adjustment package and the operator obviously receives the benefit of the balance. But where there is a lessor/lessee agreement—no more legally binding and which, in actuality, in many cases has been transposed word for word from being a share farmer agreement—there is the anomaly that the lessee can in some cases receive up to 98 per cent of the adjustment package. Evidence has been given that in some cases property owners have reverted from lessor/lessee agreements to share farming, and I conjecture that that was purely based upon knowledge of what the outcome was going to be.

In summing up, I would like to refer briefly to some other information from some farmers in Tasmania. They raised the issue where a particular farmer as a result of suffering from a brain tumour was required to lease his property and where the lessee got $100,000 from the package while the lessor received $4,000. At the age of approximately 70 years the farmer with the brain tumour now finds himself having to lease a new herd and go back to operating his property. This is but one example of the injustices of the deregulation of the dairy industry. I now formally move my second reading amendment:

At the end of the motion, add:

“but the Senate is of the view that the bill should be amended to provide for the following:

(a) that, if a dairy farm became uneconomic after deregulation, the farmer be permitted to receive the $45,000 Dairy Exit Payment irrespective of whether the farmer continues to own the farm;

(b) that dairy farmers who ran viable enterprises before deregulation but whose enterprises became uneconomic after deregulation be granted access, free of charge, to retraining programs, irrespective of whether the farmers continues to own their farms;
(c) that dairy farmers who are of pensionable age and who ran viable enterprises before deregulation but whose enterprises became unviable after deregulation be given full access to the age pension and that their farms be excluded from the assets test, with a period of up to three years allowed for those farmers to dispose of their farms;

(d) that dairy farmers whose farms have been resumed by the banks following mortgage foreclosures be given normal access to welfare payments; and

(e) that, in relation to lessors:

(i) all income received by lessors, other than what is applicable to the lease arrangement on the dairy farm, be excluded from the criteria for lessors; and

(ii) that hardship be removed as a criterion for lessors’.

Senator McGauran (Victoria) (1.46 p.m.)—Mr Acting Deputy President McKiernan, you may notice that I am not listed on the speakers list for the second reading debate of the Dairy Produce Legislation Amendment (Supplementary Assistance) Bill 2001 but I have been prompted to put myself on the speakers list at this last moment because I have rarely seen such chest beating on this issue as I have today with the list of speakers—all Labor senators bar the One Nation speaker that we have just heard—and I feel that it must be countered. Their comments must not go unchecked. They are in absolute free-fall. The pomposity of the previous speaker is unmatched by the Labor speakers but we still have some more to come on, and I am sure they will do their best.

They reached their zenith when they started reading out constituents’ emails on this particular matter. Senator Hogg read out an email from Mrs Stark and Senator Harris from the One Nation Party also contributed with a constituent’s complaint. Within those complaints were misrepresented points that could have easily been fixed up. In particular, Senator Hogg had an obligation to Mrs Stark to right the wrongs of some of her perceptions. Even if he does not agree with this government’s involvement in deregulation, he had an obligation to set Mrs Stark straight on some of her wrong perceptions. For example, he should have told that constituent who it was that set deregulation in train some time ago, because it was his party—the Labor Party—when they were in government. It was the then minister, Mr Kerin, who set down the well-named Kerin plan, which was followed up by Mr Crean, who was also, heaven forbid, the primary industries minister for some time. It was during those years that the deregulation of the dairy industry was set on its inevitable path to conclusion on 30 June 2000, some 12 months ago. That was not said.

After listening to the contributions made by the previous speakers from the Labor Party, you would believe that they were against deregulation—but it is quite the opposite. They are pro deregulation. If Senator Harris suggests that this has anything to do with national competition policy, then I say to him in the nicest terms that he is wrong. But Senator Harris often gets his ACCCs and NCCs mixed up and confused. We always make allowances for the One Nation Party not being across issues. But we know only too well that across the chamber the opposition are avoiding the real fact—I say this to Senator Buckland who is to get up and speak next—that it was Labor that set in train deregulation. I say to those opposite: do not come in here wringing your hands, shedding crocodile tears and quoting constituents who believed that Labor have had a hands-off involvement on this issue when the truth is that you set it in train and we never heard a word about it.

You never told your constituency the truth. What alternative did the national dairy industry have—under the Bracks government and, I admit, the previous Liberal Kennett government and their dairy representatives in the UDV, the United Dairyfarmers of Victoria—when the powerful Victorian dairy industry decided that they were going to deregulate? That is, they were no longer going to be bound within their own state; they were going to send milk across the border into New South Wales and into the lucrative Sydney supermarkets. What alternative did the
Queensland and New South Wales dairy industry have when Victoria as a whole—the Bracks government, the previous Kennett government and the representative dairy industry body—set on that particular mission, on that path. Many times before the Victorian dairy industry had been kept at home, so to speak, by previous governments—the Fraser government, the Whitlam government and I dare say the Menzies government. But times had changed and Victoria’s market was just bursting at the seams. They saw that they could obtain premiums with their market milk if they could break into the Sydney market and they were just going to ride right over the New South Wales dairy industry no matter what. That has nothing to do with this federal government. That was not said by Senator Hogg to Mrs Stark, his constituent—it was a total misrepresentation.

Senator Hogg and, by implication, everyone else on the opposition side have not represented the facts of this case to their constituencies correctly. Not once have we heard the Labor Party address this issue in regard to the states. The cruellest fact of the deregulation of the dairy industry visited upon New South Wales and Queensland dairy farmers, in particular, is that their state governments will not compensate them for loss of quota, for loss of property. Why is that? Why have we not heard from the opposition on this matter? I will tell you why: they are two Labor governments—the Queensland Labor government and the New South Wales Labor government. What has hit those dairy farmers hardest is the loss of value in the quotas they once held, which they paid stamp duty for. You have not even the courage to stand up here and criticise those state governments.

In Western Australia, the former Liberal Party government and the Labor opposition at the time were unanimous in their support to compensate dairy farmers for their state quotas—but not New South Wales and not Queensland. Senator Hogg ought to go back to Mrs Stark, who is so upset about those people who have had to walk off their properties, and tell her that the real reason is that the Labor state governments never compensated. It is a cruel fact. She has a right to be upset when she hears of, or sees on the news, dairy farmers going to the wall. The reason for that has nothing to do with national competition policy, it has nothing to do with this federal government, but it has everything to do with the New South Wales and Queensland state governments. That was conveniently left out by the previous speaker. I hope Senator Buckland, who is to follow me in this debate, has the courage to at least mention in passing the state quotas, as Senator Woodley from the Democrats had the courage to do.

There is no question that this is the largest deregulation of any primary industry undertaken yet. Heaven knows that primary industries over the last decade or so have taken their medicine in regard to deregulation, because the early years are an adjustment factor, and it is difficult. The largest deregulation undertaken yet has been in the dairy industry. But there have been some others. When the opposition were in government, it was the wool industry. There was not one cent of compensation for the wool farmers when Mr Kerin was the primary industries minister. Wool farmers have suffered for a decade. It is only now that wool prices have finally started to climb, and the stockpile is quickly diminishing. When that industry, which has suffered, went to the wall, was there one cent of compensation? We talk about farmers hitting the wall and having to walk off the farm. The Western District of Victoria is devastated, and that all goes back to the deregulation—and I use that word in its broadest sense—of the wool industry when Labor were in government. What of the citrus industry? Where was your compensation package for the citrus industry when you opened that industry up to the winds of international competition? There was not a cent.

We acknowledge that the dairy industry is the largest deregulation undertaken in the primary industry sector. We are responding to that by supporting the largest adjustment package to dairy farmers, right down to the farm gate. It is not being taken by the middleman; it is not being taken by the supermarkets or by the processors. This compensation goes directly to the farm gate. The
package is over $1.7 billion in the first tranche, and we are now in parliament to add more to the measure. There seems to be a problem with the fact that we are adding more to the package. The fact that we are revisiting the package is no error at all. It is quite the opposite: the adjustment is a credit to us. It is a credit to the fact that the minister is responding to a report which he commissioned and which showed that there were certain pockets within Queensland and New South Wales that needed further compensation. So we quickly adjusted to that. We are managing the process. We are making sure that the support packages are there. It would not have hurt the opposition to have managed these large deregulations when they were in government. I cannot understand and nor do I accept the criticism of us revisiting the issue of compensation. It just shows that we are managing the issue, and it ought to be seen as a credit to us.

Senator Harris, we have responded to the concerns of the lessors, and rightly so because they did have an issue. A Senate inquiry heard their concerns and the government has responded to those concerns. It seems absolutely incredible—and the lessors backed up their claims with facts—that so many lessees, once they received the package, walked off the property and broke their leases. It is wrong, and I hope that the lessors, perhaps in a class action, are able to bring those lessees to account. The lessors did have a story to tell and I would like to think that the government responded. We are flexible, and you have seen over the last six months how this government listens and responds.

I utterly reject the previous speakers’ comments in regard to the government’s dairy deregulation. It is pure political opportunism. If you are against deregulation, then you ought to come into this chamber and say so. We know of one person who would withdraw the whole package. He is quite a prominent person within Labor’s ranks: Mr Mark Latham. He probably represents all the city members of the Labor Party who believe that the dairy farmers are simply getting too much. Thank goodness for the National Party. When you are a city oriented party like the Labor Party, the likes of Mark Latham have an enormous influence, and he would withdraw the package.

Debate interrupted.

**QUESTIONS WITHOUT NOTICE**

**High Court of Australia: Decisions**

Senator **LUDWIG** (2.00 p.m.)—My question is to Minister Ellison, representing the Attorney-General. Is the minister aware of the media comments today from the Chief Justice of the High Court, Murray Gleeson, that he believes he must now take on the job of publicly defending the judges and the court from attack, a job left vacant by Attorney-General Williams? Is the minister also aware that the Chief Justice was critical of those who criticise High Court decisions without being well informed about the issue or even having read the decision and that he has in the past referred directly to the Howard government’s criticism of the Wik judgment? Does the minister agree with the Chief Justice’s comments on this matter, including the need for him to fill the traditional Attorney’s role of defending the court? Have his comments been misreported?

Senator **ELLISON**—It is not the role of the Attorney-General to routinely defend the judiciary, and the judiciary has accepted this. In the article that Senator Ludwig refers to, the Chief Justice said that he himself would make comment where necessary. He did not criticise the Attorney-General for any action, inaction or anything else. He said that he, the Chief Justice, would defend decisions or make comment where appropriate. He also said that there was room for judicial accountability, and that was when judgment was handed down. If I recall the article correctly, the Chief Justice said that a judge has a chance to make an explanation as to a decision, and that chance comes only once, and that is in the reasons for decision—quite appropriately so.

Let us get it right at the outset. The Chief Justice was not attacking the Attorney-General in any way. The Attorney-General himself has said that he has been pleased to see it reported that Chief Justice Gleeson has signalled that he will defend judges and court decisions from attack where he considers
that necessary. The Attorney-General considers that a most welcome development. As I have said previously, there is adequate opportunity for a judge to explain his or her decision. That was touched on by the Chief Justice in this article. We have an excellent Attorney-General, who has presided over great reforms in his portfolio, and the Attorney-General is not about to engage in any political interference with the judiciary.

Senator LUDWIG—Madam President, I ask a supplementary question. Given Chief Justice Gleeson’s view that the court must now publicly defend itself and its decisions, can the minister confirm that the High Court has bid in recent years for budget funding for a public relations officer for the court? In light of the court’s clear intention to fill the vacancy left by the Attorney-General, does the government intend to redress this issue of funding as revealed by the High Court in the letters pages of the Australian Financial Review?

Senator ELLISON—In last year’s additional estimates, the High Court was provided with one-off additional funding of $665,000 as well as an increase in its ongoing appropriation of $120,000 per annum. On several occasions over the last couple of years, the High Court has sought additional funding for a number of purposes, including the establishment of a public information officer position. The government has decided that additional funding is not needed for this position and has provided, in other areas, more than adequate funding for the High Court’s appropriations—I cite the increases I have just mentioned. How the High Court deals with its budget internally is a matter for the High Court. This was canvassed at length at recent estimates hearings.

Economy: Government Policy

Senator WATSON (2.04 p.m.)—My question is directed to the Leader of the Government in the Senate, Senator Hill. Minister, will you inform the Senate how the Howard government’s sound management of the economy has actually helped deliver better health, education and social services for Australian families? Minister, are you aware of any alternative policy approaches that would impact on these policies, should they be implemented?

Senator HILL—I thank the honourable senator for the question. The Howard government has delivered significant benefits to Australian families over the last six years. It has done so because it was able to bring the budget back into surplus. That budget has now been in surplus for five years in a row. We all remember that, before the 1996 election, Mr Beazley, who was then finance minister, said: ‘We’re operating in surplus and our projections are for surpluses in the future.’ The truth was that Labor left the Howard government with a $10 billion budget deficit, not a surplus.

Furthermore, Labor actually ran up budget deficits totalling $80 billion over its final five years in office. That is $80 billion of debt over five years. That was Mr Beazley’s legacy to Australia. It was Australian families that paid the price. Unemployment under Labor went up to 11 per cent. Home interest rates went up to 17 per cent. Taxes went up—wholesale sales tax, petrol tax, tobacco taxes and l-a-w income taxes. I am talking about high unemployment, high interest rates and high taxation. The Howard government brought the budget back into surplus. The results included interest rates coming down to about seven per cent, with a saving to an Australian family with a loan of $150,000 of $1,000 every month. That is $1,000 for families to spend on matters that are more important to them. That comes with income tax cuts of $12 billion delivered by the Howard government in full and on time.

Senator Schacht interjecting—

The PRESIDENT—Senator, putting your hand over your mouth and shouting is disorderly. You will have an opportunity to debate this matter at the appropriate time.

Senator HILL—The important thing is that now, because we have the budget in surplus, we can invest in the important things, like health, education, welfare, defence, the environment and so on. In contrast, it was surprising to read comments of the shadow finance spokesman, Lindsay Tanner, the successor to Mr Beazley. He said:
The great lesson for the Labor Party over the past 20 years of State and federal politics is that we can’t achieve sustainable treatment in areas like education, health and living standards any other way than sound fiscal management.

What hypocrisy! The Labor Party ran up those huge deficits. When we came into government, they opposed every sensible fiscal restraint that we put up. Now, Mr Beazley, on the other hand, is promising to spend more and more. How can it be achieved? Of course, it cannot. It can only be achieved through the age-old way of doing it for Labor: put up taxation. Senator Conroy has let us all know the secret: taxes go up, interest rates go up, unemployment goes up and the misery of the past is repeated. (Time expired)

Business Tax Reform

Senator SHERRY (2.08 p.m.)—My question is to Senator Kemp, the Assistant Treasurer. Has the Assistant Treasurer’s attention been drawn to reports quoting the Chairman of the Board of Taxation, Mr Dick Warburton, on his concerns that Australia’s tax base is in danger of being eroded because of the wider gap between the corporate tax rate and the top personal income tax rate? Specifically, has the Assistant Treasurer’s attention been drawn to Mr Dick Warburton’s assertion that the introduction of the lower corporate tax rate is a ‘tax lawyers’ and accountants’ dream’, which will lead to tax avoidance by individuals? In view of Mr Warburton’s remarks, what specific steps has the government taken to prevent the erosion of Australia’s tax base by individuals avoiding tax following the introduction of the lower company rate?

Senator KEMP—The point I should make to Senator Sherry is that this government makes no apology for cutting the corporate tax rate to 30 per cent. In fact, I am intrigued that Senator Sherry asked that question in a critical tone.

Senator Forshaw—No, he didn’t.

Senator KEMP—Yes, he did, I think you will find. Let me make it clear. Your colleague Senator ‘Truth in Policy’ Conroy has drawn to our attention the fact that—

The PRESIDENT—Senator Kemp, you should not refer to a senator in that fashion.

Senator KEMP—I was referring to the policy that Senator Conroy has adopted—I think at some risk to himself, but nonetheless I think it is appreciated by the public—of telling the truth on policy. Senator Conroy drew to our attention that under a Labor government taxes may rise. We have been keen to have a debate with Senator Conroy and Labor senators on just what taxes could rise that Senator Conroy has in mind. Senator Sherry has said that corporate taxes may well rise, effectively. Senator Sherry was critical that we had cut the corporate tax rate. We make no apology for cutting the corporate tax rate. We make no apology for cutting the corporate tax rate—I make that absolutely clear. We of course have also presided over the largest tax cuts in Australian history. Senator Sherry, I have some more news for you: we make no apology for those large tax cuts either. We make no apology for that because that happens to be our party’s policy. It is not your party’s policy but it is our party’s policy.

Let me make it clear that the company tax rate will drop from 34 per cent to 30 per cent from 1 July 2001. Thirty per cent is one of the lowest rates in the region and will encourage companies to increase investment by cutting the cost of accumulating operating profits. The top marginal tax rate remains at 48.5 per cent.

Senator Conroy—You’re the highest taxing government in this country in 10 years. The IPA says you’re the highest taxing government.

Senator KEMP—Senator Conroy calls out that we are the highest taxing government. Of course, that is nonsense.

Senator Hill—He knows a lot about taxes.

Senator KEMP—As my colleague Senator Hill says, Senator Conroy knows a lot about taxes and knows a lot about the secret policies of the Labor government. The top marginal tax rate remains at 48.5 per cent, including the Medicare levy. Individuals have benefited—and I think this is important—from a 50 per cent CGT discount. This reduces their effective rate on this income to 24.5 per cent.

Senator Conroy interjecting—

Senator Ian Macdonald interjecting—
The PRESIDENT—Order! There should not be a conversation going on across the chamber.

Senator KEMP—The point I would like to make clear to Senator Sherry is that the business tax reform measures included integrity measures to prevent tax minimisation arrangements and the conversion of income to capital. My understanding was that the Labor Party supported those measures. If the Labor Party did not support those measures, I would be very keen for you to stand up and clarify the point. I make the point that this government has presided over very substantial tax cuts, and the corporate rate tax cut was one which was very widely welcomed by the Australian community. I think the big danger for the corporate sector is that the Labor Party are going to have to raise taxes if they get into government to pay for these big spending programs. (Time expired)

Senator SHERRY—Madam President, I ask a supplementary question. Given the government has already postponed, watered down or abandoned legislation to crack down on tax avoidance, and in light of Mr Warburton’s remarks—your appointment as chair of the tax board—will the minister now concede that the Liberal government’s so-called business tax reforms have only succeeded in giving a green light to tax dodgers to rip off the public purse?

Senator KEMP—I would not. Let me make clear that in the 13 years in government that Labor spent controlling the levers, in many areas the Labor Party opened the door for tax rorting. This government has spent a great deal of time cutting down on those rorts. The Labor Party in a number of areas—and you know this well—put out the welcome mat for tax rorting. This government has a very proud record in cutting down on tax avoidance. I think it is noticeable in this chamber, when it comes to tax rorting and policies to assist tax rorting, that Senator Cook and his colleagues are the experts.

Industry Development: Technology

Senator LIGHTFOOT (2.15 p.m.)—My question is directed to the Minister for Industry, Science and Resources, Senator Minchin. Will the minister advise the Senate how the government’s industry policies are assisting the development of new high-tech industries, creating further investment and jobs? Is the minister aware of any alternative policies?

Senator MINCHIN—I thank Senator Lightfoot for that astute question. This government, as Senator Lightfoot knows, is very committed to facilitating the development of new high-tech Australian industries. Our strategic investment incentive program does enable us to attract new industries to this country that might otherwise go overseas. We have won, for Australia, investments in e-commerce in New South Wales, gas to liquids in Senator Lightfoot’s state of Western Australia, high-tech engines in Victoria, and pulp manufacturing in New South Wales. I was very pleased to announce on the weekend a strategic investment incentive of $100 million to make sure Australia wins the $800 million APSC satellite launch project over competition from Brazil. It is a result of our offer to put infrastructure on Christmas Island. That project will now proceed in Australia instead of going to Brazil. This project will establish Australia as a significant player in the multibillion dollar satellite launch industry. It is going to be worth billions of dollars to Australia in export income and tax revenue. It is going to create hundreds of jobs and secure the economic future of Christmas Island.

I do want to thank the outstanding minister for Christmas Island, Senator Ian Macdonald, for his substantial cooperation in securing this project. Development of this industry will be an enormous boost to Australia’s space related industries and jobs. While we are building new high-tech industries like this, Labor just waffles on and on about something called the Knowledge Nation. While Mr Beazley just talks and talks about it, we are delivering the knowledge based industries and jobs of the future.

It is clear that Mr Beazley probably should do less talking and a bit more reading, like reading his own Chifley Institute report released with such fanfare a couple of weeks ago. He clearly did not realise that his own report condemns the record of his own pre-
vious government when in office, the government of which he was Deputy Prime Minister. His own report, this Chifley report, shows that the Keating-Beazley government left Australia with the second lowest level of investment in knowledge of the 12 OECD countries studied.

Senator Hill interjecting—

Senator MINCHIN—As well as racking up $80 billion in debt over their last five years, as Senator Hill just said, they left us with a lower level of investment in knowledge than when they came to office. Their own report simply condemns their own record. We know nothing of what Mr Beazley proposes to do about the problem he and Mr Keating created during their term in office. We get waffle about Knowledge Nation—no meat, no policies, no ideas whatsoever. Our job has been to restore the nation’s finances so that we can invest $3 billion in things like innovation and $100 million in things like a new satellite launching industry. Our latest strategic investment incentive does position Australia to be a leader in what will be a huge 21st century high-tech industry.

Business Tax Reform: Survey

Senator SCHACHT (2.18 p.m.)—My question is directed to the Assistant Treasurer, Senator Kemp. Is the Assistant Treasurer aware of last Friday’s release of the Australian Bureau of Statistics publication Australian business expectations, a survey of 4,500 businesses which has found that small business expectations remain in the doldrums? Can the minister explain what are the factors contributing to the expected cuts in profits of 13.6 per cent in the short term, exacerbating the profit slumps experienced over the past 12 months?

Senator KEMP—I thank Senator Schacht for the question. Senator, I do have a brief on the issue of the ABS Australian business expectations report. I am not sure that you gave a fair picture of what was included in this survey. In the medium term, over the next 12 months, profit expectations appear very optimistic, with 22 per cent of medium businesses and 22.8 per cent of large businesses expecting profit to rise. Business expects profit to grow strongly in transport, storage, communications, finance and insurance.

Opposition senators interjecting—

The PRESIDENT—Order, Senator Schacht!

Senator KEMP—Short-term profit expectations improved with the latest improvements, as I said, coming from transport, storage and communications. The survey also showed—and I am indebted to Senator Schacht for drawing this to the Senate’s attention—that business expect operating expenses to fall. Improved profits appear to reflect lower operating expenses. The lower than expected increase reflects weaker growth in non-wage and, to a lesser extent, wage labour costs.

There are a number of additional points that I would make if Senator Schacht could be bothered listening to them rather than talking to Senator Hill. Over three-quarters of respondents expect capital expenditure to increase or remain the same over the medium and short-term period. At least three-quarters of respondents, and I think this is an important point, expect—

Senator Schacht—What about the small business sector?

The PRESIDENT—Senator Schacht, you can ask a supplementary question if you wish.

Senator KEMP—Madam President, I was asked about the survey. I have some information on the survey and I am sharing that information with the Senate. I think it is probably fair to say that Senator Schacht was highly selective in the information that he chose to provide to the Senate. I am trying to provide some perspective on that which is entirely appropriate. This is an important point, Senator Schacht. If you can restrain yourself for just a minute or so I will share this with you. At least three-quarters of respondents expect full-time equivalent employment to increase or remain the same over the medium and short-term period.

Senator Schacht mentioned expectations. One of the things that may well affect the expectations is the fear business has about any tax rises that could occur under the Labor Party. I think Senator Conroy, the head of
the truth in policy faction, sent a chill through the business community when he rose to his feet and flagged that the Labor Party may be prepared to lift taxes in a number of areas. If Senator Schacht wants an explanation for any concerns that people in the business community may have, it is the fear that the Labor Party will lift taxes if they get back into government, and the considerable concerns about roll-back and the 3,000 to 4,000 amendments that Senator Sherry is presumably proposing to amend the various GST bills to impose roll-back.

Senator Sherry—So we are getting more GST bills?

Senator KEMP—Senator Sherry, you have already proposed a huge number of amendments for roll-back. (Time expired)

Senator SCHACHT—Madam President, I ask a supplementary question. Although Senator Kemp failed to mention the small business aspect of the survey, I ask: to what extent has the GST caused the sustained fall in short-term profit outlooks in the construction sector, with expectations down a massive 44.7 per cent, and in wholesaling, where they are down 33.6 per cent?

Senator KEMP—I have been through the survey for Senator Schacht, but, if he wants to talk about the nervousness that the business community may have, it is the sort of nervousness that the Labor Party induces—

Senator Schacht interjecting—

The PRESIDENT—Order! Senator Schacht, cease interjecting.

Senator KEMP—It is the nervousness that the Labor Party induces by flagging tax rises and flagging their policy of roll-back which will add greatly to the complications of the tax system. If you want me to be quite frank with you, Senator Schacht, I think there is great nervousness out there about Labor Party policies. That is why Senator Stephen Conroy and his comments have caused concern.

Telstra: Job Losses

Senator STOTT DESPOJA (2.25 p.m.)—My question is addressed to the minister representing the Prime Minister. Is it not the case that, last year, the Prime Minister gave an undertaking that this government would see to it that jobs and services were not lost in regional areas? Can the minister assure the Senate that the 10,000 job losses announced last year by Telstra have not come from rural or regional Australia? Can the minister also confirm that Telstra now plans to cut a further 2,000 jobs, including 600 jobs from National Network Solutions? Can the minister explain why the Prime Minister’s promise to maintain services and jobs in country Australia has been ignored?

Senator HILL—I have the Prime Minister’s promise here. He said:

I don’t want to see any further services, government services levels withdrawn from or taken away from the bush.

Honourable senators interjecting—

The PRESIDENT—Order! Senators on both sides of the chamber will cease interjecting.

Senator Schacht—It is under ‘sneaky.’

Senator HILL—It is clear and unambiguous. If Senator Schacht wants a copy, I will send him a copy. And I will send a copy to Senator Stott Despoja at the same time. That is what the Prime Minister said—

Senator Schacht interjecting—

The PRESIDENT—Order! Senator Schacht, you are out of order.

Senator HILL—He was determined—

Senator Schacht—On a point of order, Madam President: the minister has offered to send me some note. I ask him, then, to table the brief which he is reading from.

The PRESIDENT—It is not appropriate to do that at this point. You can do it at the end.

Senator HILL—As I said, the Prime Minister said that he was determined to see that services were not lost for rural and regional Australia. That was the position that he advocated, it is the position he has maintained and it still remains his determination. In fact, the government expects Telstra, in particular, to maintain and improve standards of service, particularly in rural and regional Australia.

Senator Schacht interjecting—
The PRESIDENT—Order! Senator Schacht, you have been interjecting persistently this question time. I invite you to read the standing orders and to reflect upon what they say.

Senator HILL—Interestingly, Madam President, the ACA’s quarterly service reports demonstrate that Telstra’s phone installation and fault repair service levels have improved since the introduction of the government’s customer service guarantee. Telstra’s submission to the Besley inquiry indicates that service levels are improving nationally, despite a period of declining Telstra employment. That has been achieved through productivity improvements and new network investment. The government has no intention of relaxing legislative requirements on Telstra and other carriers to meet reasonable community expectations about service quality. As I said, the Nynie report is about maintaining service levels in regional and rural Australia and, as I further said, the evidence is demonstrating that not only is the level being maintained, in fact it is being improved.

Senator STOTT DESPOJA—Madam President, I ask a supplementary question. I take it from the minister’s response that he is giving a commitment that the Prime Minister’s undertaking will be upheld. Does it not concern the minister and his government that, even though they may claim that services are being upheld—although that is debatable—jobs are being lost, in particular from regional and rural areas of Australia and specifically in relation to Telstra—

Senator Alston interjecting—

The PRESIDENT—Order! Senator Alston, the question has not been asked of you.

Senator STOTT DESPOJA—Can the minister also clarify whether it is the case that Telstra is still offering redundancies at its call centres in Horsham, Bendigo and elsewhere? Does the minister really maintain that this is not having an impact on services?

Senator HILL—In a dynamic economy there will always be structural changes in employment. The important thing is that, since this government came to office, some 800,000 extra jobs have been created. Many of those jobs have been in rural and regional Australia. Rural and regional Australia, with, in some instances, higher commodity prices, better services and so forth, are looking much more confident now than they have for a long time. I respectfully suggest to the senator that now is not the time to talk down rural Australia; now is the time to be optimistic about its future. The government is determined to maintain services in the bush. It is achieving that outcome. The ACA’s quarterly report indicates that it is achieving that outcome, and we are very pleased to see it occurring.

Business Tax Reform: Survey

Senator McKIERNAN (2.30 p.m.)—My question is to Senator Kemp, the Assistant Treasurer. Can the minister confirm that the recent ABS survey of 4,500 businesses also found that employment expectations continued to decline in the short to medium term and that that remains the case in all business sizes, all industries and all states? Is the minister aware that that means that Australian businesses expect full-time equivalent employment to fall for the sixth successive quarter and that the construction industry is expecting to shed another 6.1 per cent of its workforce in the September quarter this year, the biggest expected drop since the survey began in 1993? How does the Assistant Treasurer explain the causes of these continued negative expectations for short and medium term employment amongst Australian businesses?

Senator KEMP—One of the many problems with that question—I do not say that there is only one problem—is that the senator did not listen to the answer that I gave to Senator Schacht. The point I made to Senator Schacht was that he was being extremely selective in the information that he drew from the survey. The Hansard will show that I gave a more rounded perspective of what the survey showed. The second point I made to Senator Schacht was that, to the extent that there is any nervousness in the business community at the moment, I suspect that a significant amount of it can be attributed to various Labor Party policies that are starting to be aired—for example, the roll-back policy.
I have challenged the Labor Party day after day to stay behind in this chamber and debate roll-back so that the public can get a better idea of what is involved in roll-back and what are the costs involved. But day after day, acting under instructions, presumably, from that technical genius Senator Faulkner, the Labor Party refuses to stay back in the chamber and debate roll-back. The public should know that. If you are going to cost, say, $4 billion in roll-back, which you would have to say is a fairly small roll-back, but nonetheless you have to find out where you can raise the $4 billion, the public want to know that. Is it the corporate rate tax? Senator Sherry was on his feet today attacking our cuts to the corporate rate tax.

Senator Sherry—No, I wasn’t; don’t mislead the Senate.

Senator KEMP—Senator, you were critical that the corporate rate tax had been cut. That is all I can say. The people who listen to this broadcast will draw their own conclusions from that.

In answer to Senator McKiernan’s question, some of the nervousness in the business community may well relate to their concerns about roll-back and how it is going to be financed. Another concern would be the flagging of tax rises by people like Senator Conroy. That has caused concern in the business community. That is the point I made in answer to Senator Schacht’s question, and they are exactly the same points that I make in answer to Senator McKiernan’s question.

I suggested that Senator McKiernan—he probably was given the question and did not have a chance to read it or to brief himself fully on it—probably did not know that the survey shows that in the medium term, which is the next 12 months, profit expectations appear very optimistic, with 22 per cent of medium businesses and 22.8 per cent of large businesses expecting profits to rise. That is what the survey showed, as I am advised. Senator McKiernan, as I have said, has been very selective in the information that he has read out. I mentioned, Senator McKiernan, that businesses expect operating expenses to fall, and I mentioned that over three-quarters of respondents expect capital expenditure to increase or remain the same over the medium and short term. This is an important point, and it is a major concern to everyone in this chamber to make sure that the employment figures continue to improve. At least three-quarters of respondents expect full-time equivalent employment to increase or remain the same over both the medium and short term. It is true that expectations for employment were the lowest in the construction sector, but I have tried to give a proper perspective—(Time expired)

Senator McKIERNAN—Madam President, I ask a supplementary question. I thank the minister for confirming the nervousness of businesses right across Australia, particularly in the area of employment. When will the Howard government recognise the experience that all industries have had for some time, that the GST has turned out to be a job-destroying tax of massive proportions that will continue for some time?

Senator KEMP—We have just had the national accounts figures that show that the Australian economy was growing at faster rates than those of most other countries. Senator McKiernan gets up and says that the poor performance of the Australian economy—I am not quite sure what he is talking about, in the light of those excellent national accounts figures—is attributed to the GST. This again shows the problem we have with the Labor Party: they stand up in question time and attack the GST, but the Labor Party are proposing to keep the GST. I put the challenge to Senator McKiernan: if Senator McKiernan proposes to stay back in the chamber and debate the Labor Party’s GST policy and roll-back, I am quite happy to stay back in the chamber and debate it with him. But, exactly like his colleagues, Senator McKiernan will not stand up and debate roll-back; Senator Cook will not stand up and debate roll-back; and Senator Conroy will not stand up and debate roll-back in this chamber. (Time expired)

Medicare: Prenatal Genetic Screening

Senator HARRADINE (2.37 p.m.)—I ask the Minister representing the Minister for Health and Aged Care a question. The Bulletin says that Sydney IVF is offering couples pre-implantation genetic testing for sex selection for personal reasons. What is the
government going to do about that? Will the

government assure the Senate that Medicare
payments are not being made for that proce-
dure? I also draw the minister’s attention to
the Compass program last night, which
documented the concerns of people with dis-
ability about genetic screening and abortion,
and highlighted the importance of under-
standing disability as different, rather than
inherent tragedy. I ask the minister: what is
the government’s policy on prenatal screen-
ing and abortion on the grounds of disabil-
ity? How are people with disabilities in-
volved in the formulation of government
policy on this matter?

Senator VANSTONE—Senator, I have
something of an answer for you in the area
on which you ask, but I will refer your whole
question in any event to Dr Wooldridge and
get him to respond if he has anything further
to add. The minister is aware of comments
made by Justice Kirby on 24 June that were
reported in the press, and these may be the
area you are referring to or you might have
had just that specific example and not seen
this report. In any event, it did deal with
children with genetic defects and the ques-
tion of elimination of children with genetic
defects following diagnosis via genetic
screening. My advice is that the responsibil-
ity for enacting legislation in relation to the
use of genetic screening in termination of
pregnancy does lie with the state and terri-
tory governments. As you may be aware,
Senator, on 8 June the Council of Australian
Governments met and agreed that jurisdic-
tions will work towards a nationally consis-
tent approach to regulate assisted reproduc-
tive technology and the related emerging
human technologies. In reaching agreement
on that issue, the heads of government were
particularly aware of the need to engage the
community on the matter and to ensure that
all sectors of the community benefit fully
from advances in medical science while at
the same time prohibiting unacceptable
practices. Senator, I will refer your question
to Dr Wooldridge and see whether there is
anything he can add to that.

Senator HARRADINE—Madam Presi-
dent, I ask a supplementary question. I asked
specifically in an area of competence of the
federal government—on Medicare. Will the
Minister representing the Minister for Health
and Aged Care give an absolute guarantee to
this chamber that for those procedures of sex
selection for personal reasons—have a look
at their web site—Sydney IVF will not be
paid by the taxpayer? I ask the minister also:
why has the government been so long in
filling the vacancy in the Australian Health
Ethics Committee of a person with an under-
standing of the concerns of people with a
disability? When will that position be filled?
I ask the minister to assure the Senate that
the Australian Health Ethics Committee pos-
tion will be filled quickly and that an evi-
dence based approach, bearing in mind the
experience, credentials and standing of the
nominees for this position, be taken. I ask the
minister to assure the Senate on those two
points, please.

Senator VANSTONE—Senator, to a
certain extent, some of the remainder of your
question was dealt with in estimates. I think
we covered that topic fairly thoroughly.

Senator Harradine—No.

Senator VANSTONE—Perhaps I can just
finish before you prejudge the answer,
Senator. I did say to you there that I would
take that matter up with the minister, and I
hope that we can get back to you with any
further explanations of that matter. But I also
said at the beginning of my answer that I had
some limited material here and that I would
refer the rest of your answer to the relevant
minister and get back to you—and that, of
course, includes that aspect of your question
that related to Medicare payments. The ad-
vice I have is that the newest member of the
Australian Health Ethics Committee, who
has I think been recently appointed, is Ms
Caroline Bowditch. She is in the membership
category of a person with an understanding
of concerns of people with a disability. Her
current position is the genetic support coor-
dinator of the genetic support network of
Victoria. (Time expired)

Business Tax Reform

Senator JACINTA COLLINS (2.42
p.m.)—My question is to Senator Kemp as
Assistant Treasurer. How does the Assistant
Treasurer respond to Mr Michael Ferguson, a
small businessman in Bayswater, Victoria, who says:

... the GST has been a debacle for small business ... it was designed by bureaucrats for big business.

Is the minister aware that Mr Ferguson’s engine reconditioning business has been forced to lay off staff as a direct result of the double taxation in the changeover between the previous tax system and the GST? The business has also suffered long delays in getting GST refunds from the tax office and choked cash flows and profit margins. How does the government respond to Mr Ferguson and thousands of other small business people in this country who clearly expect the GST to continue to king-hit the viability of their businesses well into the future?

Senator KEMP—I would have some advice for Mr Michael Ferguson. The first question that I suggest Mr Michael Ferguson might like to ask the Labor Party is: what do they propose to do about the GST? What taxes do the Labor Party propose to lift on business? What is the Labor Party’s policy on unfair dismissals? Those are the sorts of policies that I think Mr Michael Ferguson may well wish to ask. He should write to you, Senator Collins, and ask, ‘Could you give me an assurance that the corporate tax rate will not be lifted?’ He should write, ‘Could you give me an assurance that the taxes on income will not be lifted?’ He should ask you, Senator Collins, ‘What is your policy on the unfair dismissals?’ Senator Collins, one thing small business knows is that this Senate is largely composed of former union bosses—

Senator Ian Macdonald—On the other side.

Senator KEMP—Indeed. Thank you very much, Senator Macdonald. The Labor Party is composed of former union bosses who over a very long period have shown no interest in, no sympathy with or no rapport with small business.

Where there are particular concerns, if Mr Michael Ferguson is finding it difficult to get refunds—and Senator Collins has some information on that—we would be prepared to see if we could find out what the particular problem was. I am not quite sure what Senator Collins refers to when she speaks of the double tax in the transition phase. If Senator Collins could get up and explain that more clearly, I would be interested to respond to it.

One thing that small business truly knows is that the Labor Party has no time for small business, medium business or big business; the Labor Party has time for the trade union movement and trade union bosses. There would not be one person on that side, I suspect, who has had any experience in running a small business. On that side of the chamber, we have many people who have expertise in running a trade union. But the point I would make to Senator Collins is that, where there are genuine problems, this government has shown a great capacity to listen to small businesses and to move to address their concerns. I do not know whether Senator Collins has any more information on the issues that Mr Michael Ferguson has raised, but this government is always prepared to look at particular issues, where possible, and to deal with them. But let me make the point: small businesses are looking and have always looked at the prospect—and I hope that there is not a prospect—of a Labor government with considerable fear and trepidation, and they would be right to do so.

Senator JACINTA COLLINS—Madam President, I ask a supplementary question. I take the minister back to my question. Mr Ferguson is concerned with redundancies, not your glib comments about the Labor Party and unfair dismissal. Is the minister aware that Mr Ferguson in his public comments has been particularly critical, amongst other things, of the business activity statement, saying:

... you now have 4 end-of-financial-years to contend with instead of one, and for small businesses there is a mad grab for cash each quarter.

Why won’t the Prime Minister take effective action to help small business people like Mr Ferguson, instead of lamely suggesting that the tax office adopt—to quote the Prime Minister—‘a sensible and sympathetic attitude towards compliance’?

Senator KEMP—Even Senator Collins would be aware that some changes were an-
nounced in relation to the BAS statement, and those changes were announced after very close consultation with small business. I would suggest, Senator Collins, that even you would be aware of that. We are very concerned to ensure that the tax office meets the high standards set. As I said, if Mr Ferguson is finding that there are delays with the refunds, we would be keen to hear what the particular issue is so that we can address that. But small business should have no worries, as this government has always been very concerned to assist small business and many of the tax changes that we have brought in are of great benefit to small business. But one thing I can promise Mr Michael Ferguson is that the Labor Party has a terrible record.

Australian Federal Police

Senator PAYNE (2.48 p.m.)—My question is addressed to the Minister for Justice and Customs, Senator Ellison. Will the minister advise the Senate of the strong results achieved by the Australian Federal Police and of the Howard government's significant investment in Commonwealth policing? Further, is the minister aware of any alternative policies and, if implemented, what their impact might be?

Senator ELLISON—I thank Senator Payne for a very good question, and a very important one in view of recent events. The Australian Federal Police is a world-class law enforcement agency, thanks to the professionalism of the Australian Federal Police members and also to the record funding from the Howard government. This government has invested more than $1.8 billion in the Australian Federal Police to boost its crime fighting capacity. In fact, Mick Keilty, the new AFP Commissioner, said in the weekend press that these significant results achieved by the AFP were a result of the increased funding from the Howard government.

Madam President, you just have to contrast this with Labor. In the last four years of Labor, they invested just $13 million of new money in the Australian Federal Police, compared with $314 million of new money that the Howard government is going to invest over four years in the Australian Federal Police. That is a stark contrast. In fact, the Herald Sun on Sunday said:

Australia is on track to become a world leader in seizures of illicit drugs. The latest figures reveal that the Howard government's antidrugs campaign has paid off with Australia jumping to the third highest in the world.

That is a significant endorsement of the Howard government's Tough on Drugs policy, which involves in excess of $500 million. But what do we have in relation to the Labor opposition's lack of policy or attempt at policy here?

Honourable senators interjecting—

The PRESIDENT—Order! There are far too many people interjecting. I draw the attention of the Senate to the standing orders.

Senator ELLISON—What we have is the shadow minister for justice, Mr Duncan Kerr, saying that they would conduct a white paper review of law enforcement and of the Federal Police—another review. In fact, he went on to say that they would establish a joint parliamentary committee for the oversight of law enforcement. I think Senator Hill keeps a tab on these—and he might correct me if I am wrong—but I think we are now up to 45 different committees that Labor have proposed in relation to policies that they have put forward. They are saying, 'We'll have a committee to run law enforcement in Australia.' We have had, in the last 12 months, no less than 12 committees looking at the Australian Federal Police, and we had the Ayres review that looked at funding and reforms in relation to the Australian Federal Police. We now have a world-class law enforcement body. But what do we get from the Labor opposition? A committee, a review—'We'll look at a white paper.'

We also have from the opposition in relation to the coastguard a suggestion that they will set up a McHale's Navy. When the opposition was in government, Mr Beazley, the now Leader of the Opposition but then Minister Assisting the Minister for Defence, said in 1984 that it would not be efficient and it would cost too much. Yet today Labor are saying that they will take resources from Customs, Fisheries, Quarantine and also the Navy and AFP to set up this coastguard—this McHale's Navy.
We need a good Navy and we need a good Customs Service. We need good Fisheries and we need good Quarantine. Labor proposes to take funding away from those services to set up this coastguard ‘that we do not need’. This is where Mr Duncan Kerr gets it all wrong. He said, ‘Law enforcement needs a seat at the national security table.’ Well, he’s wrong! They are already there. The Attorney-General sits on the National Security Committee. So that is big news for Mr Kerr, and he wants to get that right. He also says:

The system at the moment is uncoordinated and ad hoc. The fact that it does not break down more often is a matter of serendipity than good planning.

That is what he thinks of the Australian Federal Police. He gives no acknowledgment of the work that the Australian Federal Police is doing in relation to law enforcement. (Time expired)

Business Tax Reform

Senator McLUCAS (2.53 p.m.)—My question is to Senator Kemp, the Assistant Treasurer. Is the minister aware of comments in the Age on 18 June by Miss Sue Presney, the small business spokesperson for the Institute of Chartered Accountants, that small businesses are experiencing a blow-out in payment times because of the GST? How does the government respond to the Institute of Chartered Accounts, which blames the GST for this blow-out in payment times because, as Miss Presney puts it, ‘Trying to find extra days worth of working capital is not easy, especially for small businesses’? When will the minister admit, given all the evidence presented to date, that the GST has king-hit small business?

Senator KEMP—This will come as no surprise to people in this chamber. If your assertion is correct that the GST has king-hit small business, the question arises: why are the Labor Party proposing to keep it? It is a very valid question. I throw out the challenge to Senator McLucas to stay behind after question time and debate the Labor Party policy, because there is utter confusion amongst the Labor Party. They are trying to spread confusion amongst the public about what their policy is. How could any self-respecting party, if it believes what Senator McLucas has said, propose to keep the current tax system? How could you? The truth of the matter is, Senator, that you do not believe that or you would be standing up in the caucus and telling Mr Kim Beazley not to keep the GST. But you are not doing that. What will king-hit small business, let me assure you, is roll-back. Roll-back has been widely condemned by a large range of people in business, small business and medium sized business. One thing that they do not want is roll-back. I am prepared, if Senator McLucas nods and indicates that she is prepared, to stay behind after question time and debate the roll-back policy. No, she shakes her head. Off she goes!

What we are seeing is an attempt to mislead the public. Let me make it clear that this tax system that we have brought in is a major change in this country. It has been designed to ensure that Australia has a highly competitive tax system. We have always been aware that, in the transitional phase, this can cause problems, and we have moved to address those problems. The government have great sympathy for small business. If there are particular issues that Senator McLucas would care to genuinely bring forward, we are very happy to look at those particular issues.

I make the point that it is extraordinary that the Labor Party stand up here day after day and pretend to the public that they are opposed to the GST when they are proposing to keep it. Day after day I throw down the challenge—whether it be to Senator Cook, Senator Stephen Conroy, Senator McKierman or Senator McLucas—to stay behind in this chamber and debate your roll-back policy. Stay back in this chamber, Senator McLucas, and debate your roll-back policy. But each day they cut and run. The Labor Party are trying to fool small business. The fact of the matter is we have heard from Senator Conroy—bless him—who has flagged that the real agenda of the Labor Party is to raise taxes.

Senator McLUCAS—Madam President, I ask a supplementary question. Is the minister aware that the Dun and Bradstreet survey of business expectation, released in May, found that almost 70 per cent of businesses
experienced a cash flow squeeze due to the GST? Does the minister agree that the major reason for the blow-out in payment times has been the inability of many businesses to pay each other in a timely fashion because of the GST cash flow squeeze, with small business caught in this vicious cycle?

Senator KEMP—What you do is you indicate that a particular company is having problems and, with the changes that we made after Christmas, the government have shown that they are very responsive to the concerns of small business, as we always will be—unlike the Labor Party, whose major approach to small business is to increase taxes on small business to make it very hard. In relation to Senator McLucas’s personal attitude, the unfair dismissals bill shows that the Labor Party itself has no sympathy whatsoever for small business. Let me also make it clear that there are many people in small business that, because of the arrangements that we have put in place with the GST, experienced a cash flow advantage. *(Time expired)*

Roads: Scoresby Freeway

Senator ALLISON (2.59 p.m.)—My question is to the Minister representing the Minister for Transport and Regional Services. I refer to the government’s offer of $220 million for the Scoresby Freeway. Minister, isn’t this offer just a case of buying votes in the Aston by-election? Does your government acknowledge that many older Australians, social security recipients, students and those actively looking for work—particularly the 9.4 per cent of 16- to 21-year-olds who are unemployed in Melbourne’s east—do not own private motor vehicles and have poor access to public transport? What real commitment beyond a $2 million investigative study is the federal government prepared to make to urban public transport in the east and south-east of Melbourne?

Senator IAN MACDONALD—The federal government have responded to calls for a long period of time about the absolutely essential nature of the Scoresby Freeway. I am surprised that as a Victorian senator you are opposed to the Scoresby Freeway. You will be aware that the federal government have this year committed some $25.3 million to the Scoresby Freeway. We do recognise the need to progress this matter very quickly on the basis of regrettably a nil response from the Victorian government. To that end, the Prime Minister has written to Premier Bracks reaffirming the Commonwealth’s offer to contribute some $220 million to the freeway on the basis of an equivalent contribution from the Victorian government. That is a very generous contribution and offer by the federal government. We believe the Victorian government should match that. We are somewhat disappointed, as are the people of those eastern parts of Melbourne, about the fact that the Victorian government has not seen fit to make any sort of commitment to Scoresby. I know that the Liberal members who represent the seats in eastern Melbourne are very supportive of this. In fact, they were amongst the main movers that achieved the federal government’s contribution to the Scoresby Freeway.

Senator Allison, you have mentioned the by-election in Aston. This was of course on the cards well before the unfortunate and untimely death of Peter Nugent. Peter Nugent was a great supporter of the Scoresby Freeway, and he was one of a group of Liberal members from that area who were vitally interested in it for the benefit of their constituents—those who have to put up with the unfortunate state of the roads in those areas. Peter Nugent would have been very proud to see this announcement. It has nothing to do with the Aston by-election. It is a commitment that the federal government has been working on for some time. It is something that Peter Nugent and others in that area had been calling upon for some time. I am surprised that a senator from Victoria who obviously is interested in the lot of Victorian motorists is opposed to it.

Senator ALLISON—Madam President, I ask a supplementary question. The minister has not answered any of my questions about public transport, which was the purpose of my asking the questions. He also says that the Victorian state government should match the federal government dollars allocated to the freeway, but isn’t it the case that that would still pay for only half of the cost of
Scoresby? On the question of public transport, Knox City Council gave approval for the Scoresby Freeway only if public transport infrastructure was built first. Why did the federal government ignore that condition? Isn’t it the case that a public transport route was promised as part of the Eastern Freeway back in the 1970s and has still not been delivered? Why won’t the federal government listen to the local community and prove that it is indeed genuine about public transport solutions in Melbourne by allocating federal funding to address this crucial issue?

Senator IAN MACDONALD—As my colleagues on this side have indicated, public transport is principally a matter for state governments. The question that you raised should perhaps be referred to Mr Bracks and the Victorian Labor government, because they are the people who deal with public transport. You will be aware, Senator, that we have made a major contribution to transport infrastructure with many of our road programs, the most recently announced one of which was the Roads to Recovery program, where we put hundreds of thousands of dollars into local councils to deal with local roads so that buses could run on them better and so that people interested in moving around expeditiously and safely in Melbourne would have better roads to run on. I am not fully familiar with all of the details of Scoresby, but I am sure it is a freeway that will be well used by public transport. (Time expired)

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

ANSWERS TO QUESTIONS WITHOUT NOTICE

Veterans’ Records: Outsourcing

Senator MINCHIN (South Australia—Minister for Industry, Science and Resources) (3.05 p.m.)—Last Thursday Senator Schacht asked me a question about the outsourcing of the management of veterans’ records. I seek leave to incorporate in Hansard an answer to his question.

Leave granted.

The answer read as follows—

Question

Can the Minister confirm that the Howard government is planning to outsource the management of veterans’ records? Is it true that, if this outsourcing goes ahead, up to 80 departmental jobs will be axed? How does the government propose to guarantee the privacy and security of veterans’ medical records when they are placed in the hands of a private company?

Supplementary question—Could he also find out what is the proposed timetable for the outsourcing of the management of Veterans’ records? What is the government’s estimate of the savings which can be achieved? And I ask again, to emphasise this point which is of great concern in the Veterans’ community by what means will the government guarantee the privacy and security of veterans’ records?

Answer

No, the Department of Veterans’ Affairs is not outsourcing the management of veterans’ records. The Department is currently market testing its mail and file management services. This involves a potential contractor managing the storage and retrieval of files and inward and outward mail flow. The use of the records and management of all departmental claims, etc will still be undertaken by departmental staff. A request for tenders is expected to be issued in early July 2001. Tenders are expected to close in late August and a decision likely by the end of September 2001.

Up to 80 positions may be involved and the Department is working with staff in the area to ensure that, as far as possible, their preferences for redeployment or voluntary redundancy are met.

Market testing of mail and file services is part of a wider departmental strategy to ensure that its work processes are as efficient as possible. As you will appreciate at this stage of the tender process it would not be appropriate nor commercially prudent to advise an estimated level of savings.

Should market testing be successful, the Department envisages a strong partnership with any successful contractor, with continuing major departmental involvement in records management activities. The contract will include strong privacy provisions which will be strictly controlled and monitored.

Aged Care: Nursing Staff

Senator VANSTONE (South Australia—Minister for Family and Community Services and Minister Assisting the Prime Min-
ister for the Status of Women) (3.06 p.m.)—

On 21 June, Senator West asked me a question about the differential in wages growth in the health and aged care sectors. I said I would refer the matter to Mrs Bishop if there was more to say, and she has a further response. I seek leave to incorporate the answer.

Leave granted.

The answer read as follows—

Senator WEST—My question is to Senator Vanstone representing the Minister for Aged Care. Can the Minister confirm that the wages differential between Nurses and the care staff in public hospitals in the Aged Care sector has grown over the last three years? Hasn’t this contributed to the exodus of skilled staff from the Aged Care sector, a fact noted in the government’s own two-year review of Aged Care at a time when residents are getting frailer and in need of more intensive care? Isn’t it a fact that over the last three years, while the wages growth in the health sector has equalled 2.9 per cent per year, the Commonwealth has increased funding to Aged Care by only 1.6 per cent? Hasn’t this left nursing homes unable to keep up with the wage increases available in the public health sector?

Senator WEST—Madam President, I ask a supplementary question. The minister is therefore not prepared to admit that the wages growth in the health sector has equalled 2.9 per cent per year and that the Commonwealth has increased funding to aged care by only 1.6 per cent. What is the Commonwealth going to do to reduce that differential in salary or costs to the employers? What is the government doing to reduce the risks to residents because it is failing to reduce the differential in salaries and grants?

SENATOR VANSTONE—The Minister for Aged Care has provided the following answer to the honourable Senator’s question in accordance with information provided to her:

Only half of providers’ recurrent income is indexed by the Safety Net Adjustments (SNA) determined by the Australian Industrial Relations Commission. A quarter of providers’ income comes from residents and grows in line with either the Consumer Price Index (CPI) or Male Total Average Weekly Earnings (MTAWE) - which ever is greater. Another quarter of their income, from the Commonwealth, is linked to the CPI. Taken together, these indexing factors delivered funding growth to providers of 2.1 % last year. This is the same level of growth as the average weekly earnings for the health and community services sector last year as advised by the ABS.

The Commonwealth Government does not set wages for nursing staff or other aged care employees through either the award or enterprise bargaining structures.

Recent pay increases granted to nurses in the State Hospitals in a number of States have been the result of decisions of the Australian Industrial Relations Commission and State Industrial Tribunals, and occurred outside the enterprise bargaining framework.

These decisions related to claims made under the particular awards covering the employment of nurses in the public sector including State Hospitals, and do not mean that funding provided to public hospitals under Commonwealth/State funding agreements will be increased to cover these award wage increases.

State Governments will need to ensure that increased wages for employees in the acute care sector can be met within existing funding levels under the Commonwealth/State Health Agreements, through productivity based efficiency gains.

The Commonwealth has ensured a strong basis for enterprise bargaining to occur in aged care, with increased funding to the sector. Residential care recurrent funding paid by the Commonwealth has increased from $2.5 billion in 1995-1996 to $4.2 billion in 2001-2002, an increase of nearly 70 percent over five years. However it should be emphasised that Commonwealth indexed subsidies received by aged care providers only form part of the income paid to industry. Total funds available to aged care homes include resident fees and charges as well as Commonwealth subsidies.

Under the previous input-based funding arrangements nursing home providers were unable to pay staff above award wages and claim this as a legitimate care cost for funding purposes. This meant that providers were structurally inhibited from entering into salary packaging arrangements or providing higher wages to attract or retain key staff.

The current arrangements focus on ensuring quality outcomes, not on the costs of inputs, and within this framework the Commonwealth does not limit or regulate nurses’ wages in aged care. Aged care providers should have the capacity to enter into enterprise bargaining arrangements with their staff and to negotiate higher wages where this is deemed appropriate.
Australian Taxation Office: Instalment Activity Statement

Senator KEMP (Victoria—Assistant Treasurer) (3.06 p.m.)—Last Thursday Senator Hutchins asked me a question in relation to PAYG. I have received some advice from the Australian Taxation Office, and I seek leave to incorporate that statement.

Leave granted.

The document read as follows—

On Thursday 21 June 2001, (Proof Hansard page: 24741) Senator Hutchins asked me:

i. Is the minister aware of serious problems with the Australian Taxation Office’s (ATO) administration of the new so-called simplified tax instalment activity statement?

ii. Can the minister confirm that approximately 80,000 self-funded retirees, mum and dad investors, and pensioners have received multiple letters from the ATO containing patently conflicting demands for payment?

iii. Is it true that by paying one notice over the other, even though both relate to the same period, a taxpayer risks being slugged with a significant penalty interest charge of 13.86 per cent?

iv. Is this just another aspect of this so-called new simplified tax system?

I now seek leave to have this incorporated in Hansard.

i. I am not aware of any serious problems with the ATO’s administration of the simplified instalment activity statement. However, I am aware of some issues arising from the overlap of pay as you go (PAYG) annual instalments and the lodgement of income tax returns.

ii. The taxpayers who are affected are those who did not lodge their 1999-2000 returns until after they were notified of their annual PAYG instalment in April 2001. When their 1999-2000 returns were lodged, the Australian Taxation Office (ATO) advised them of a new liability based on the more current information in the 1999-2000 return.

iii. The Commissioner of Taxation has stated that the general interest charge will not be imposed if the taxpayer pays the wrong amount by paying one notice instead of another.

The vast majority of taxpayers in this situation use tax agents. The ATO has contacted tax agents over the past few weeks to ensure that they are aware of the situation and what is required.

Immigration: International Obligations

Senator ELLISON (Western Australia—Minister for Justice and Customs) (3.06 p.m.)—Last Wednesday Senator Harradine asked me a question about what human rights and refugee protections are being built into the joint ministerial statement to ensure that our international obligations are observed, particularly relating to the principle of non-refoulement. I seek leave to incorporate further details in Hansard.

Leave granted.

The answer read as follows—

Senator Ellison:

Senator Harradine asked me a question on 20 June 2001 about what human rights and refugee protections are being built into the Joint Ministerial Statement to ensure that our international obligations are observed, particularly relating to the principle of non-refoulement. I seek leave to incorporate an answer in Hansard.

Australia is a signatory to the 1951 United Nations Convention on the Status of Refugees and its 1967 Protocol, which provides for the protection of refugees and prohibits refoulement except in certain limited circumstances (in Articles 1F and 33) such as where the person has been convicted of a particularly serious crime and constitutes a danger to the community.

The proposed Joint Ministerial Statement, while not referring specifically to human rights and non-refoulement issues, includes a reaffirmation of the terms of the Bangkok Declaration on Irregular Migration of 23 April 1999 which, inter alia, recognises the obligations of countries of transit and destination to provide protection and assistance where appropriate, in accordance with their national laws. It also states that return of nationals should be performed in a humane and safe way.

ANSWERS TO QUESTIONS ON NOTICE

Questions Nos 3136, 3137 and 3531

Senator O’BRIEN (Tasmania) (3.07 p.m.)—Under Senate standing order 74(5), I ask the Minister representing the Minister for Health and Aged Care for an explanation as to why answers have not been provided to
questions on notice Nos. 3136 and 3137, which were asked on 30 October last year. Also pursuant to standing order 74(5), I ask the Minister representing the Minister for Transport and Regional Services for an explanation as to why an answer has not been provided to question on notice No. 3531, which was asked on 22 March this year.

Senator VANSTONE (South Australia—Minister for Family and Community Services and Minister Assisting the Prime Minister for the Status of Women) (3.07 p.m.)—I have been in touch with the minister’s office. We have not been able to chase down the answers to the questions—I am not even sure if they had actually located the question at the point I knew about it. But I give the senator an undertaking that I will continue to pursue that with the minister’s office and get him an answer as quickly as I can, which I hope would be either by the end of the day or, if not, before question time tomorrow.

Senator IAN MACDONALD (Queensland—Minister for Regional Services, Territories and Local Government) (3.08 p.m.)—I apologise to Senator O’Brien for the fact that we have not delivered the answer to this question so far. The question is essentially asking for a full roads forward works program to 2004-05. We have never provided this sort of detail in the past and even the states only get the portion relevant to them. Although most projects have been announced, the details of cash flow and commitment are not fully disclosed.

I am advised, Senator O’Brien, that the department have prepared a response. It is not quite finalised, but it does show expected state expenditure and this does give, as I understand it, the most detail that we are able to provide. As I recall, you did ask the same question in estimates at the last hearings, and I agreed to refer that to the minister as well and get a response. I understand that a response has been prepared and is close to being in a position where it can be tabled for your information.

Senator O’BRIEN (Tasmania) (3.09 p.m.)—I move:

That the Senate take note of the explanations.

My staff wrote to the Minister for Health and Aged Care on my behalf on 19 June seeking answers to questions Nos. 3136 and 3137, which have remained unanswered for 237 days. This is yet another example of the contempt that this minister shows towards this parliament and his obligations—eight months, or near enough to eight months, to provide answers to what are, I would have thought, fairly straightforward questions. This minister does not appear to accept that he has any responsibility at all to comply with Senate standing orders.

I understand that Senator Vanstone will probably do what she can to get him to comply. The fact of the matter is that Minister Wooldridge continues to behave in a rather spoilt manner and is rather precious with regard to the divulging of information to this chamber and, I believe, to the other. I accept Senator Vanstone has given an undertaking to the Senate in good faith today, and I am extremely hopeful that she will be able convince Minister Wooldridge to enable her to honour her undertaking, and I look forward to that information tomorrow.

In relation to the answer to question No. 3531 by the Minister for Transport and Regional Services, I asked the department for that answer, as the minister outlined, during the estimates hearings on 31 May and I was advised that answer had not been completed but the plan was to process that question the following week. My officers then wrote to the office of the Deputy Prime Minister on 15 June in relation to the same question, and his office contacted my office and advised that an answer was being prepared. We were further advised that an answer should have been available by the end of last week or the beginning of this week.

It is now 25 June. I still do not have the answer. I hear what Senator Ian Macdonald says in relation to the matter, and he in some way seeks to excuse the minister for not answering the question. But I would have thought the information I am seeking would have been compiled by the department in preparation for the budget—a budget which, I remind the Senate, was brought down on 22 May.
This is yet another example of the failure of the minister, Mr Anderson, to manage his portfolio. Despite the embarrassment of the mess Mr Anderson made of the Land Transport Development Fund that saw him sack two personal staff to save his own neck, it seems that nothing has changed. A full review of administrative procedures by Minister Anderson’s department—again to cover for his own mismanagement—appears to have made little difference.

We have still not seen the land development fund reports for the years 1998-99 and 1999-2000. The last reports, I remind the Senate, were all tabled on 30 November 1999, covering the period 1995 to 1998. This is in spite of the legislative requirement that the minister report to the parliament on the progress of the fund annually. Section 41 of the Australian Land Transport Development Act 1988 states, in part:

The Minister shall, as soon as practicable after 30 June in each year, cause a report to be laid before each House of the Parliament setting out details of the operation of the Land Transport Fund ...

The 1998-99 report was due before the end of 1999 and the report for the period 1999-2000 was due before the end of 2000. We are all but in the second half of 2001 and the minister has again chosen to ignore the provisions of his own legislation. When Mr Anderson forced his senior adviser to fall on his own sword—a staffer who had worked for him for nearly a decade—Mr Oxley said in a statement:

He—

that is, Mr Anderson—

was not advised at any time by the department that the Australian Land Transport Development (ALTD) Act required him to report annually to Parliament on the details of the ALTD account ...

On this occasion, Mr Anderson cannot use that excuse.

I am aware that there has been a review—in fact two reviews—of the whole land transport area and a report went to the minister in the week starting 21 May on the outcome of those reviews. I am advised that the report contained 47 recommendations. I would not only like answers to the overdue questions from the Minister for Health and Aged Care and an answer to the question on notice from the Deputy Prime Minister, but at some stage, perhaps through Senator Ian Macdonald or perhaps in the other place, the Deputy Prime Minister should also explain why he has continued to ignore the provisions of the Australian Land Transport Development Act.

Senator ROBERT RAY (Victoria) (3.15 p.m.)—I would like to commend Senator Ian Macdonald for trying to put down an explanation as to why the question had not been answered. I appreciate the fact that he went to some length in trying to explain it. It is true that some questions are more complex than others and do take time to get the answer together. If there is any concern in government that these questions are too complex or too intrusive, I believe they should cost the answer and put that in the answer, because that does have an effect on opposition members not wanting to ask questions that are going to massively involve public expense that will be sheeted back home to them.

However, the main reason I rose was to point out that we have all had the same problem as Senator O’Brien with the same minister and the same department. It is a difficult process in this chamber, because we are asking ministers not about their own portfolio responsibilities but about those whom they represent, and therefore the degree to which they can intervene and obtain these answers is far more limited than if it were in their own portfolio area. But over the years Dr Wooldridge has proved to be recidivist in this area. One gets the impression that it is not a question of the complexity of the question; it is the nature of the question that is not answered.

I had this ruckus with them quite some months ago when I put a series of questions on notice involving entertainment expenses. I only pursued the matter in this chamber as to why the question had not been answered after I was told they had no intention of answering it because it was a waste of resources when we had had seven other ministers answer identical questions. Therefore, the matter was pursued, and maybe Dr Wooldridge would have been happy to
answer it. But it seems to be a deliberate policy. I do not think it can be attributed to his department; I think it is directions from the minister. When you go behind the scenes and ask these departments when they provided a draft answer—we all know these are ministers’ answers but it is the department that provides the draft—they were provided well within time to answer the question. So the draft gets to the minister’s office, they do not like the answer, so they decide not to produce it at all.

I think the 30-day rule is a difficult rule. I did not support the rule when it was imposed on us in government. I always thought a 60-day rule would be a fairer one to give the department a reasonable chance to respond. I never rise in this chamber to pursue a question on notice until at least 60 days have elapsed. But Dr Wooldridge and some of his colleagues do hold the record, because a question I asked two years and eight months ago of Dr Wooldridge remains unanswered. In fact, every question that I have asked, other than the ones we have forced out, remains unanswered. That is the difficulty in the process.

We argue at times about not asking complex and convoluted questions at question time, so we put them in writing. We put questions on notice, which should take pressure off the estimates committee process. However, we do expect the ministers to genuinely attempt to answer them. Every now and then there will be a question—and I have seen them—put on notice that I think a minister is entitled to refuse to answer, because it either involves the creation of a document or such an enormous workload that a minister is entitled, now and then, to say that it does not justify the resources of government being applied to it. They can then be argued out on a case-by-case basis. We should not exclude that possibility. Senator O’Brien has not raised this matter after 30 days; he has raised it after several months. If you look at the pattern of where the real problem is, it is spotty but always it leads you to the department of health and to Dr Wooldridge. I think it is Dr Wooldridge’s office—I have to say Dr Wooldridge would have to endorse this—that refuse to answer questions, not on the basis of their cost or complexity but because they simply do not want the answer on the public record.

Senator IAN MACDONALD (Queensland—Minister for Regional Services, Territories and Local Government) (3.19 p.m.)—I thank Senator Ray for his helpful suggestions and I take them in the spirit in which they are given. His suggestion that, for very complex questions that require an enormous amount of Public Service time, we should indicate to the questioner the cost involved is a practice which I have in fact followed through the estimates process. It is a practice which Senator O’Brien, who is a regular at our estimates, does agree with. Senator O’Brien has been very reasonable at times in saying, ‘If that is the cost, then perhaps we could get to the same result in a different way.’ I acknowledge Senator Ray’s suggestion and I acknowledge that Senator O’Brien does pursue that himself, as I do. I have to say in passing though that some of Senator O’Brien’s regular colleagues at our estimates committees do not quite have the same approach to that and insist on putting long, stupid—if I might add—and completely unreasonable questions on notice and demand answers. But perhaps that is an aside. So thank you, Senator Ray, that is something we do do.

I might add, Senator Ray, on the issue of indicating costs of questions in order to cut down on those questions which really do not seem to go anywhere and which delve back several years, which in my view are unsustainable at an estimates committee in any case, that I asked my department to do the exercise of just what it cost to answer questions at estimates committees. Do you realise that the cost of answering questions taken on notice by my department—admittedly, it is an estimate but they very carefully tried to estimate what it would cost—in just one estimates committee hearing alone was $84,000? That was to answer the questions put on notice at my estimates committee. We do that exercise not only to raise the issue but also to suggest to some senators that sometimes the placing on notice of these questions, which from my point of view seem to be completely irrelevant—
Senator Carr—What about the expenditure for an extra three days at your estimates because of your behaviour. What are you talking about?

The President—Senator Carr, what are you talking about. You are out of order and do not have the call.

Senator IAN MACDONALD—Thank you, Madam President. Senator Carr of course has not been to my estimates—fortunately, I might say. If he had been at the last one—and he should ask Senator O’Brien—he would know that my part in the last estimates was very minimal.

Senator Schacht—You never answered the questions. That is why.

Senator IAN MACDONALD—I was not asked too many questions, Senator. If any of you want to know, ask Senator O’Brien or Senator Forshaw or Senator Woodley who were there. They are senators who understand that, except for the—

Senator Carr—Ask Senator Mackay.

Senator IAN MACDONALD—I do not want to mention Senator Mackay. We are being friendly here today, and I do not want to indicate that she is the senator who causes most trouble with questions which are just irrelevant. Can I tell you one of Senator Mackay’s questions, as you have raised the issue? I would not have done this, of course. Senator Mackay always sees some conspiracy in everything. She was questioning us about our flood recovery program and about the funds that we had paid out for flood recovery. She said, ‘Hmm, you have given all of this out, and that is in Mr Anderson’s seat.’ We said, ‘Yes, Senator, that is right.’ She said, ‘And you have given all this money out, and that is in Mr St Clair’s seat.’ We said, ‘Yes, that is right, Senator.’ She said, ‘And you have given all this money out, and that is in Mr Lawler’s seat.’ We said, ‘Yes, you are right, Senator.’ She said, ‘Well, they are all National Party members. This has to be some rort. Why have you given out that money in those three National Party seats?’ to which the public servant very embarrassedly said, ‘Senator, that is where the flood was.’ They are the sorts of stupid questions that we have to put up with from the senator you named, whom I was not going to bother to name because she is not here today. But you mentioned her. I have to say that, if she were to adopt the same approach to questions as Senator O’Brien does, then we would not have to spend some $84,000 answering questions. If they were questions that were going to bring down the government, then that would be fine.

Senator Robert Ray—You would not answer them.

Senator IAN MACDONALD—Perhaps we would not answer them. Senator, but at least I could understand why she was asking them. Although I would probably hate it, I would at least give her credit in a professional way and say, ‘She is right on the ball, she is just about to bring the government down, and good luck to her. Whilst I will be a victim of the government falling, at least I can professionally accept that they are good questions.’ But none of the questions get to that—none of them. Those of you who have had the misfortune to have to sit by and watch and listen will easily empathise with what I say.

Senator O’Brien mentioned the Land Transport Development Fund. You can score a point or two should you want to on that. But remember that anything that the department now does is a continuation of what it did under Labor transport ministers. In fact, this new approach of dealing with the Land Development Transport Fund was initiated during the time of Labor ministers. You knew that, Senator O’Brien. That is why, very appropriately, the Labor Party did not follow that through. Mr Ferguson quite rightly said publicly, on behalf of the opposition, that they understood why the practice had continued, that they understood that governments of all persuasions—your own, but certainly ours—had spent far more than the reserve set up under those procedures. You are also aware, Senator, or your opposition spokesman is aware, that legislation is coming to deal with that, and it will be available shortly. Senator, for whatever faults you may find in the coalition government in relation to the Land Transport Development Fund, remember that it all started under your government, under Labor ministers, some of
whom are still in this parliament. If we have committed an error, then it is in following the practice that the Labor government and the Labor ministers commenced.

Senator Schacht—What about Woolridge—two years?

Senator IAN MACDONALD—I thought you were interjecting on the issue about the Land Transport Development Fund, Senator Schacht. If you want to interject or debate that, let me take you up on that. I cannot, unfortunately, debate Dr Wooldridge, because it is completely outside my portfolio area, except to say what a fantastic minister for health Dr Wooldridge is and how much he has done, particularly for health in rural and regional Australia, and at last we are turning the corner.

Senator West—Oh, come on!

Senator IAN MACDONALD—Even Senator West reluctantly had to concede that this year’s budget of $117 million extra for the help with nurses in rural and regional Australia was a good initiative—one her government never bothered with in the 13 years it was in power. Dr Wooldridge has done an exceptionally good job as health minister in providing health services, particularly for those of us who live in rural and regional Australia.

Finally, in relation to the motion moved by Senator O’Brien, I want to come back to Mr Anderson, a man who has quite clearly indicated by his work what an able and dedicated transport minister he is. It has been a time of rapid movement in transport. The aviation area has not been easy. A lot of issues have arisen that have required able, dedicated and skilful attention. I have to say that Mr Anderson has shown himself to be one of the best transport ministers this country has ever had. He is responsible for a great number of initiatives in the land transport area, including rail transport. Whilst there is a response to the question that you raised, in the process, Mr Anderson—as I do and as I think most ministers do—likes to have a look at it. Mr Anderson does not sit there waiting for questions to come up. He has to deal with a lot of major issues, and I know he will deal with your question at the earliest possible opportunity. I do not want to put a time limit on it, but you could expect an answer by the end of this week.

Senator CARR (Victoria) (3.30 p.m.)—I rise to speak on the same matter. Senator Macdonald commented today on his concern about responding to appropriate scrutiny and about being accountable to the parliament. I welcome his newfound initiative in those matters. I am particularly concerned, though, about his remarks about Senator Mackay. The last round of Senate estimates committees had the usual array of problems that accompany the different personalities when they govern. It is important to draw to the Senate’s attention that, on this particular occasion, the committee with which we had the most difficulties was Senator Macdonald’s. Senator Macdonald’s committee was obliged to come back on three occasions to examine the Senate estimates.

Senator Sherry—What did that cost?

Senator CARR—There would have been considerable cost involved. This was a result of both the government senators and the opposition senators coming together and agreeing that Senator Macdonald’s behaviour was totally unacceptable, that his attitude towards the committee was contemptuous and that his attitude towards the public servants was contemptuous.

Senator Robert Ray—Is that why he went quiet the next time?

Senator CARR—that is what occurred. He chose to walk into the committee and announce that he would be leaving at a certain time and that all the public servants would be leaving with him.

Senator Sherry—What did this cost?

Senator CARR—It must have cost an absolute fortune to bring back the committee. He then determined that that was the end of the questioning. He had had enough. He was going to choose which questions he was going to answer and which he was not going to answer, and the time line according to which that would occur.

Senator Robert Ray—Tricky.

Senator Sherry—Mean.
Senator CARR—It troubles me that not only was Senator Mackay concerned about the due process of the committee but the government senators agreed that Senator Macdonald’s behaviour was in fact tricky, mean and unreasonable in the circumstances. As a result, the committee had to come back and examine the estimates for an additional time by resolution of this chamber—a recommendation that was, if I recall rightly, supported by the government senators as well.

In a previous round of estimates, in which I participated, this same senator told us that he accepted the word of the administrator of Greenwich University—the so-called university on Norfolk Island—that this Internet university would function only on one island. This is the level of intelligence that is applied to the task before this minister when it comes to his ministerial responsibilities. He refused to answer questions that I put to him on these matters; he said that these were matters for the education department and for everybody except him. When it came down to the facts of the matter, he accepted the notion that he as minister could accept the guarantee or assurance that an Internet university would operate on only one island, which is a remarkable discovery.

Every single allegation that I have made about Greenwich University and the incompetence of this minister in allowing these matters to proceed has been demonstrated to be correct. So when Senator Macdonald talks to us about the opposition asking too many questions and being concerned with too much detail about the operations of this department, we have to look at the record. We have to look at whether or not the position that we have been arguing is confined to just this side of the chamber. I think the evidence is pretty clear. He has demonstrated his incompetence time and time again. While Senator Ray was particularly generous to him today—

Senator Sherry—Incredibly generous.

Senator CARR—yes, incredibly generous—the situation that has arisen may not necessarily be measured against the facts of how this minister has treated this parliament and the Senate estimates committee.

Question resolved in the affirmative.

PRIVILEGE

The PRESIDENT (3.34 p.m.)—Senator Payne, the Chair of the Legal and Constitutional Legislation Committee, by letter dated 15 June 2001, on behalf of the committee, has raised a matter of privilege under standing order 81. The matter raised is an unauthorised disclosure of a draft chair’s report on the Sex Discrimination Amendment Bill (No. 1) 2001. It is clear from the evidence provided by Senator Payne that there has been an unauthorised disclosure of the draft report. The relevant press report explicitly refers to the draft chair’s report and its contents.

The committee has complied with the order of the Senate of 20 June 1996 setting out the procedures to be followed by committees in cases of unauthorised disclosure. The committee has sought to discover the source of the disclosure, including by writing to all committee members and staff asking them if they can explain the disclosure. The committee has also come to a determination that the disclosure had a tendency substantially to interfere with the work of the committee.

I am required to consider whether a motion to refer the matter to the Standing Committee of Privileges should have precedence, having regard to the criteria set out in the Senate’s privilege resolution No. 4. Unauthorised disclosures of draft committee reports and other confidential committee documents have always been regarded as meeting these criteria, provided that the affected committee has followed the procedures in the order of 20 June 1996. I therefore determine that a motion to refer the matter to the privileges committee may have precedence under standing order 81. I table the letter from the committee and attachments. Notice of a motion to refer the matter to the privileges committee may now be given.

Senator PAYNE (New South Wales) (3.35 p.m.)—Thank you, Madam President. I give notice that, on the next day of sitting, I shall move:

That the following matter be referred to the Committee of Privileges:
Having regard to the matter submitted to the Senate on 25 June 2001, whether there was an unauthorised disclosure of a draft report of the Legal and Constitutional Legislation Committee, and whether any contempt was committed in that regard.

**ANSWERS TO QUESTIONS WITHOUT NOTICE**

**Business Tax Reform**

**Senator SCHACHT** (South Australia)

(3.36 p.m.)—I move:

That the Senate take note of the answers given by the Assistant Treasurer (Senator Kemp) to questions without notice asked today relating to taxation.

Several questions were put to Senator Kemp today at question time.

**Senator SCHACHT**—As Senator Sherry said, questions were put but answers were not given. These were questions about the government’s policy towards small business, in particular, and about the small business sector being now in decline. Senator Kemp accused the opposition of selectively quoting from the Australian business expectation quarterly report that came out recently. We refute that completely. I want to read the short-term trend comment on the facing page of this document, which is freely available:

**Trend**

Selling prices continue to trend downwards with businesses expecting that Selling prices will decrease by 0.2% in the September quarter 2001. In trend terms, businesses expect that Operating income will fall by 1.2%. Businesses are also expecting decreases in Profit and full-time equivalent Employment. Tax reform and the exchange rate are the most frequently cited reasons for the poor outlook.

In the time I have, I will not go on reading from that extract, but it is all there.

**Senator Ian Campbell**—Prices are down, is that right?

**Senator SCHACHT**—It is all there in that report. This is what this minister could not answer, because it is too embarrassing for this government, which has always claimed that it looks after small business, to admit what it has done to small business since the introduction of the so-called tax reform. Another report that came out in May this year is the Yellow Pages business index, which has sometimes given good reports to the government, and they have been happy to quote them in this chamber. The index in May recorded the lowest level of support for the Howard government’s policy since it was elected in 1996. The results reflect small business’ dissatisfaction with the coalition, their negative perception of the coalition’s economic management credentials, and deep-seated concern about the GST environment.

Small business confidence levels are at one of the lowest levels since the establishment of the index early in the 1990s, adding to the three previous quarters’ negative results. According to the survey results, small business is most concerned about lack of work, sales, the GST and cashflow. In addition, employment recorded the first negative outcome since mid-1998, with small business experiencing a two per cent decrease in the number of people they employ. The Yellow Pages report in May confirms and backs up the most recent report of the Australian Bureau of Statistics about business expectations for the September quarter 2001 leading on to the June quarter 2002. This government does not recognise that it is now the biggest taxing, biggest spending government as a percentage of GDP in the history of Australia other than at the time of war.

**Senator Ian Campbell**—That’s a lie.

**Senator SCHACHT**—No, it is absolutely right. And who am I quoting? I say to Senator Campbell—

**Senator Sherry**—Senator Ian Campbell.

**Senator George Campbell**—Yes, Senator Ian Campbell.

**Senator SCHACHT**—to Senator Ian Campbell, I should say—I am not quoting from some left-wing institute. I am quoting from an organisation which Senator Kemp’s father founded: the Institute of Public Affairs. Senator Kemp’s father was the founding director of the right-wing think tank. And who wrote a story that appeared in last Saturday’s *Daily Telegraph*? Michael Duffy, who is not noted for being a left-wing commentator or sympathiser in any sense of the word. He said:
Earlier this year the right-wing Institute of Public Affairs produced data showing the Howard government was the biggest taxing and spending in Australia’s history, when tax was measured as a proportion of GDP ...

It is simple and unequivocal. I do not see a letter from the Treasurer or from Senator Kemp saying he has it wrong.

Senator Ian Campbell—You do not read very well, do you?

Senator SCHACHT—I look forward to the response proving this bloke is wrong and that the IPA is wrong. It also says:
The IPA, as we know, goes further. It is a situation the Government might be regarding with some disquiet: the IPA competing with the ALP to see who can be the most critical of the Coalition.

He goes on to quote Mr Crean:
Mr Crean says that while Peter Costello “boasts of giving taxpayers $12 billion in personal income cuts”, this is “just half the $23 billion [that] personal income tax rose between the election of the Howard Government and the introduction of the GST.”

So there we have it: this government is the highest taxing, highest revenue, highest spending, and it is doing small business in. (Time expired)

Senator LIGHTFOOT (Western Australia) (3.41 p.m.)—I want to take up some of the statements made by Senator Schacht. Senator Schacht said, inter alia, that the Howard government was the biggest spending and the biggest taxing government in Australian history. He related that back to the GDP. Just assume it is true—which I repudiate. This is a government that has built up the GDP. This is a government that has earned and brought about the biggest GDP in this nation’s history. Of course there is going to be a bigger tax area on that. But if you break it down and say, ‘Is this a bigger tax on companies?’ of course it is not. In 2000-01, company tax dropped from 36 per cent to 34 per cent. Next fiscal year, 2001-02, it is going to drop from 34 per cent back to 30 per cent. Is that a high taxing government? When there are $12 billion worth of personal tax cuts that are flowing back through the community that are benefiting small and medium businesses, is that a high taxing government?

To make a statement like that is not just utter and total ignorance but is disturbing because, whatever you like to think about the Labor Party, they are the only alternative government to the people on this side, who wish incidentally to retain the treasury bench. They are the only alternative government, but you cannot make sense of what they say. Let me tell you about what Labor propose to do with respect to taxation: we know that they are going to keep the GST. This is a Howard-Beazley GST at the moment. At the same time they said they are going to roll it back, they have said they are going to increase spending on defence, roads, research and development and local government.

It is very interesting that Senator Mackay is not here today, because Senator Mackay said in 1999 at a meeting of local government people here in Canberra that her government, God forbid, would give 6½ per cent of the GST take to local government. Not only is Mr Beazley—a bloke who has not done much in his life, who has never done particularly anything, except that he has been off to get educated, and that is laudable, but he has no life experience—going to roll back the GST but he is also giving 6½ per cent of the GST to local government. On top of that, they are going to spend on education, defence, roads and R&D.

Where is the spending coming from if the Labor Party are going to roll back the GST? One assumes that the rate is going to drop. What is the rate going to drop to? When is the policy coming out that will tell the people of Australia the rate to which the GST is going to drop when the Labor Party assume the treasury bench? I will tell you what is going to happen. It is going to be something like this: there are going to be 10 of Labor’s numerous tax options, or all of these options. There is going to be an increase in the GST rate, not a decrease. If you are going to give 6½ per cent of it to local government, how can you possibly roll back the GST as well? There will be increases in the GST rate, increases in personal income tax. All that work that the Treasurer and the Prime Minister did to make sure that decent, hardworking people of Australia pay a lower tax regime is
going to be undone. Company tax is going to go back up from 30 per cent to 36 per cent again. Superannuation rates are going to go up from nine per cent to 15 per cent. Capital gains tax is going to go back up from the 25 per cent or thereabouts that it is today to 50 per cent again. Look at company tax: it is going to be the ruination of this country. If Labor get in, they are going to be high taxing; they are going to be high spending.

We know that the so-called Knowledge Nation is a regurgitated mantra from the Whitlam era. That is going to be, in itself, a high cost introduction. It does not matter about work. At least Senator George Campbell knows something about work—he is straight from the union. If your blokes did not work, Senator Campbell, they did not get paid. But not Mr Beazley. Mr Beazley says he is going to roll back the GST and he is going to leave taxation where it is; he is going to spend up big and he is not going to increase taxation. What a laugh! When are we going to see some policies? Show some decency and tell us your policies.

Senator SHERRY (Tasmania) (3.46 p.m.)—In case anyone in the Senate does not know it, we are taking note of the four questions put to the Assistant Treasurer, Senator Kemp, about the impact of the GST on small business. After that contribution from Senator Lightfoot, I would not be surprised if anyone in the chamber wondered what on earth Senator Lightfoot was talking about. He has one trait consistent with the Assistant Treasurer: he will not answer a question. There were four questions put to the Assistant Treasurer, Senator Kemp, about the impact of the GST on small business. After that contribution from Senator Lightfoot, I would not be surprised if anyone in the chamber wondered what on earth Senator Lightfoot was talking about. He has one trait consistent with the Assistant Treasurer: he will not answer a question. There were four questions put to the Assistant Treasurer, Senator Kemp, about the impact of the GST, detailed with case studies and research—not from the Labor Party but from independent community organisations—about the profit slumps, the profit downgrades, the decrease in employment, the blow-out in payment times, the cash flow squeeze and the increase in compliance and bankruptcies, which are just part of the impact on Australia's small businesses as a result of the GST.

Of course, the GST is a massive new tax that is unlike the old wholesale sales tax, which it replaced. The old wholesale sales tax had 60,000 businesses that collected it; the GST has imposed tax collection obligations on two million businesses—mainly small businesses—in this country. In addition, we have the massive compliance obligations, the massive paperwork, the time and effort, and the struggle of most small businesses to collect the GST via the now infamous business activity statement, commonly known as the BAS. Ask Senator Kemp about the virtues of the BAS and the GST for small business. The only time he approached relevance in the four opportunities he had today was to claim that the GST means that 'small business experience a cash flow advantage'. That is a quote straight from the mouth of Senator Kemp, the Assistant Treasurer. There is a 'cash flow advantage' for small business. You go and tell small business that, Senator Lightfoot, and ask them what they think.

Some weeks ago, Senator Kemp, the Assistant Treasurer, talked about the GST being good for small business because it imposed discipline on small business, as if it is the task of government to impose discipline on small business. How far out of touch—and how tricky—has this Liberal government got when it claims that it has to impose discipline on small business? Of course, the Labor Party has been warning, time and time again, for many months, up to and since the introduction of the GST, of the impact on small business. Sadly, and unfortunately, many of the criticisms we made about the impact of the GST have come true. I refer here to a number of recent criticisms and I will start with one that comes not from the Labor Party but from the Reserve Bank. The quarterly statement on monetary policy in May from the bank stated:

... the recent fall in sales and business confidence has been more pronounced for the small business sector than for medium and large businesses ... this may reflect the small business sector’s disproportionately large share in construction, manufacturing and retail trade sectors. The RBA also said that the bedding down of the GST led to a compression of profit margins in small business, a compression which saw small business profits rise by only one per cent for the year 2000 compared to a seven per cent rise for big business. Big
business love the GST: they can take advantage of the cash flow and they can put it on the short-term money market. But small business cannot take advantage of that.

We had the BAS changes. The Financial Review of 8 May pointed out that the tax office has granted an extension to the deadline not just once but twice for small business to complete BAS paperwork. We have had Mr Macfarlane’s comments of 11 May when he said the GST was bound to cause more work and inconvenience for people. This is a strong indictment of the government’s claims that the GST would make the tax system simpler. Senator Kemp said today that there are more amendments coming into the Senate. We are going to be faced with hundreds of additional amendments on top of the 1,650 we have had so far since 1 July to further amend the GST. How messy it is; how complicated it is. It is no wonder that every small business I talk to in Tasmania is drowning under the amendments and the paperwork. (Time expired)

Senator SANDY MACDONALD (New South Wales) (3.51 p.m.)—Labor, in taking note of these questions this afternoon, throws out a challenge for us to debate the economy. That is a challenge that I think anybody on this side of the house can take. With the GST, small business and the effect of the GST on small business, we have a good record and we can stick to our guns on it. We will keep on doing so until the election.

Australia has experienced strong growth in the March quarter and the economy grew by 1.1 per cent while Labor were talking the economy down in an attempt to grab a cheap headline. The Senate needs to be reminded of the atmospherics of the opposition front-bench on the day that the 1.1 per cent March figure came down. They were completely deflated by that good economic news that was good for Australia. Australia was the only country in our region that had that growth. The March quarters for Thailand, the Philippines and Japan were all negative. The figures for America are not yet out. So that was a very good result for us and we should be reminding the Labor Party of it.

Labor is very confused about the economy. In August last year, the Senate will call that the opposition leader said that the GST was to blame for interest rate rises, but in February this year he said that the GST is to blame for interest rate cuts. Also in February this year, Mr Beazley said that the new tax system would overheat the economy, but a month later he said that the new tax system had mugged the economy and delivered a king hit, slowing it down.

Senator Ian Campbell—Who’s the mug?

Senator SANDY MACDONALD—Exactly. This lot will do or say anything for a vote. They are confused. They have no policy initiative and no policy backbone. The truth is that the March quarter accounts showed that virtually every sector of the economy grew. Our trade surplus also continued to grow and is running at a surplus of $200 million a month. The most recent ABS data show that the largest increase in consumer confidence in 25 years was recorded in June. That is far from Labor’s claim that the GST has mugged the economy. Interest rates are, of course, at their lowest in 30 years, compared to the staggering 17 per cent housing rates under Labor. They were even higher for primary producers, some of whom paid 24 per cent.

I want to comment on housing rates as they are quite topical in relation to the Aston by-election. In Aston, $2.5 per cent of residents have a mortgage or are buying their own house. That is one of the highest proportions of people paying off their homes of any electorate in the country. Interest rates for the electors of Aston are vitally important. There can be no more important issue for those 82.5 per cent of people buying their own houses in Aston. Under Labor they were paying between 10 per cent and 12 per cent for their mortgages. They are now paying less than seven per cent to eight per cent. That is at least $300 per month more money in their pockets in their after tax income in respect of a mortgage of about $100,000.

With regard to the comments about roll-back and the changes that Mr Beazley proposes with roll-back, of course we do not know what they are. There was a wonderful report in the Herald Sun last week which stated:
The Federal Labor Party has promised to create 43 new bureaucracies and new government offices if it wins the next election.

A study of Labor policies released so far shows the Opposition is likely to embark on a massive expansion of Commonwealth bureaucracy, hiring thousands of public servants.

The 43 new bodies including advisory councils, taskforces, committees, agencies, bureaus, auditors, commissions and ombudsmen.

In my experience, when you cannot decide things, when you have no idea of a policy framework and when you are involved in a policy paralysis, what do you do? You create another committee. And what committees there will be! There is one here called the office of population, but there is a much more interesting one. Number one is the national workforce forecasting council. They probably do need some advice as to what the unemployment rate will be. There will be a big role for that council to play under a Labor government. The rate will go up to 11 per cent as it did under Mr Beazley when he was employment minister. I also notice that there is a committee to advise on GST roll-back because they talk a lot about roll-back, but they give absolutely no indication of where it might be or how it might take place. (Time expired)

Senator GEORGE CAMPBELL (New South Wales) (3.56 p.m.)—It is remarkable how this government, its ministers and its backbenchers simply ignore the mass of evidence that is available which clearly demonstrates how the GST has mugged this economy and, more importantly, how it has wreaked havoc on the small business community. There is a multitude of evidence out there on how the GST has impacted on the small business community.

We heard a lot of the evidence, albeit before the event, when we travelled around the country with the Senate Select Committee on a New Tax System. Even then, before the GST had been introduced, small business were aware of the potential impact the new tax system was going to have on them. We heard additional evidence when Labor held its inquiry around the country into the rise in the petrol excise. There were hearings the length and breadth of the country in which we talked to small business people about the impact of the tax system on them. We heard evidence from independent truck owners, banana growers, petrol station owners, fishermen and community organisations about the impact of the paperwork on the small business community in terms of increased work for small businesses in trying to comply with the new tax system. We heard about the number of hours that small business people were having to put in, over and above what they used to have to put in, to meet those compliance requirements. More importantly, we heard of the additional costs that small business had to pay for their accountants to assist them to get through the mass of paperwork involved.

We also heard from small business about the impact of the new tax system on their cash flow. That was something they had not expected, but it was something that had become very apparent when the tax system started to operate. They have really been slugged by this new tax system. I find remarkable—and it is quite an insight—the sorts of responses you get from small business, and this is not just anecdotal. I read an article by Allesandra Fabro in the Financial Review of 12 June, which states:

The Australian Taxation Office has recognised the need for better internal coordination in its treatment of small business in an effort to reduce the compliance burden on taxpayers. The Deputy Commissioner for Small Business, Mr Neil Mann, said tax reform had forced the change in approach. Mr Mann went on to say, ‘I guess we’ve long known the time cost to businesses of compliance record keeping, but we probably need to go to the next step. The next step includes working with software developers to embed tax record keeping operations in the commercially available software. It also involves acknowledging that very small businesses are often unable to keep the records the tax office has expected in the past. The area we’d like to explore—

this is Mr Mann speaking—

is understanding better how they run their business and aligning our requirements to that rather than expecting them to operate as a small to medium enterprise or a larger business.’
That is 12 months after the tax has been introduced. Twelve months after the tax has been introduced, here is the tax office—here is the Deputy Commissioner for Small Business—saying, ‘We’d like to understand better how they run their business.’ That demonstrates that they did not understand what the impact of the GST would be on small business. They never took it into account when they introduced the GST. The GST has had a major impact on the small business community. It has imposed on them a cost burden that is driving many of those businesses to the wall. We are consistently hearing from small business operators and independent operators how they are on the verge of bankruptcy and how they are on the verge of winding up their businesses. Under this government, through its new tax system and the requirements imposed on those small businesses by the Australian Taxation Office, they do not have the capacity to meet those administrative burdens that have been placed upon them, and any resources that they generate in terms of profits are going out the window to try to meet that compliance. (Time expired)

Question resolved in the affirmative.

Roads: Scoresby Freeway

Senator GREIG (Western Australia)
(4.02 p.m.)—I move:

That the Senate take note of the answer given by the Minister for Regional Services, Territories and Local Government (Senator Ian Macdonald) to a question without notice asked by Senator Allison today relating to the funding of public transport in Melbourne.

Senator Allison’s questions were principally about public transport, but the minister’s answers went nowhere near that. In fact, he said in his answers to her questions principally that, while some $25.3 million had been provided by the state government to the Scoresby Freeway program, the federal government had in fact announced some $220 million in addition to that, denying any suggestion that that was somehow related to the Aston by-election. In part of his answer, the minister said that the former member, a strong and passionate advocate, no doubt, of the Scoresby Freeway program, was on record as saying words to the effect that his constituents ought not to have put up with the state and condition of the roads as they were. That is fair enough, but it is not the core of the issue. The core of the issue should be: why is there such continued reliance on roads in the first place, given that there is no serious commitment or program on the part of the government to address alternative routes or sources of manoeuvrability, in particular light rail, heavy rail and bus facilities?

It is clear, particularly in relation to the eastern part of Melbourne, which is in question, that there are significant bus opportunities. I note, for example, that there are buses from Knox council into central Melbourne approximately every 45 minutes—or, rather, the bus trip itself takes 45 minutes—but the tram system, which largely facilitates metropolitan Melbourne, does not extend all the way to Knox itself, despite Knox being a central regional hub, although it does have a bus interchange section at the terminus. There is an opportunity for the tram to go all the way to Knox, and it ought to do so with the funding that was made available and which the government has spent entirely on the Roads to Recovery program.

The minister has argued again today that such moneys cannot and should not be used on public transport, but the fact is that, within the Australian Land Transport Development Act 1988, the provision is clearly stated. Section 7C(1), which relates to urban public transport projects, states:

(1) If the Minister is satisfied that a project by way of capital expenditure in a State is likely to result in the reduction of the traffic on, or the wear and tear affecting, any road (including a national arterial road or a State arterial road) in an urban area, or is likely to provide environmentally or socially innovative measures to facilitate public transport, the Minister may declare the project to be an urban public transport project for the purposes of this Act.

It is very clear that the opportunity—the mandate—is within the act, and the moneys ought to be made available for those alternative plans. I know, for example, that there has been a proposal for some 30 years now for a rail link from central Melbourne into Rowville from Huntingdale, and possibly further on to Waverley Park and Ferntree...
Gully. There is an opportunity to link both those two railway lines, but complicating that is the fact that, while the railway lines go principally east-west in that region, the roads go north-south, and that creates difficulties in terms of the lack of overpasses. That should also be addressed as part of the public transport infrastructure that is lacking in that area of metropolitan Melbourne.

As I have said previously in relation to the debate on funding for Roads to Recovery, the Rail, Tram and Bus Union issued a press release some months ago criticising the package, in part for widening the gap between the federal commitments to road and to rail modes and for costing many rail jobs, the vast majority of which have been in rural areas. The union further criticised the government for committing $250 million to rail over four years but spending only $80 million thus far. We Democrats agree that, until the old steam age rail alignments are straightened and the tracks are upgraded, rail will continue to lose business to road transport. But there are also significant opportunities that ought to have been taken up in terms of increasing better infrastructure for light rail rather than heavy rail, given that it is easier to do that once the road infrastructure is there. The government has allocated $1.2 billion on roads over the next five years, but that money would have been better addressed towards public transport infrastructure. (Time expired)

Question resolved in the affirmative.

PETITIONS
The Clerk—A petition has been lodged for presentation as follows:
Telstra: NDC Ltd

To the honourable the President and members of the Senate in Parliament assembled:
The petition of the undersigned draws attention to the house of the concerns that Telstra is intending to sell the construction and design arm of its business, called NDC Ltd, which will lead to further job losses and loss of investment in Telecommunications, partly in regional and rural Victoria.

Your petitioner therefore request that Telstra be directed by the Government to stop the sale of NDC Ltd, saving jobs and investment in Victoria.

by Senator Conroy (from 288 citizens)
Petition received.

NOTICES
Presentation
Senator Murphy to move, on the next day of sitting:
That the time for the presentation of the report of the Economics References Committee on the framework for the market supervision of Australia’s stock exchanges be extended to 9 August 2001.

Senator Chapman to move, on the next day of sitting:
That the Parliamentary Joint Committee on Corporations and Securities be authorised to hold a public meeting during the sitting of the Senate on 27 June 2001, from 4.10 pm to 6.30 pm, to take evidence for the committee’s inquiry into the provisions of the Financial Services Reform Bill 2001 and four related bills.

Senator Ridgeway to move, on the next day of sitting:
That the Senate—
(a) notes that:
(i) the fourth annual Human Rights Register was launched on 7 June 2001 by the Catholic Commission for Justice Development and Peace; former High Court Judge Sir Ronald Wilson; Reverend Tim Costello, President of the Baptist Union of Australia; and Chris Maxwell, QC of Liberty Victoria,
(ii) the register was compiled for the period May 2000 to May 2001, and contains over 265 entries, of which 75 per cent are negative, and
(iii) the most prominent issues on the register are:
(A) mandatory detention of asylum seekers and refugees (26 negative entries),
(B) the ongoing and high levels of inequality and disadvantage experienced by Aboriginal and Torres Strait Islander peoples as a result of mandatory sentencing legislation, disproportionately high rates of incarceration and deaths in custody (25 negative entries), and
(C) Australia’s partial withdrawal from the United Nation’s Human Rights Treaty Committee system;
(b) condemns the Government on its alarming responsibility for 40 per cent of...
all negative entries on the Human Rights Register; and

(c) calls on the Government to:

(i) make a strong commitment to improve its record in subsequent Human Rights Registers, and

(ii) respect and fully implement its international human rights treaty obligations, and to work in co-operation with the United Nations treaty committee system to this end.

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

That so much of standing order 36 be suspended as would prevent the Regulations and Ordinances Committee holding a private deliberative meeting on 27 June 2001, from 10.15 am to 11.15 am, with members of the Scrutiny of Legislation Committee of the Queensland Parliament in attendance.

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

That the time for the presentation of reports of the Legal and Constitutional References Committee be extended as follows:

(a) the management arrangements and adequacy of funding of the Australian Federal Police and the National Crime Authority—to 28 August 2001; and

(b) the Human Rights (Mandatory Sentencing for Property Offences) Bill 2000—to 25 September 2001.

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

That the following bill be introduced: A Bill for an Act to alter the Constitution to ensure that if the Senate fails to pass a proposed law appropriating revenue or moneys for the ordinary annual services of the Government in respect of a year, an amount of money is appropriated for those services in respect of that year equal to the amount appropriated for those services in respect of the preceding year. Constitution Alteration (Appropriations for the Ordinary Annual Services of the Government) 2001.

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

That the Senate—

(a) notes that:

(i) Australian Labor Party and Australian Democrats senators are holding up a Senate committee reporting date on the Innovation and Education Legislation Bill 2001, which contains vital start-up funding for dozens of new schools, until 28 June 2001, and

(ii) this action makes it unlikely that the bill will be passed during the winter sittings of Parliament, so some of these affected schools will not be able to be paid the first instalment of their establishment grant entitlement at the expected time;

(b) condemns this delay, which could also affect schools educating students with disabilities and indigenous community schools which may not receive their full assistance;

(c) criticises the Australian Labor Party’s targeting of independent schools and the establishment of new schools, including those which serve the neediest communities; and

(d) calls on all parties to support this bill so that schools can get on with the job of teaching Australia’s children.

Senator Brown to move, two sitting days after today:

That the Senate—

(a) notes that:

(i) provisions in the Northern Territory’s Public Order and Anti-Social Conduct Bill will impact primarily on indigenous people, and

(ii) the legislation:

(A) gives police the power to determine acceptable behaviour,

(B) allows confiscation of property in certain circumstances,

(C) removes private property rights in certain circumstances,

(D) allows certain areas of private habitation to be declared ‘notified’ areas, and signposted as such for 2 years, and

(E) gives police the right to move people from private and public places in certain circumstances; and

(b) calls on the Northern Territory Government to take a responsible approach and withdraw the bill.

LEAVE OF ABSENCE

Motion by Senator O’Brien—by leave—agreed to:
That leave of absence be granted to Senator Cook for the period 25 June to 28 June 2001, on account of parliamentary business overseas.

COMMITTEES

Legal and Constitutional Legislation Committee

Extension of Time

Motion (by Senator Coonan, at the request of Senator Payne)—by leave—agreed to:


Corporations and Securities Committee

Meeting

Motion (by Senator Coonan, at the request of Senator Chapman)—by leave—agreed to:

That the Parliamentary Joint Committee on Corporations and Securities be authorised to hold a public meeting during the sitting of the Senate today, from 5.20 pm till 6.10 pm, to take evidence for the committee’s inquiry into the provisions of the Financial Services Reform Bill 2001 and four related bills.

NOTICES

Postponement

Items of business were postponed as follows:

Business of the Senate notice of motion no. 2 standing in the name of Senator Brown for today, relating to the reference of a matter to the Environment, Communications, Information Technology and the Arts References Committee, postponed till 27 June 2001.

General business notice of motion no. 945 standing in the name of Senator Cook for today, relating to the establishment of a select committee on the impacts of the new tax system, postponed till 27 June 2001.

Business of the Senate notice of motion no. 3 standing in the name of Senator Bolkus for today, relating to the reference of matters to the Legal and Constitutional References Committee, postponed till 26 June 2001.

COMMITTEES

Rural and Regional Affairs and Transport Legislation Committee

Reference

Motion (by Senator O’Brien)—as amended, by leave—agreed to:

That the following matter be referred to the Rural and Regional Affairs and Transport Legislation Committee for inquiry and report by 30 August 2001:

(a) the role of Australian Search and Rescue (AusSAR) in the search for the fishing boat the Margaret J and its crew; and

(b) all communications between AusSAR and the Tasmanian police regarding the role of the Tasmanian police in the search for the missing boat and other related matters.

WHALING

Motion (by Senator Brown)—as amended, by leave—agreed to:

That the Senate—

(a) recalls the laudable role of the United Kingdom (UK) leading to a global agreement to ban commercial whaling 15 years ago;

(b) notes speculation that the UK is reviewing that policy to allow for some commercial whale killing; and

(c) calls on the Prime Minister of the UK, Tony Blair, and his government to hold firm to its policy of banning whaling, and to fully support Australia’s plan for a South Pacific whale sanctuary at the London meeting of the International Whaling Commission in July 2001.

PARLIAMENTARY ZONE

Proposal for Works

Senator TAMBLING (Northern Territory—Parliamentary Secretary to the Minister for Health and Aged Care) (4.13 p.m.)—In accordance with the provisions of the Parliament Act 1974, I present a proposal for works within the Parliamentary Zone, together with supporting documentation, relating to the construction of Reconciliation Place in the Parliamentary Zone. I seek leave to give a notice of motion in relation to the proposal.

Leave granted.
Senator TAMBLING—I give notice that, on the next day of sitting, I shall move:

That, in accordance with section 5 of the Parliament Act 1974, the Senate approves the proposal by the National Capital Authority for capital works within the Parliamentary Zone, being the construction of Reconciliation Place in the Parliamentary Zone.

COMMITTEES
Privileges Committee
Report
Senator ROBERT RAY (Victoria) (4.14 p.m.)—I present the 96th report of the Committee of Privileges, entitled Possible misleading evidence to and improper interference with witnesses before the Employment, Workplace Relations, Small Business and Education Legislation Committee.

Ordered that the report be printed.

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

Leave granted.

Senator ROBERT RAY—I move:

That the Senate endorse the finding contained at page 12 of the 96th report of the Committee of Privileges.

On 28 February 2001, the Senate referred the following matter to the Committee of Privileges, on the motion of Senator Collins:

In relation to the evidence provided to the Employment, Workplace Relations, Small Business and Education Legislation Committee in the course of its estimates hearings:

(a) whether false or misleading evidence was given in relation to the proposed provision of copies of Australian workplace agreements by the Employment Advocate; and

(b) whether there was improper interference with witnesses, namely the Employment Advocate and the Acting Employment Advocate, in respect of their evidence.

On 3 May 2000 Mr Jonathan Hamberger, Employment Advocate, gave evidence to the employment committee. In response to a request that certain individual Australian workplace agreements be made available to the committee, Mr Hamberger undertook to do so. On 9 May Mr Hamberger wrote to the employment committee advising that he was now of the view that it would not be appropriate for him to provide the committee with copies of the AWAs. Mr Hamberger’s change of view was followed up at a hearing on 30 May, which he was unable to attend. What appeared to be different reasons for refusal, based on new but undisclosed legal advice, were given by the Acting Employment Advocate. Further evidence on the matter was given at two subsequent hearings, on 14 August and 7 December 2000. As a result of evaluating the answers given throughout the series of hearings, and also written answers to certain questions taken on notice, Senator Collins raised the two questions which became the subject of the inquiry undertaken by the Committee of Privileges.

Having considered the complex material before it, and in particular detailed responses to its invitation to make submissions, the Committee of Privileges has been able to conclude that no false or misleading evidence was given before the employment committee and that there is no evidence to suggest that improper interference with witnesses in respect of their evidence has occurred. The Committee of Privileges has therefore made a finding that there is no evidence to support any conclusion that a contempt of the Senate has occurred in respect of the matter referred to it. I commend the report to the Senate and seek leave to continue my remarks.

Leave granted; debate adjourned.

Economics References Committee
Report
Senator MURPHY (Tasmania) (4.18 p.m.)—I present an interim report of the Economics References Committee on mass marketed tax effective schemes and investor protection.

Ordered that the report be printed.

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

Leave granted.

Senator MURPHY—I move:

That the Senate take note of the report.

I would like to make a few remarks about the report. This report would be considered by several tens of thousands of investors and taxpayers in this country to be very important. When this inquiry started, we knew that
a significant number of people were affected by decisions of the Australian Taxation Office in respect of investments that they had made in mass marketed investment schemes. In doing that, it meant that we had to look at how these things came about—the growth of mass marketed investment schemes and what caused their explosion, particularly at various periods throughout the late 1980s and towards the mid- and later 1990s. The committee looked at this in great detail. I refer the Senate to the introduction of the report. The issues that we really took into account were the time delay between the growth of the mass marketed scheme market and the ATO’s decision to disallow deductions associated with mass marketed arrangements, the circumstances in which participants made their investments and the tax claim decisions and the ATO’s handling of individual circumstances of scheme participants since making the decision to disallow deductions.

There are some very important issues that have to be dealt with here. Mass marketing investment schemes have been around for a long period of time, and the Taxation Office has a very significant task in dealing with people who seek to take the tax law up to the line. In many instances, some of them seek to take it over the line and to defraud the Australian taxation system and indeed the general public of this country. I have to say I was disappointed in the criticism that was made in the minority report by government senators—this, of course, is a majority committee report of the Australian Labor Party members of the committee and the Democrats—that we spent a significant amount of time looking at how this came about. I have to say that that was a fundamental point—to actually understand the problem, we had to determine how it was created. In doing that, we looked at some of the issues. The growth of these schemes provides some enlightening information in respect of how these things ebbed and flowed during the period from 1987 through to 1998, which was when the tax office took its conclusive position. In 1987, deductions claimed for that year in the mass marketed scheme area was something like $13 million. In 1988, it was $113 million, in 1993 it was $54 million and in 1994 it was $176 million. If we move through to 1995, it was $288 million, and in 1996 it was $666 million, growing to $1,095 million in 1997.

As I have said, over a period of time the Taxation Office has had to deal with these particular types of investment schemes. During the period 1987 to 1994, the Australian Taxation Office investigated and audited some 14 schemes. Of those 14, nine had their deductions disallowed—and they were disallowed on the basis of financing arrangements. The decision at that time was no different—certainly on the basis of information provided to the committee—from the decision that has been taken currently in respect of the whole range of schemes going back to 1992. I want to make this very clear from the outset, both from a personal point of view and from the committee’s point of view, as is written in the majority report: the committee is not in any position to, nor does it, endorse any of the schemes that have been put into the marketplace. We are of the view that most of the schemes are very questionable and that a number of them were specifically designed to defraud the tax system. It is against that background that we have proceeded to ascertain whether or not the investors who have invested in these have been caught up unwittingly or have been involved in a deliberate attempt to gain a tax benefit, in breach of the tax laws of this country.

As I have said, the situation in 1987 to 1994—and, indeed, the fact that the Taxation Office issued only a small number of private binding rulings—does raise very serious questions. The tax office now, for its part, has taken a very clear position: in June 1998 it issued taxation ruling TR2000/8. But serious questions remain over the course of action taken by the Australian Taxation Office. The fact of the matter is that, in a self-assessment tax system, the general public relies very heavily on clarity of the law. Indeed, I will quote briefly what the tax commissioner said about ensuring that taxpayers can fulfil their obligations under the tax law. He said:

We cannot expect taxpayers to pay their taxes in a self-assessment system if we do not provide them with the information to understand their obligations. We can maximise the opportunity for vol-
untary compliance by narrowing uncertainty. For taxpayers seeking advice from the tax office is often about certainty, confidence or comfort—removing the fear of getting it wrong.

That is very important because, if we go back in history a little way, following a series of investigations and audits by the Australian Taxation Office, the then commissioner made a statement—and I have to emphasise that this statement was made against a backdrop where the tax office decided that, with some of the audits, deductions would be disallowable for financial arrangements; that is, in terms of limited and non-recourse round robin financing. The commissioner at that time said:

I would strongly recommend that in order to be assured of their tax position investors obtain detailed and comprehensive advice on the full tax implications from promoters or their own advisers prior to committing funds.

The defence of taxpayers in this position has been exactly that: they sought professional advice—advice that they felt they should have been able to rely upon. I guess, for all taxpayers in a self-assessment tax system, that is something that ought to be able to be relied upon.

One of the things that this investigation or inquiry has certainly identified at this point in time is that there are significant weaknesses in the regulatory system as it exists today. Most of these investment offerings have been through some form of regulatory process—either through the old Australian Securities Commission or, under the current government, the Australian Securities and Investments Commission. A prospectus offering to go out to the public was registered; it is now just lodged with the Australian Securities and Investments Commission, and little or nothing is really taken into account. But it is relied upon by the taxpayers of the country who make these investments. They proceed on the basis that, because it has been through some form of regulatory process, it has some authority—it is somehow legitimate. That is a problem that we must ultimately address—and likewise in terms of the actions that the tax office must take.

It has been identified, through the investigations of this committee, that there are clear problems with the processes as they currently exist. A whole range of people are seeking to exploit the tax system, and yet we seem to have significant weaknesses within the regulatory regimes as they exist. This is something that we will continue to address as a committee. Unfortunately, because of the time limits we have been given, I will run out of time before I conclude my remarks about this particular report, and so I seek leave to continue my remarks.

The ACTING DEPUTY PRESIDENT (Senator Watson)—No; there are other speakers.

Senator MURRAY (Western Australia) (4.28 p.m.)—The Senate often has really difficult issues to address, but this has undoubtedly been one of the most difficult. It is one of the most difficult because the circumstances of individual taxpayers are not and cannot be apparent to the committee. They are private matters between taxpayers and the tax office. And yet much of the evidence taken by the committee has had to be attentive to what we are being told by taxpayers, without having access to the full information. Fortunately, the senators on the committee are mostly experienced in tax matters; they are certainly all experienced in committee matters. But their being experienced in tax matters and in the ways of the tax office has been of assistance, and I would like to compliment the chair, the deputy chair and the secretary on the manner in which they have conducted themselves through a very difficult process—and a very hot political process.

This is a huge tax issue. Nearly 300 schemes are involved—maybe more. Nearly $5 billion of tax deductions are under review. Nearly 65,000 taxpayers are directly affected. The knock-on effects for businesses and families are high and, in an unnecessarily large number of cases, can be catastrophic. It is an extremely complex issue that cannot be resolved by the Taxation Office alone, the courts alone or the Commonwealth Ombudsman alone. This is an issue the government of the day must address, if necessary with legislation, but it certainly needs to at least provide a coordinating role.
I personally have been concerned with these matters for four years. As far back as October 1998, I wrote to the Commissioner of Taxation urging fairness for Bud Plan participants who had claimed deductions in good faith and who later faced large tax penalties and liabilities. In my letter to Mr Carmody, I argued for just and fair treatment. As it happened, the Ombudsman later agreed with me on some tax schemes and felt that the ATO should initiate much lower interest rates and penalty rates, and the ATO so agreed. I was a member of the first Senate committee that looked at this matter, and it reported in March 2000. I was not a member of the present committee inquiry until a few days ago, but I have kept a close eye on it and attended every meeting I could.

What is my position? It is simply this: a taxpayer who took all responsible steps to act within the law; who took advice on which they felt entitled to rely and were entitled to rely; who did normal due diligence; who took professional advice from accountants or lawyers; who relied on tax rulings, even if draft; who relied on professional tax and financial planners; and who had a previously good tax record is entitled to be accepted as someone who acted in good faith, particularly if there was risk involved. The key determinant of whether any investment is valid is whether there is risk on behalf of the investor, risk on behalf of those who run the schemes and risk on behalf of those who promote the schemes. A person entitled to be accepted as acting in good faith should never be hit with draconian interest and penalty provisions. I agree that, if the tax deduction is regarded as invalid at law, it should be so addressed. But a taxpayer who has acted in good faith should not have to pay interest rates in the double figures, as they do. Such a person is entitled to have interest and penalties set aside or at least cut drastically. Such a person should be dealt with fairly. Such a person should not be punished retrospectively. Such a person is not a tax cheat.

Who are the tax cheats? Undoubtedly, among the 65,000 affected taxpayers there will be people who did not act in good faith, who have a history of bad tax records, who did not do due diligence and who set out to roort the system. They must be identified, set apart and dealt with according to the law, and only the tax office can do the job of identifying those people. There will be scheme promoters who acted honestly and in good faith, and there will be those who did not. The report clearly outlines that scheme promoters and advisers who did not act in good faith need to have the full force of the law used against them. The tax office have a difficult job. They have good people too. They need their independence safeguarded from political interference, but they also have to temper independence, authority, enforcement and duty with humanity and good process when dealing with individual taxpayers. That is the purpose of having a case system. That is the purpose of being able to appraise individual circumstances.

In my view, the Taxation Office have been at fault in the matter of tax investment schemes. They first knew of these schemes 15 years ago. They were too slow to act; too slow to provide certainty; too quick to throw everyone into the same boat; too slow to realise how unfair they were being to so many; too slow to realise that unnecessary and fatal stress was resulting from their actions with regard to some taxpayers; too slow to accept that many had acted in good faith; too slow to assess each individual circumstance and behaviour; too slow to introduce individual face-to-face case management; too slow to get out into the regions such as Kalgoorlie; too slow to improve their guidelines, processes and ruling systems; and too slow to recommend remedies. Being too slow multiplies unfairness. Being too slow multiplies injustice. Being too slow multiplies stress. For those reasons, fairness must prevail and relief needs to be granted where it is justified. I think the tax office are catching up rapidly. I think they are catching up with regard to their systems and how to deal with this issue. Nevertheless, the committee is left with the main job before it—that is, how to determine recommendations that can work which protect the revenue base whilst ensuring fairness and asking for penalties and interest to be withdrawn in circumstances in which it is appropriate to do so.
In my view, the greatest attention has to be paid to the penalties and interest area. Whether an investment scheme is tax deductible or not can be determined at law if it has to be, but if people entered into those circumstances as a result of being conned by a scheme promoter or adviser, some of whom I understand come from very big national companies, then I do not think they should be the victims in these things. By all means, if they have to lose their tax deductions, they should. But the penalties and the interest are just crippling to many of these people. One of the key things that must be realised is that there needs to be a rapid resolution of these matters. The continuation of these issues from tax year to tax year places unnecessary stress on many people, particularly those who are at retirement age or who have heavy family commitments.

In conclusion, I want to thank my fellow senators on this committee. I think the report of the majority, in which I am included with Labor, and the report of the principal minority, the coalition members, are very helpful indeed. I hope that we can rapidly resolve this matter in the next few months and get government action to coordinate a resolution and a solution in the interests of fairness.

Senator GIBSON (Tasmania) (4.37 p.m.)—I rise to speak on the minority report on behalf of the Liberal senators, and I will be followed by Senator Chapman. We agree with a large part of the majority report, and I thank Senator Murray for his comments to all members of the committee. As is normal procedure with this committee, the Labor Party chair basically dictated that the report had to be slanted the Labor Party’s way. Even though we worked hard to reach agreement, we basically gave up in the end and drafted our own report.

In the few minutes I have, I want to make a few key points. First of all, I do agree with Senator Murray: this has been a most difficult issue. It involves people’s private affairs with the tax office and it is difficult to resolve. One of the first things we really need to concentrate on is that many of these mass marketed tax schemes did not pass the smell or commonsense test. Commonly what happened was that someone invested $10,000, then borrowed another $20,000 or $30,000 via the promoter, in a round robin handed most of that money back to the promoter, claimed a deduction from the tax office and ended up getting from the tax office more money than they had put into the scheme. How can that possibly work? It cannot possibly work. Over and above that, the tax structure, we all agreed that the basic investments behind many of the schemes would not work.

The Liberal senators have made several proposals. Firstly, we believe that this matter should be settled as soon as possible, because we can see the court battles going on for quite some time into the future. Our most important recommendation is that the tax office offer settlements to close off this issue for investors who were basically just ‘mum and dad’, unwitting investors. We want that fixed as soon as possible. We believe those mum and dad investors were basically misled by the promoters and advisers.

We have proposed settlement terms, including remission of penalties and a reduced interest rate because they did have the use of the tax money during the period of time. We have also urged the commission to consider suspending interest charges on the taxes in dispute if the test cases being brought before the courts right now cannot be finalised within a reasonable period of time. We have encouraged the commission to apply the reduced interest rates concession—that is the 5.86 per cent, down from the normal 13.86 per cent—to as wide a group of investors as is possible. We have also urged the commission to consider further concessions in cases of genuine hardship.

We would expect that the vast majority of investors would benefit from the concessions we have suggested. Remember, there are really three groups of investors. There are those—and I called them mum and dad investors—who were unwitting and unsophisticated investors in these schemes. There are also those people who did not invest in the schemes—maybe a lot of them did consider investing in the schemes but took the right decision and said, ‘They did not pass the smell or commonsense test.’ They should be considered in this matter. Then there are the
blatant and serious tax offenders, who have been doing this serially for quite some time. We do not want those to get off the hook, and that is where we differ from the Labor senators.

The Labor senators, in our view, produced an unbalanced report by not analysing and recognising the role of those promoters. If it were not for the promoters of those schemes, the schemes would not exist. If it were not for the aggressive marketing practices, particularly in some of the geographic areas—Kalgoorlie and the other mining areas, where they were very heavily marketed—then so many investors would not have become involved. Unlike the Labor senators, we are not prepared to recommend any concession to blatant and serial tax avoiders. We think any concessions offered should specifically exclude such tax avoiders and be available to unwitting investors only.

Finally, some investors have contributed to fighting funds to support court cases against the ATO concerning the eligibility of deductions claimed. We question whether fighting funds could be established to support actions against the promoters of these schemes, and we would be happy to investigate this matter, as we recommended to the committee, in the next working of the committee.

Senator CHAPMAN (South Australia) (4.42 p.m.)—There can be no doubt that the current experience with so-called mass marketed tax effective investment schemes is unprecedented, particularly because of the large number of investors and taxpayers who have become involved in these schemes in recent years. There is no doubt also that one of the main reasons those, as Senator Gibson described them, mum and dad investors became involved was the aggressive marketing of these schemes by promoters and advisers. There is no doubt that those mum and dad investors to whom Senator Gibson referred believed that they were undertaking a genuine investment in a worthwhile project and had a realistic expectation of receiving returns on that investment. Therefore, although they were probably not unaware of the tax benefits of the investment, the major reason they invested in those schemes was the potential future returns that may have been obtained if those investments had turned out to be successful. It was in that context that the promoters and advisers exploited the limited financial knowledge and experience of these investors over a period of years.

It is not only the Liberal senators on this committee but also the tax office itself who have agreed that unwitting investors should not be treated as typical tax avoiders or typical tax scheme participants. That is the important point that needs to be made in regard to our minority report in contrast to the interim report of the majority, which does not distinguish between these unwitting investors and those serial tax avoiders who have are also undoubtedly invested in these schemes.

The other important point that the majority report fails to recognise is the concessions that the tax office itself has already made in relation to these unwitting investors. That is something that needs to be explored before the final report is issued, to the extent to which the concessions made by the tax office will satisfactorily resolve the issue. The tax office introduced settlement guidelines which offered participants reduced penalties in relation to these schemes, reducing those penalties from 50 per cent to 10 per cent or five per cent. It also introduced a product ruling system which, from that time forth, would give investors certainty as to which investments, particularly with regard to mass marketed agricultural investments, would qualify for tax deductions and which would not. That was certainly a major step forward by the tax office in dealing with this issue.

Then on 5 April this year the tax office announced further concessions which included organising regional visits by tax office officers to provide face-to-face contact and allocating a case manager to each taxpayer who had a scheme related tax debt. The tax office went further on 26 April when it announced that it would provide funding for test cases before the courts with regard to several of these schemes to determine whether or not the tax deductions claimed by the investors were legitimate; allied to that test case funding, it also introduced a halt on recovery action on outstanding scheme debts.
where the taxpayer had lodged an objection; and it announced a reduction in the interest charge for taxpayers who had generally good tax records, reducing that interest rate from 13.86 per cent to 5.86 per cent. So they were major concessions made by the tax office, which have not been recognised in the majority report. In our minority report, we expressed the point very strongly that those concessions ought to have been recognised.

The other point, which Senator Gibson has already made, is that action needs to be taken against the promoters, as well as the serial tax avoiders, who have strongly promoted these schemes and who have invested in these schemes on a continuing basis where their primary motive undoubtedly was tax avoidance. And, again, that is a fact that is ignored in the majority report. We believe these are issues that need to be considered by the committee in its further investigation of this issue before the final report is prepared and tabled in this parliament. They will be the issues that, as Liberal senators on this committee, we will be seeking to have addressed to ensure that there is fairness for taxpayers across the board, not only fairness for those unwitting taxpayers who, as I said, were involved in these schemes as a direct result of the activities of the promoters but also fairness for taxpayers at large so that the serial tax avoiders are not exploiting the tax system to their disadvantage. I seek leave to continue my remarks later.

Leave granted; debate adjourned.

Foreign Affairs, Defence and Trade Committee: Joint Report

Senator FERGUSON (South Australia) (4.48 p.m.)—I present the report of the Joint Standing Committee on Foreign Affairs, Defence and Trade entitled Australia's role in United Nations Reform, together with the Hansard record of the committee's proceedings and submissions received by the committee.

Ordered that the report be printed.

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

Leave granted.
negative effects of globalisation, which is driven by economic interests and the nature and capacity of modern telecommunications and transport.

The committee found that more and more is being demanded of the United Nations as international problems increase, but resources do not match demands. Most of the United Nations’ failures are the result of insufficient resources put into preventive measures and too little time and money, as well as too few people, to conduct peace operations when conflict arises. This problem is greatly exacerbated by the failure of some member states to pay their dues on time. The question of funding of the United Nations is a critical one. I should remind the Senate that Australia has always paid its dues in full and on time.

Peace operations have become more frequent, more complex and more urgent. Much has been learned through the nineties, but they remain underfunded, lacking in planning time and logistical support. Countries need to be reminded that the UN can only do what the member states are prepared to support and that the United Nations can only act as quickly as the support is made available. Many decisions about whether to assist or not to assist are political, depending on the political willingness of the member states to become involved. In the last decade, the reform of the United Nations has been considerable, especially within its secretariat. Reforming key decision making structures, particularly the Security Council, has proved to be much harder, while other reforms have become necessary as the UN has grown in membership. Australia has always been supportive of the United Nations, and it is clearly in Australia’s interest to be so. Middle powers enhance their influence on world affairs through the United Nations; they do not diminish it. As the report notes:

From the beginning, the model set by Evatt of ‘the power exercised by the force of ideas, argument and intellectual effort’ has continued and has paid dividends for Australia.

How Australia deals with the treaty body system has, however, been a matter of dispute. This has centred particularly on the decision of the government not to ratify the optional protocol to the Convention on the Elimination of all Forms of Discrimination Against Women. The committee was divided on whether this was the best way to approach treaty body reform. This has led to the dissenting report being signed by a large majority of coalition members of the committee, even though many of the signatories have come to this view without taking part in the inquiry process. As chairman, as signatory to the dissenting view and as a full participant in the inquiry process, I believe that it is reasonable to seek some reforms before this protocol is ratified.

In addition to all the structural and procedural aspects of UN reform that are canvassed in this report, one area is of particular importance to the long-term acceptance of the UN’s role—that is, its accountability. No level of government works well or retains its legitimacy for long without accountability. Given that the organisation is an association of member states, accountability must be through the Australian government and to the parliament. The committee believes that, as the United Nations becomes more important in the amelioration of some of the negative effects of globalisation, it is important that the work of the UN and Australia’s role in the organisation should be understood by Australians. This will ensure that there is a sound and accurate knowledge among Australians of the work of the United Nations and Australia’s role in it become the subject of an annual public hearing conducted by this committee. This will allow scrutiny, public discussion and a report to, and debate in, the parliament on a regular basis.

My Deputy Chairman, Mr Hollis, tabled this report in the House earlier today. I need to respond to a couple of comments made by him. He said that it was always up to the government of the day to accept or reject the government’s recommendations and that he believed that pressure was put on government members not to agree with recommendation 19 in relation to CEDAW. I remind
people of the process of the subcommittee, which presents its report to the full committee, the main committee, which may then amend the report and finally approve it. Any dissent from that final approved version by the main committee may then be submitted before a certain time on the following day or following days. In this case, that is exactly what happened. It was put in by members who felt strongly on a particular issue.

I urge senators and members to read the report fully. Too often we have pre-emptory reports from people who have perhaps read just the recommendations or the newspaper reports. It is a very positive report, and I urge people to read it carefully. There are only two recommendations out of 23 where there is any dissent, which leaves 21 unanimous recommendations, which are positive, forward looking recommendations. I urge members not to let these positive recommendations be lost in the political arguments that range around the signing of the CEDAW proposals and the ICC dissent. There were only four members, out of a total 32 committee members, who dissented in any way from that recommendation with respect to Australia signing the Statute of Rome in relation to the International Criminal Court.

I wish to pay special tribute to the committee’s secretariat staff. Ms Margaret Swieringa, the committee secretary; research officer, Mr Jon Bonnar; and administrative officer, Mrs Lesley Cowan—to name but three of those who have worked in that office—have worked under very trying and pressing conditions over the last couple of months in order to bring these reports to fruition before the parliament rises for the winter recess.

Mr Hollis also suggested that it was a pity that this report would not have the positive impact that it could have had because of dissenting reports. There are so many positive aspects of this report, and we should not lose sight of them when considering the report in total. I commend the report to the Senate.

Senator SCHACHT (South Australia) (4.58 p.m.)—I rise to speak to the motion moved by Senator Ferguson, the chairman of the Joint Foreign Affairs, Defence and Trade Committee, in tabling the committee’s report entitled Australia’s role in United Nations reform. As a member of the committee, I first of all admit that I did not play as active a role as I would have liked to in the preparation of the report at the subcommittee level and then at the full committee level. My duties as a shadow minister, amongst other commitments, meant that I was not able to play the role that I should have or could have. I have always been a strong supporter of the United Nations, despite its many faults. It is a bit like Winston Churchill’s quote on democracy: ‘It is the worst form of government, but it is better than any other that has been invented.’ The United Nations is the worst form of international organisation, but it is better than any other that has been invented, and without it the world would have been in a sorrier state at the security level, the peace level and the development level over the last 50 years.

I want to associate my remarks today with Senator Ferguson in congratulating the staff of the committee for the work they have done. In view of a controversial report on privileges in the lower house, I want to express my support of the secretary, Margaret Swieringa. As the secretary of the committee overall, she has done a fantastic job, with the support of all the other staff. My colleague in the lower house Mr Hollis, the deputy chair of the committee, made a statement earlier today with which I concur. It said:

Those who actively worked on the report put many hours into this work. I must also say that the Labor members of the committee feel extremely frustrated with the final outcome of this report. We worked very much to get a consensus report and as such were not as critical of Australia’s role, especially in treaty making processes, most notably with regard to human rights, as we would have been had we known earlier that many members of the government would have put in a partisan dissenting report.

I want to acknowledge that Senator Ferguson did not gloss over the fact that that occurred in the dissenting reports on two of the recommendations that are in this report.

It is unfortunate that there are dissenting reports. As a former chairman of the committee—and I know Senator Ferguson agrees with this—I think it is always to the advantage of the committee and the parliament to
have agreement on these recommendations, which always means some give and take for us all. With our disparity of views, we have to compromise on a number of recommendations to have a unanimous report. But, once a report is tabled that is bipartisan, tripartisan and unanimous, we know it has much greater weight when governments consider it and, even more importantly, when the community consider the report. They can see that, despite our partisan differences, we have reached agreement on what are often very controversial matters.

All but two recommendations are unanimous. That is a very good outcome. There is dissent in two areas: the optional protocol on the discrimination of women. It is disappointing that there has been a dissenting report signed by quite a few members; however, it is not an outright rejection. They are arguing that there should be further improvements in processes. I hope we can achieve that. I am very disappointed that a number of senators have expressed dissent about the International Criminal Court. I am a member of the Joint Committee on Treaties and I have heard some of the people coming forward to explain why we should not sign up to the ICC, and I have never heard such a broad range of prejudice as I heard in most of that evidence. My colleague Senator Ludwig would agree.

My colleague from the committee Senator Harradine has put in this report a lengthy comment on matters that are close to his heart, particularly family planning. He did not actually dissent from a particular recommendation. He made a comment that disagrees with the trend of some of the report. All I can say is that we know Senator Harradine’s view. My view on family planning is diametrically opposed to his. I believe we should be doing more for family planning, and that does not mean I support in any way coercive family planning arrangements anywhere in the world. But it is an absolute necessity that this country does more to promote family planning as a women’s health issue more than any other. I will continue to strongly argue that.

The report is a very reasonable report. I am very disappointed we could not be unanimous. Like Mr Hollis, I would have put some strongly dissenting comments in a couple of spots if I had known that there were to be these other dissenting reports. I agree with the final comment of Senator Ferguson and the recommendation that the joint committee should hold hearings on an annual basis and should have an overview of progress being made in the reform of the administration of the UN. I do not think any of us would disagree with that.

Senator BOURNE (New South Wales) (5.04 p.m.)—As a whole, this is a very good report. We should not lose sight of the fact that all of us who worked on it agree with the vast majority of it. We did start working on it in November 1999, which is quite a while ago. I would like to mention here Peter Nungent, whose good work on the committee should not go unrecognised. The chairman has made a note of it in the report. Peter Nungent did come to New York with us and he went to East Timor, and he attended most of the meetings that I was at as well. He did a lot of good work. I would like to mention also the committee secretariat—Margaret Swieringa, Jon Bonnar and Lesley Cowan, in particular—who have worked so hard under frequently very difficult conditions.

I would like to highlight a couple of points about the report. We are all in agreement on finance. If you go to see the UN headquarters in New York, you could not disagree with the suggestion that they are desperately in need of more money. As the chair said, this is not Australia’s fault. This is substantially the fault of the United States. We are all absolutely in agreement that they desperately need the money that they should get from the US. Australia’s place in the UN is still pretty good. In particular, Penny Wensley has been an excellent Australian ambassador to the UN in New York. She has been very good, she has been assiduous and she has made sure that we have maintained a very strong position within the UN. This is probably despite the kerfuffle that was made with that first press conference, I recall, on the Australian government’s attitude—in particular, the attitude of three ministers in the Australian government—to treaty reform. The timing of that was very sad, because that
substantially led to the fact that we have huge dissenting reports.

I would like to make one further recommendation. If you are on the Joint Committee on Foreign Affairs, Defence and Trade and you disagree with some recommendations of a subcommittee report, you do not want your name put on that, and it will be. What I have considered doing in the past—I think I have done it once—is just to put in a qualifying comment saying, 'I'm not on this subcommittee, I wasn't able to go to any of the hearings, I didn't read the information, I wasn't able to question the witnesses, and therefore I can't associate myself with this report.' I think that is a much better way of doing it.

As it is, we have a few people who do know what they are talking about who put in dissenting reports, and we have a large number who do not and who cannot know what they are talking about because they did not go to the meetings, they did not read all the submissions, they did not go to New York, they did not go to East Timor and they do not understand it. There are a few who do understand what they are talking about, and I respect their right to put in dissenting reports. If you do not know and if you were not there, you should just consider dissociating yourself from the report rather than putting in a dissenting report.

Senator HARRADINE (Tasmania) (5.08 p.m.)—I wish to speak on the tabling of the report Australia's role in United Nations reform. Dissenting reports, by nature, are necessarily negative because of their need to point out perceived problems in the main report. This requirement should not be taken as a reflection on the positive aspects of the main report. The main report acknowledges the need for further reform of the United Nations and in particular its treaty body system structures, accountability and cost effectiveness, yet it urges increased funding and merely records without critical analysis the statements made by the UN bodies to the committee members who visited New York. To assist in Australia’s role in UN reform, a far more rigorous analysis of its performance is required than is reflected in the Joint Committee on Foreign Affairs, Defence and Trade report Australia’s role in United Nations reform.

I was disappointed that the report failed to properly address the failure of some UN operations. The few relatively minor criticisms of the UN made in the report do not get to the heart of the reforms needed. For example, the report failed to mention the violence against women and children by peacekeeping personnel. There are some reports about this. A recent report by the special rapporteur, for example, last year on violence against women has expressed concern about the growing number of reports of rape and other sexual abuse committed by UN peacekeeping forces and staff and UN refugee camp and border guards. Another report exposed a rapid rise in child prostitution associated with the arrival of peacekeeping troops. The author said:

These and other acts of violence committed by peacekeeping personnel against women and children are rarely reported or investigated.

That was from a UN report of last year. These matters need to be rigorously pursued not only for the protection of the women concerned and to bring to justice the perpetrators but also for the good name of United Nations forces in general.

The report also fails to mention the recent corruption scandals involving United Nations High Commissioner for Refugees officials against vulnerable refugees, for example in Kenya. It fails in reporting on the area of aid and development. For example, there was a meeting on 23 May 2001 in New York, and a UN report was made on the panel discussion on the coordination of United Nations work in Africa. That report made the extraordinary statement that the coordination of UN work in Africa had produced non-development in Africa. It dealt with the question of structural adjustments. I would like to remind the Senate that in 1970 there were some 25 least developed countries, or LDCs. Now that has almost doubled: there are 49 LDCs at the present moment, and 70 per cent of them are in Africa. The report of the meeting that I have referred to said that the coordination of UN work had produced non-development in Africa. That is a terrible indictment of UN agencies. You do not just
throw money at them, you find out what is wrong and what should be done about it.

There is clearly a need to reform CEDAW and ensure that it works within its mandate. The report was remiss in failing to acknowledge the government’s reasons for refusing to support the ratification of the CEDAW optional protocol. I would have thought that at least the government’s view might have been put in the report as to why the ratification of the optional protocol for CEDAW is not appropriate for Australia at this point in time. It is an unfortunate fact that the CEDAW committee is actually reinterpreting the CEDAW convention without the consent of member states, who signed the convention in good faith. For example, the committee strongly criticised Belarus for reintroducing Mother’s Day, saying it promoted sex role stereotyping. It also pursued the United Kingdom, saying its laws were defective on abortion in that in Northern Ireland the laws are more restrictive.

The report was also lacking in its failure to mention the complicity of the United Nations Population Fund, UNFPA, in the dreadful coercive population programs—particularly those in the PRC. Even in the area that they are working in, there is coercion. There are fines imposed, and that is ignored. Senator Schacht comes in here and talks about family planning. Let us talk about what is happening to the women who are coerced into that situation and fined if they do not toe the line of the PRC government. Because of these inadequacies I was unable to concur with the report as a whole, despite supporting a number of its recommendations. I seek leave to continue my remarks later.

Leave granted; debate adjourned.

DELEGATION REPORTS

Parliamentary Delegation to the Ninth Annual Meeting of the Asia Pacific Parliamentary Forum at Valparaiso and a Bilateral Visit to Chile

Senator CALVERT (Tasmania) (5.15 p.m.)—by leave—I present a report of the parliamentary delegation to the ninth annual meeting of the Asia Pacific Parliamentary Forum at Valparaiso from 15 to 18 January 2001, and a bilateral visit to Chile from 11 to 14 January 2001.

PERSONAL EXPLANATIONS

Senator MURPHY (Tasmania) (5.16 p.m.)—Pursuant to standing order 190, I seek leave to make a personal explanation in that I claim to have been misrepresented.

Leave granted.

Senator MURPHY—Thank you, Mr Acting Deputy President. I would have taken the opportunity to do this at the tabling of committee reports but unfortunately I did not get to my feet at the right time. Now I am required to do it as a personal explanation. I want to express a great disappointment in the comments made by Senator Gibson and Senator Chapman in that, frankly, they have grossly misrepresented my position and that of the majority committee in its report. Both senators inferred that the Labor senators were in support of serial tax offenders. Any fair reading of the committee’s report will clearly set that record straight.

Just on that note, I want to draw to the attention of government senators and, indeed, the government, the report of my committee in March 2000 and the recommendations that were made in that report with regard to the prosecution of serial tax offenders, promoters and scheme designers. It is a report that the government is yet to respond to, so I hope...
Senator Gibson and Senator Chapman will take note of that.

Senator Ferguson—Mr Acting Deputy President, I rise on a point of order. Senator Murphy has every right to say where he claims to have been misrepresented, but he is now debating the issue. I think that he should go back to where he claims to have been misrepresented and explain it clearly.

The ACTING DEPUTY PRESIDENT (Senator McKiernan)—I think that there is merit in what Senator Ferguson says. Could you please stick to the point where you claim to have been misrepresented.

Senator Murphy—Thank you, Mr Acting Deputy President. I was just using that as an example on the basis that I was misrepresented when both senators claimed that I had a position with respect to serial tax offenders and promoters and scheme designers which I do not have. I am on the public record on any number of occasions as not having those views. Furthermore, in respect of the investigation into the concessions, they inferred that the majority committee members were not prepared to investigate the concessions made by the ATO. Again, any fair reading of the report and any statement that I have ever made in that respect is very clear on that. Let me say that the Liberal senators never asked a question in the committee about these matters. It is very clear in the report exactly what has been said.

Senator Ferguson—Mr Acting Deputy President, I rise on a point of order. He is debating the issue. He has every right to make a personal explanation when he claims to have been misrepresented, but he cannot debate the issue in the chamber again.

The ACTING DEPUTY PRESIDENT—I think we are verging on the point of debate, Senator Murphy. I wonder whether you could stick to where you have been personally misrepresented.

Senator Murphy—With the greatest respect, Mr Acting Deputy President, when I seek to clarify where I have been personally misrepresented, I have to say that the truth is what this place ought to be about—that is the truth of the issue. The report that has been brought down by the majority members of the committee is abundantly clear, and it is not acceptable from my point of view—

The ACTING DEPUTY PRESIDENT—Order! Senator Murphy, you are now debating the issue. You have got to stick to the personal explanation of where you feel that you have been impinged upon—not the committee, not the majority of committee, not the report, but you personally. Debate is not allowed.

Senator Murphy—Thank you for your guidance, Mr Acting Deputy President. My position with respect to serial tax offenders and the like is clear. And I will use the words of the report because that is my position. The report says:

The committee is not proposing a blanket amnesty but rather one that takes into account the many taxpayers who believe that they were acting on sound advice and within the law. An amnesty would obviously not extend to those participants who have knowingly invested in blatantly abusive schemes or have a history of persistent tax avoidance.

Senator Calvert—Mr Acting Deputy President, I rise on a point of order. Might I suggest that Senator Murphy makes a speech on the adjournment when he can debate the issue, rather than talking against standing orders at the present time.

The ACTING DEPUTY PRESIDENT—There is merit in the point of order that has been raised. Senator Murphy, you are—

Senator Murphy—No, just on the point of order—

The ACTING DEPUTY PRESIDENT—Order! Nobody has the right to stand in his place and seek to intrude when the chair is speaking and ruling on a point of order.

Senator Murphy—Mr Acting Deputy President—

The ACTING DEPUTY PRESIDENT—What are you doing now?

Senator Murphy—I was seeking to speak on the point of order.

The ACTING DEPUTY PRESIDENT—With all due respect, no senator has the right to interrupt the chair when the chair
is speaking. You can seek the call on a point of order, but I think that the Hansard will show that you did not seek the call. You started arguing with what the chair was saying, and that is not allowed. Are you seeking to speak to the point of order that Senator Calvert has raised?

Senator MURPHY—Yes. Thank you, Mr Acting Deputy President. Let me say that I did not seek to reflect upon the chair and I did not think that I was seeking to interrupt. But, with respect to the point of order raised, what I said at the outset was that I would use the words in the report as they were my own words in respect of me being misrepresented by Senator Gibson and by Senator Chapman, who inferred that I somehow supported serial tax offenders, when that simply is a lie.

The ACTING DEPUTY PRESIDENT—Order! You cannot use that terminology in the chamber. I ask you to withdraw it, Senator Murphy.

Senator MURPHY—I withdraw.

The ACTING DEPUTY PRESIDENT—I will now rule on the point of order as raised by Senator Calvert. I think you are transgressing into the area of debating the subject matter. You are going beyond the realms of a personal explanation. If you have concluded your remarks, I will move on to the next item of business. If you have not concluded your remarks, I will give you a further call, but on this occasion I will ask you to stick strictly to the personal explanation or I will ask you to resume your seat.

Senator MURPHY—Thank you, Mr Acting Deputy President. I just say again that I in no way support serial tax offenders. I am on the public record on more than one occasion not doing exactly that. Indeed, I initiated this inquiry because of my concerns about the problem associated with tax offences against the tax system. I would have thought that it was fair for any senator to do this, in terms of explaining where you have been misrepresented as grossly as I have by Senators Gibson and Chapman. I hope Senators Gibson and Chapman will have the decency to come in here and apologise.

APPROPRIATION (HIH ASSISTANCE) BILL 2001
First Reading

Bill received from the House of Representatives.

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

Bill read a first time.

Second Reading

Senator IAN MACDONALD (Queensland—Minister for Regional Services, Territories and Local Government) (5.24 p.m.)—I move:
That this bill be now read a second time.

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

Leave granted.

The speech read as follows—

On 14 May 2001 the government announced a comprehensive and compassionate response to the failure of the HIH Insurance Group. Provision was made in the 2001-02 Budget for more than $500 million to provide financial help to people who have valid insurance claims against HIH and who are enduring financial hardship due to its failure.

I am pleased to introduce the Appropriation (HIH Assistance) Bill 2001, which provides for funding to the extent of $640 million to be appropriated from the consolidated revenue fund for the government’s HIH Assistance Scheme.

The funding for the Scheme forms one of four important actions that the government is taking in response to the HIH failure.

The actions are:

- a package of $640 million in financial help for those HIH policyholders suffering financial hardship as a result of the HIH failure;
- the provision of an extra $5 million to the corporate regulator, the Australian Securities and Investments Commission, to help fund its investigations into the failure of HIH;
- the fast-tracking of legislative reforms to the general insurance industry - legislation giving effect to this is expected to be introduced by the end of the winter parliamentary sittings; and
• a broad ranging royal commission to investigate the failure of HIH and uniform state statutory insurance arrangements.

So this means that people like Mr Jones - and this is a hypothetical example - who has been crippled with a debilitating disease that stopped him from working, can now receive the income he deserves. That is because Mr Jones, who was an employee of a small private sector company, took responsibility for his own future and his family and bought a salary continuance policy from HIH - that is, an insurance policy that would pay him and his family an income if he ever became incapacitated.

Mr Jones then fell ill and his family relied on income from HIH. When HIH went into provisional liquidation on 15 March the cheques stopped. Under this legislation Mr Jones and his family are supported again.

The government’s assistance scheme will also help those small businesses which through no fault of their own are now suffering financial hardship due to the HIH collapse.

For example, a hypothetical company such as Machine Group Ltd, a small business employing eight people, hired out equipment a couple of years ago that contributed to a workplace injury. The business was sued along with three other parties, for negligence. The case has recently been settled, with the company facing a liability of $150,000. The company was insured with HIH at the time of the claim. As the company has 50 or fewer employees it would meet the suggested criteria of the scheme and be eligible for assistance.

The government has been working tirelessly with the insurance industry to put the infrastructure in place to provide financial help to those people in financial hardship.

The government’s decision to provide financial support reflects the very serious nature of the HIH failure and its widespread and severe impact on the Australian community.

There are many thousands of financial institutions regulated by the Australian Prudential Regulation Authority.

Its role is to oversee financial institutions by establishing prudential standards and ensuring, through regular reporting, compliance with those standards.

This process of supervision does not mean that the government is guaranteeing or underwriting the viability of each and every financial institution in any way. That would be impossible, and when this parliament passed the financial system reforms in 1997 and 1998 it was expressly rejected by both sides of the House of Representatives.

The ultimate responsibility for the prudent operation of all financial institutions rests with the management and board of each institution.

Australian taxpayers do not guarantee the liabilities or assets of financial institutions, whether they are operating in Australia or are Australian financial institutions operating overseas. We do not guarantee bank deposits, superannuation funds, insurance policies or any other financial service. There are, however, some classes of insurance that are supported by state governments, and in the case of the HIH collapse those state governments have, in the main, stood by their obligations.

Nevertheless, in introducing the bill, the Commonwealth is responding to the financial hardship that many ordinary Australians are experiencing as a result of the failure of HIH.

A public company, HIH Claims Support Ltd, or HCS, has been set up to administer the support scheme under a contract with the Commonwealth. HCS is a subsidiary of the Insurance Council of Australia.

It is intended that payments under the scheme will be made from a trust fund to be set up by the Commonwealth and of which HCS shall be the Trustee.

HCS will be run as a non-profit company and it will:

• assess whether claimants are eligible for help in accordance with the government’s criteria;

• work with HIH’s provisional liquidator and other insurance companies to manage and settle eligible claims; and

• make sure policyholders actually get the assistance the Australian community is providing.

In return for payment under the scheme, claimants will have to assign all rights in connection with the claim to the Commonwealth government. The ultimate effect of this is that the Commonwealth will become the largest single creditor of HIH.

On 21 May the government announced the eligibility details for financial help under this package. Assistance will be restricted to Australian citizens or permanent residents. Australian small business proprietors - that is, businesses with 50 or fewer employees, and Australian based not-for-profit organisations.
The government’s HIH assistance scheme will not cover some insurance that is mandated by state and territory governments. These are compulsory third-party motor vehicle insurance, workers’ compensation, builders’ warranty, and compulsory professional indemnity insurance for legal practitioners.

The government believes that it is the responsibility of the states and territories to help people with claims on such policies affected by the failure of HIH.

The following categories are also excluded from the HIH assistance scheme:

- claims for reinsurance contracts or in the nature of a reinsurance contract issued by HIH;
- any business that is not an Australian business or does not meet the definition of a small business;
- claims where the insured was a director or officer or an associate of a director or officer (as defined under the Corporations Law) of any company within HIH three years before its failure; and
- claims where the insured was an individual or an associate of an individual, who was in a position to influence or advise the directors or officers of any companies within HIH three years before its failure.

In relation to claims involving local government, the Commonwealth will contribute to claims on a one-for-one basis with respective state governments which have legal responsibility for local government.

An appeal mechanism will be set up to consider disputes about the eligibility criteria and cases involving anomalies in the application of those criteria.

To qualify, the event that entitles the person to make a claim - for instance the fire, the car crash et cetera - must have occurred before 11 June 2001.

Anyone who has not taken out a new policy and is currently insured with HIH - except those people who are now with Allianz - should seek a new policy as quickly as possible, because events that occur after midnight 10 June 2001 will not be covered by this package.

In the case of ‘claims made’ insurance, a claim must have been made against the insured, or a circumstance must have been notified to the insurer, before 11 June 2001.

The HIH assistance scheme will offer to claimants 100 cents in the dollar for certain claims, and will offer 90 cents in the dollar for other claims.

The claims that will be fully paid out include salary continuance, disability or income protection claims, personal injury claims, claims under home building or home contents policies where there is a total loss involving a primary place of residence; and claims where the policyholder is an Australian-based not for profit organisation.

In all other classes of claim in which the HIH assistance scheme applies, the government will pay 90 cents in the dollar. In some cases, eligibility will be subject to an income test.

The Government sees these initiatives as critical to ensure that those people most at need get help as quickly as possible.

I remind the Senate that this HIH assistance scheme should not in any way be seen as a precedent for similar Government financial assistance in the event of the failure of other financial institutions or another private sector company.

HIH is a special case because of the extraordinary nature of the collapse. As Australia’s second largest general insurer, it was a company that only ever reported full-year audited profits. Whilst in some cases it was an insurer of last resort, its extensive professional indemnity and public liability lines provided enormous support to Australia’s small businesses in particular, and its salary continuance insurance was vital for a number of Australian families, who may have resorted to welfare in the event of this failure. That is not an exclusive list of reasons, but just some of the reasons why this is a special case.

This hardship scheme is an act of a compassionate community. It is not the act of a government alone. It is a generous package made possible because the government is running budget surpluses. On this occasion, prudent financial management means we can offer generous taxpayer funded support to tens of thousands of Australians through this scheme.

I call on all members of the Senate to support the passage of this Bill and in a timely fashion - certainly before 1 July - to ensure that claimants suffering financial hardship are not prevented from receiving this help.

I commend the Appropriation (HIH Assistance) Bill 2001 to the Senate.

Debate (on motion by Senator Ludwig) adjourned.

Ordered that the resumption of the debate be made an order of the day for a later hour of the day.
TAXATION LAWS AMENDMENT BILL (No. 3) 2001

First Reading

Bill received from the House of Representatives.

Motion (by Senator Ian Macdonald) agreed to:

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

Bill read a first time.

Second Reading

Senator IAN MACDONALD (Queensland—Minister for Regional Services, Territories and Local Government) (5.26 p.m.)—I table a revised explanatory memorandum relating to the bill and move:

That this bill be now read a second time.

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

Leave granted.

The speech read as follows—

Madam President, this bill makes amendments to implement the changes to GST and PAYG reporting announced by the Government on 22 February 2001. It also contains some additional changes developed since that announcement.

The changes will ease the compliance burden for taxpayers in the PAYG system and will simplify and streamline GST payment and reporting arrangements for small businesses.

This bill demonstrates the Government is listening to the concerns of small business. After the experience of the first two quarterly returns, small business said that they wanted a simpler option for their Business Activity Statement. This bill will dramatically reduce reporting requirements, and follows extensive consultation with business and accounting groups with a specific focus on the needs of small business.

Madam President, this Government talks to small business, understands their needs and acts accordingly.

Importantly, these changes will not force businesses to change the way that they have been completing their BAS. If businesses are happy with the way they have been completing their BAS, they do not need to change.

Alternatively, under the new arrangements, businesses reporting quarterly can choose to pay GST quarterly, complete only three boxes on the BAS quarterly and lodge an annual GST information report.

Businesses with a turnover of $2 million or less are also able to choose to pay an amount each quarter worked out by the Tax Office, and then lodge an annual GST return.

The changes in this bill will also allow many more taxpayers to be able to make PAYG instalments based on an amount notified by the Tax Office. They will no longer have to make quarterly calculations of their income, unless they choose to.

Primary producers, as well as authors, artists and other special professionals will benefit from a change that allows them to make only two GST or PAYG payments each year— one in April and one in July. This will allow these taxpayers to meet their obligations in a way that better reflects their fluctuating income flows.

The quarterly due dates have been extended for BAS and Instalment Activity Statement lodgments and payments, so that they are now due on the 28th day of the month after the end of the quarter. In addition, the due date for the December quarter return has been extended to 28 February, in recognition of the Christmas/New Year break.

Madam President, this bill also implements the Budget announcement allowing GST registered businesses to claim full input tax credits for business vehicles they bought or imported on or after 23 May 2001.

The Government’s decision to allow full input tax credits ahead of the scheduled implementation date of 1 July 2002 provides a major boost to businesses and the motor vehicle industry.

Purchasers of new motor vehicles and the motor vehicle industry are big winners from tax reform. The replacement of the wholesale sales tax with GST resulted in the cost of new motor vehicles falling by around 7 per cent from 1 July 2000. The availability of full input tax credits will result in further cost reductions of about 9 per cent for registered businesses.

Madam President, this bill also replaces the benchmark rate that is used for determining the General Interest Charge and interest paid by the Commissioner of Taxation.

This rate is presently the yield of 13-week Treasury Notes, however, these have not been issued since June 2000.

The monthly average yield of 90-day Bank Accepted Bills will replace the Treasury Notes as the benchmark rate. This rate correlates closely with the former Treasury Note yield, has a similar
The bill also provides for a reduction in the margin added to the benchmark rate for the purposes of the General Interest Charge from 8 to 7 percentage points.

The amendments do not alter the manner of calculation of the interest amounts or the circumstances in which interest is paid or charged.

Madam President, other changes made by the bill include ensuring that businesses with substituted accounting periods will not have to account for GST on a monthly basis, and that entities will be able to make changes to their current BAS to correct a small GST mistake in a previous BAS.

Madam President, the changes in this bill have been positively embraced by the business community.

The Institute of Chartered Accountants said: "We also endorse the flexibility introduced into the new system, which allows reporting to be based either on accruals or estimates of income tax and GST. One of the advantages of the BAS regime for small businesses has been the need for more discipline in record keeping."

The CPA said: "CPA Australia welcomed the Treasurer's statement on BAS this afternoon, hailing it as a victory for small and medium-sized businesses." "This is an excellent outcome and demonstrates what can be achieved through ongoing consultation."

The Australian Chamber of Commerce and Industry said: "It is clear from the Government's announcements today that they have been listening to the concerns of the business community, particularly small businesses and have responded in a way which will ensure that the compliance burden of moving to the new tax system will be dramatically reduced."

The National Farmers Federation said: "...congratulated Prime Minister John Howard and Treasurer Peter Costello on delivering such a highly-sought after and vital outcome for farmers and small business."

With regard to the immediate availability of full input tax credits for motor vehicles, the Federal Chamber of Automotive Industries said: "We're delighted with the announcement. It's a big boost to all businesses big and small." "It's of particular assistance to the local manufacturers who have about 70% of their production going into fleet and business vehicles."

The Motor Trades Association of Australia said: "This measure will provide a major boost to businesses, the Australian automotive industry and the motor trades and to local supplier manufacture. The Australian economy will benefit significantly from the stimulus that will be provided as a result of this decision."

Madam President, even Victorian Treasurer John Brumby said: "If you're buying a new car obviously the benefit of the GST credit will be of value to you and from Victoria's point of view given that we've got Toyota and GM and Ford, if we sell more cars that means more investment, more jobs. We're happy with that."

Madam President, it is clear that the changes in this bill have been welcomed by businesses.

Full details of the changes in this bill are contained in the Revised Explanatory Memorandum. I commend the bill to the Senate.

Debate (on motion by Senator Denman) adjourned.

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

APPROPRIATION (PARLIAMENTARY DEPARTMENTS) BILL (No. 1) 2001-2002
APPROPRIATION BILL (No. 1) 2001-2002
APPROPRIATION BILL (No. 2) 2001-2002

First Reading

Bills received from the House of Representatives.

Motion (by Senator Ian Macdonald) agreed to:

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

Bills read a first time.

Second Reading

Senator IAN MACDONALD (Queensland—Minister for Regional Services, Territories and Local Government) (5.27 p.m.)—I move:

That these bills be now read a second time.

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

Leave granted.

The speeches read as follows—
APPROPRIATION (PARLIAMENTARY DEPARTMENTS) BILL (No. 1) 2001-2002

The purpose of the Appropriation (Parliamentary Departments) Bill is to provide funding for the Parliamentary Departments for the year ending 30 June 2002.

The total amount sought is $164.8 million. Details of the proposed expenditure are set out in the Schedule to the bill.

APPROPRIATION BILL (No. 1) 2001-2002

It is with great pleasure that I introduce Appropriation Bill (No. 1) 2001-2002, which, together with Appropriation Bill (No. 2) 2000-2001, is one of the principal pieces of legislation underpinning the third budget of the second term of the Coalition Government.

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

This bill seeks appropriations out of the Consolidated Revenue Fund totalling $41,425 million. Details of the proposed expenditure are set out in the Schedule to the bill, the main features of which were outlined in the Treasurer’s Budget Speech on 22 May.

I commend the bill to the Senate.

APPROPRIATION BILL (No. 2) 2001-2002

It is with great pleasure that I introduce Appropriation Bill (No. 2) 2001-2002, which, together with Appropriation Bill (No. 1) 2001-2002, is one of the principal pieces of legislation underpinning the third budget of the second term of the Coalition Government.

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

- Expenses in relation to grants to the States under section 96 of the Constitution and for payments to the Northern Territory and the Australian Capital Territory;
- Administered expenses for new outcomes; and
- Departmental equity injections, loans and carryovers to agencies as well as administered capital funding.

Appropriations totalling $4,524.7 million are sought in Appropriation Bill (No. 2) 2001-2002. Details of the proposed appropriations are set out in Schedule 2 to the bill, the main features of which were outlined in the Budget Speech.

Debate (on motion by Senator Denman) adjourned.

DAIRY PRODUCE LEGISLATION AMENDMENT (SUPPLEMENTARY ASSISTANCE) BILL 2001

Second Reading

Debate resumed.

Senator BUCKLAND (South Australia)
(5.27 p.m.)—The purpose of the bill before us is to amend the Dairy Produce Act 1986 with the aim of establishing a supplementary dairy assistance scheme. The bill was introduced in May of this year and referred immediately to the Senate Rural and Regional Affairs and Transport Committee for inquiry.

Prior to July 2000, the Australian dairy industry consisted of two sectors. These entailed the fluid milk or market milk sector and the manufacturing milk sector. They were both supported by governments at state or Commonwealth level. The government’s milk marketing arrangements introduced from 1 July 2000 resulted in there no longer being any formal quantitative controls on the supply or price of milk sold for drinking. Fluid milk prices, supplies and products are now determined by market forces, although it seems that the market is still in a period of transition.

The Commonwealth government once provided support at the farm gate on a cents per litre basis to assist dairy farmers under the scheme of payments for manufactured milk as well as the levy on domestic dairy product sales, which ceased in June 2000. The Commonwealth government’s response to deregulation of the dairy industry was the new dairy legislation that commenced on 1 July 2000. The new dairy industry adjustment package comprised three components: the Dairy Structural Adjustment Program, the Dairy Exit Program, and the Dairy Regional Assistance Program. I will come back to the Dairy Regional Assistance Program in a moment. It is becoming increasingly worrying to me and to others on this side that we continually hear about industries being offered exit programs and funding to exit. Many of those who exit the dairy industry will exit not only the industry but also generations of family farming. That is something
that we need to take more closely into consideration when we come to the rationalisation of industry, be it rural or manufacturing.

Since the implementation of these policies, the evident outcomes have been major falls in farm gate milk prices in New South Wales, Western Australia, Queensland and South Australia, with minor falls noticed in Victoria and Tasmania. It is also evident that business profits per farm are expected to decline in all states except Tasmania, which is in line with the reduction in farm gate milk prices. I refer the Senate to the October 1999 report of the Senate Rural and Regional Affairs and Transport References Committee entitled Deregulation of the Australian Dairy Industry. In its introduction to the chapter on the social and regional impacts deregulation, the report states:

The social impact and that on regional economies was an issue of major concern in submissions and evidence. Many of the dairy farming communities are closely linked to the economic performance of their dairy industry—the industry underpins the economic sustainability of many regional communities.

The transfer of wealth from rural products to the cities was seen as an undesirable effect of deregulation. Profits going to family farms stay in the community ...

That needs to be highlighted because, as with all things with rationalisation, modernisation or regulations of this nature, there is an impact, and that impact, in large part, is human in nature. Not only small communities but also larger communities can suffer these effects. The committee report went on to state:

Dairy Farmers used the example of their plant at Bomaderry, NSW. The plant produces packaged milk and condensed milk for export, principally to Japan. The company advised:

Deregulation of market milk will probably mean that the milk packaging plant will become unviable as processors like ourselves are forced to rationalise to compete. The condensed milk plant will be in jeopardy because of the loss of the DMS scheme and also due to the fact that it would be difficult to support either of the two sections of the plant on their own. The closure of the Bomaderry plant would mean the loss of many jobs, which would compound the loss to the community due to the decrease in milk payments occasioned by farm-gate deregulation.

The real winners out of what is proposed and what is occurring will be the government. It is attempting to claw back hundreds of millions of dollars in tax from dairy farmer payout packages. The government is yet to demonstrate a coherent plan for the long term future of the dairy industry. If the bill passes through parliament, we will see $1.9 billion being committed by milk consumers to support dairy farmers as a consequence of deregulation of the industry. The government is seeking to get back the money that it is offering. The critical element of the package is the extra $20 million for the DRAP. That, again, is an admission by the government that it has grossly underestimated the impacts of deregulation on regional communities. Deregulation has devastated dairy farmers’ incomes, devalued their farms and made it difficult for farmers and their families to obtain credit from financial institutions.

The Howard government has not provided a cent to support the industry and has as a result managed to claw back hundreds of millions of dollars in tax from the farmer package payouts. Dairy farmers are currently struggling with low prices, reduced farm values and, as I said earlier, the very unsympathetic banks who do not see them as a worthy investment any longer. The Howard government has failed to deliver a long-term plan. It has shown no leadership in this at all. Until we have a plan that properly directs the industry to the future, we have a very hard road to go down as far as the industry itself is concerned.

The government has failed in what it has been attempting to do in a number of areas. It has failed to deliver a long-term plan to the industry. We need a government to show leadership when an industry that is so vital to so many small communities is under siege as it is now. We need the leadership from government, and this government has failed to provide it. We need the government to show some leadership and prepare the industry to meet the substantial environmental challenges it faces in many communities. That again is not happening. The government does not seem to understand the vital role it has to play in helping regional communities. It suggests that it is giving money to assist but in
fact it is doing it over such a time frame that it is really bringing the money back into the coffers. It is a gift at a price.

The committee that looked into this made a number of conclusions. It was firmly of the view that if deregulation is effected on 1 July 2000 there must be an adequate and effective restructure package in place. To date that has not been the case. That package needs to be in place in order to ameliorate the immediate effects on farmers’ incomes and the long-term regional impacts. The package must comprise three elements. There needs to be compensation for loss of income. That is a reasonable thing: if the industry is to be restructured, there must be a package there that is properly structured to give compensation to those who will not be surviving the newly framed industry. There needs to be appropriate compensation for the loss of asset values, particularly where a quota is concerned, and there needs to be a regional adjustment component appropriately developed in conjunction with the states. Unless those things are in place, it would appear to me that we have an industry that is just going to drop out of the system and leave Australia short in what has been for many years very important for all.

The government has done nothing to stimulate further research and development in the dairy industry. As one who has been through many restructures with industry, I believe that a large component of the research and development must rest with the industry, but there must be suitable financial incentives and packages for that industry to investigate new methods, better systems, new products and better marketing plans. The government has fallen short in that area as well.

We need the government to do something about ensuring that its latest package is fair and equitable. On my reading, I believe there are a number of discrepancies that leave the package as somewhat unfair and inequitable to a number of communities and a number of dairy farmers and their supporting industries. The concerns I raise are not just those that I have found myself. They are not just from emails, as Senator McGauran suggested about comments made by my colleague Senator Hogg this morning. All things have to be weighed up, as I am sure my colleague would have weighed up those emails. The comments of the farmers to the inquiries must be listened to and acted upon. I would be the last to suggest that I would be an expert of any sort in this place on the dairy industry. My knowledge does not go very much further than the supermarket and the cold storage section. But I do know enough about relying on experts—in this case those people who have been working in the industry and have had the family business passed down through generations.

The farmers feel, and have expressed, great uncertainty in their lives as a result of the government’s poor handling and the incompetence it has shown in this area of deregulating the industry. It comes out very strongly in the comments from the farmers that they feel very let down by the degree of incompetence. The farmers are concerned, too, about the ageing of the dairy industry, and the exodus of young families and young people away from the farm and away from the smaller communities to seek opportunities in larger cities and larger regional centres. This is something that is expressed not only in the dairy industry but in the rural farming industry more generally. We hear ministers, such as Minister Minchin today, get up and tell us how proud they are of the creation of jobs. But for each job that has been created they need to tell us how many jobs have disappeared because of changes that have been brought about by this government. We need both sides of the story. I do not think there is any joy in telling us that.

Supermarkets’ margins on products have widened, but they are not being passed on to the farm gate or the farmer, the one who is producing, and that is creating a lot of difficulties. Hence we go back to the difficulties that dairy farmers have in taking hold of opportunities that in years gone by may have been available to them through the banks; they no longer have the ability to borrow money to diversify or, in fact, go elsewhere. The national competition policy is an area that the farmers themselves are very concerned about; it has caused very grave concern to all those who are involved. Likewise,
they have concerns with the ACCC, which prevents them from collectively bargaining on the price they receive for their produce.

Farmers really are suffering as a result of what this government is doing to the industry, and the amendments that have been put forward by Senator Forshaw go some way to addressing that suffering. The other amendments put before me I have not had a good look at yet in order to cast a fair comment on them. But certainly those amendments put forward by Senator Forshaw, on behalf of the Australian Labor Party, I believe merit the support of this chamber.

The personal impact on the families of dairy producers, I have been through. However, one family losing out in the industry reflects on the whole community, going through to their buying products from the local grocery store and their buying goods and services from the local stock trading post; rather, they go to the larger areas where they can get better prices, and so those support industries suffer also. It flows through to the closing of banks and the difficulties that this creates for farmers in dealing with their banks. These farmers have had massive reductions in prices at the gate, which have resulted in great slumps in local land prices.

(Time expired)

Senator O'BRIEN (Tasmania) (5.48 p.m.)—I have to begin by saying that the Howard government’s response to the difficulties currently facing the Australian dairy industry provides a clear insight into how this government operates. The government’s approach to dealing with these problems also highlights how it sees its role in advancing the interests of people living in regional communities. The government’s dairy adjustment strategy also exposes its lack of vision—not only for dairy farmers and dairy dependent regions, but for regional Australia generally. Since it came to power in 1996, the government’s approach to this key industry also provides a sharp contrast with that of the former Labor government—and, I would expect, a future Labor government.

The Australian dairy industry suffered a severe downturn in the early 1970s, when it lost its traditional market in the United Kingdom. The government’s response at that time proved to be one of the low points in public administration in this country. I am sure that senators—or at least some—would recall the scandal surrounding the Australian Dairy Council and Asia Dairy Industries around this time. Allegations about these organisations related to bungles, scandals, criminal behaviour and ministerial breaches of international trading arrangements—and ministerial heads should have rolled at that time, but they did not.

Senator Ian Macdonald—Who was that—Bob Collins?

Senator O'BRIEN—If you do not know who was in power in the early 1970s, Senator Macdonald, then you had better get back to your parliamentary digest. A number of matters surrounding this scandal were the subject of not one but two Federal Police investigations, and they were also the subject of a Senate inquiry. In the early 1980s dairy farmers again suffered an external shock—this time as a result of access restrictions and market corrupting export subsidies put in place by Northern Hemisphere producers.

In contrast to its conservative predecessors, the Labor government, in cooperation with dairy farmers, developed a plan to take the industry forward. The government accepted that it had an important role to play in taking this industry forward, and it accepted that role. As a result, the Kerin plan was introduced. This was a plan to manage adjustment, support domestic market sales and promote exports. It was a plan that also promoted increased efficiency by linking company returns to world prices. It was a plan that gave the Australian dairy industry confidence that it had a bright future and that it had a plan to get there. It was a plan that was not simply a financial prop but provided for a phased reduction in domestic support so as to promote industry rationalisation. That scheme was funded by a national levy of 2c per litre on all milk produced by Australian dairy farms. These funds were used to provide an export support payment for all dairy product exports. That support was wound back from 44.2 per cent above world parity to 22 per cent over the period 1986 to 1992.

The Crean plan came into effect on 1 July 1992. That plan continued to facilitate ad-
adjustment, while phasing down the level of support for the industry. It was replaced by the Collins plan, which was also known as the Domestic Market Support Scheme, and that came into effect on 1 July 1995. That scheme supported manufactured products, and it had the effect of raising the cost of products consumed domestically. Under that scheme, annual payments were made to dairy farmers, based on their production of manufacturing milk. Funds for payments from the scheme were generated through a levy on milk used to produce manufactured dairy products sold on the domestic market and a separate levy on milk used in the market milk sector. That plan was also designed by government and industry to progress adjustment in a managed and orderly fashion. That plan—as was known when it commenced on 1 July 1995—ceased to have effect as at 30 June last year.

It is interesting to note that, in the period 1991 through to this year, the projections on the rate of growth of production of milk in the industry have grown from somewhere in the vicinity of 6½ billion litres of milk to 11½ billion litres of milk in that time. So, whilst there was an intent that there be rationalisation in the industry and that the industry drive towards exports, there was also exponential growth in production.

These plans, developed by both the former Labor government and the industry, have seen the total milk production almost double. The dairy industry is now a highly efficient export oriented industry. Less than 18 per cent of milk is used for drinking products and the remainder is used to produce manufactured dairy goods. Australia exports around 50 per cent of its milk production. The excellent performance of Labor governments in supporting this industry has to be beyond question. This is an outcome that was not envisaged in the 1970s, when the industry was in a parlous condition.

The change in government in March 1996 meant a change in approach. Unlike the previous Labor governments, which planned well ahead in managing change, the Howard government did nothing. The parliament and the dairy farmers were then confronted with a ridiculous time frame in which to develop—and, in the case of the parliament, to consider—a plan to manage the industry post deregulation. These new arrangements—the dairy industry adjustment package—comprised three programs: the Dairy Structural Adjustment Program, the Dairy Exit Program and the Dairy Regional Assistance Program. The bills to implement the government’s plan were not introduced into the House of Representatives until 8 March last year—in the year the DMS was to end.

That legislation was referred to the Rural and Regional Affairs and Transport Committee on that day. The Senate asked the committee to examine those bills to determine whether they met their stated aim of providing financial assistance to dairy farmers to enable them to manage further deregulation with minimal financial disruption. However, the committee was not provided with any detail as to how the scheme was to operate until just prior to the second day of public hearings, on 14 March. That was the day before the committee was required to report to the Senate. The result was that the manner in which the scheme was to operate was not properly considered. While it was clearly the opposition’s view that the scheme was not given proper consideration, we were concerned that any significant delay in putting something in place could have a significant financial implication and place a significant financial burden on a large number of dairy farmers.

This change—the change that occurred post 1 July 2000—was very significant. Before 1 July 2000, the industry’s two sectors—the liquid milk, or market milk sector, and the manufacturing milk sector—both enjoyed support by governments, either state or Commonwealth. The opposition felt that we had no choice but to pass the legislation, even though it was concerned that many farmers would suffer significant disadvantage. But those problems were all of the government’s making. The government gave itself little time—and the parliament, frankly,
no time at all—to ensure that what it proposed would do the job. For example, at the time, the opposition were concerned that Minister Truss’s scheme might disadvantage lessors. I recall making contributions in this chamber about that, as I am sure do other senators. We were right.

The opposition were also concerned that the time frame set to process applications for assistance under the scheme was too tight. That has also proven to be the case. We were concerned that many farmers who had a legitimate right to assistance because of deregulation might find that under the Truss scheme they had no legal right. Again we were right. The dairy industry and the many regional communities that relied on it were faced with a hastily developed and implemented plan, and many of those farmers and communities are now paying the price. We are now dealing with a second package of assistance measures only because of the mess created by the government with its first attempt.

I want to make some comments on two aspects of the first Truss plan, as I will call it. The Dairy Exit Program provides a lump sum payment of up to $45,000 tax free to those dairy farmers wishing to leave agriculture. The dairy exit package is part of the Restart Re-establishment Grant Scheme, originally set up as the Farm Family Restart Scheme in 1997. This government put in place funding of $30 million, not paid out of consolidated revenue but paid out of the levy imposed on liquid milk purchases. To date only 32 farmers have successfully accessed this program.

The Dairy Regional Assistance Program had a budget of $45 million over three years—which I understood was to be expended at the rate of $15 million a year—to assist dairy dependent communities affected by deregulation. The Dairy Regional Assistance Program is intended to help eligible communities by supporting business investment and community infrastructure development and providing community access to training and counselling services. There have been three rounds of funding allocations under the Dairy Regional Assistance Program to date, which include, amongst other things, funding for a polocrosse field and funding for a private school wine appreciation group to promote the wine industry.

To say that this adjustment program has been a shambles is an understatement. One would have thought the government might have learnt something from the shambles of the first attempt to put in place appropriate support for dairy farmers, but apparently it did not. As with the first package, the Senate committee was asked to consider a revised plan without access to any detail as to how this second plan would operate. The committee did not receive the details of the plan until after it had concluded its public hearings. There was therefore no proper chance for the committee to ask the industry what it thought of the plan. Again, committee members were being asked to take the government on trust.

Apart from the administrative problems that inevitably flow when governments try to put programs into place in a rush, there is a fundamental flaw in the Howard government’s approach to the dairy industry. That flaw is that there is no vision. The government has not developed a plan based on taking this industry forward; it has put in place a plan to deal with a short-term shock resulting from the end of deregulation. Here we are again being pressured to pass this bill because the government tells us it is urgent. It is the same argument as last time. It carries the same risks and, unfortunately, I fear we will see the same outcome.

It is interesting to note that in this debate we have seen comments from some other senators about the fact that we ended up with a deregulated industry. I am a member of the Senate Rural and Regional Affairs and Transport Committee, which inquired into the deregulation of the Australian dairy industry, and there are some interesting findings that I would like to take the committee back to, bearing in mind that these were the unanimous findings of the committee. There was no dissent from these findings from the government members of the committee, from the members of the committee representing the minor parties and certainly not from the opposition. At point 8.2 on page 169, the committee said:
It seems certain that farmers and regional economies will suffer under deregulation and, at best, the position of the consumer will not be improved. The winners from deregulation in the short term are the two major co-operatives, other processor and manufacturing companies, if they can maintain supply and perhaps some Victorian farmers, depending on their individual circumstances. Long term beneficiaries may be the Australian dairy industry as a whole, but that will depend to a large extent on reforms at international level which will provide Australian farmers and manufacturers with a more level playing field.

Senators may well recall the response that this committee received from the government. It was 14 or 15 lines basically saying, ‘We’ve passed the dairy industry adjustment bill and that has solved the problem.’ I do not think you could say anything except that the unanimous finding of the committee was spot-on. That finding, on page 169, really depicts how the industry finds itself today.

What did the committee say about deregulation? Again, I stress that this was the unanimous, all party finding of this committee. At page 170, the committee said:

The Committee concludes that sooner rather than later the market will force deregulation and that a managed outcome with a soft landing is preferable to a commercially driven crash. The Committee also concludes that the proposed adjustment package will need significant refinement – there are questions in relation to its adequacy, targeting and the extent to which it fails to address the regional implications of the deregulation of the dairy industry which require determination.

Here we are back in this chamber tinkering with the package which, when it was brought before this chamber, was described as that which the industry wanted, that which the government supported and that which was going to fix the problem. Every problem that opposition senators or minor party senators raised about the package was rejected by the government, and I have outlined some of those areas—for example, the lessor situation. The government was adamant that there was no other solution but that which was contained in the package at that time. It thought that we would be irresponsible if we delayed the passage of the bill and that it was important that it be passed, notwithstanding the fact that we had concerns. The opposition and, I am sure, the minor parties thought that it was appropriate, as we had found, to have some sort of managed approach to ensure that there was a soft landing after deregulation rather than a deregulation forced by the market, which had already commenced in at least part of the liquid milk sector of the market.

Here we are today fixing the bungle created at that time and trying to put a few more band-aids on the problems, when the government should have known when they proposed the legislation that the areas that would have the greatest difficulty and face the greatest problems were particularly the states of New South Wales, Queensland and Western Australia. And where are the problems? The problems are substantially in those three states, and they were the states that relied substantially on a guaranteed price for market milk, which subsidised the production of milk for what we call manufacturing milk products. They were the areas that the problems would always have occurred in, but the government did not want to take responsibility for that. They wanted to say, ‘The industry can put up a package and we’ll fiddle with it.’ In fact, the government reduced what the industry wanted at the start. They said, ‘We’ll fiddle with it, and then we want to take credit for it.’ The credit has now come back to bite the government, because there is not much credit for the government. They are casting about trying to blame everyone else but themselves for the problem that they are substantially responsible for.

Senator IAN MACDONALD (Queensland—Minister for Regional Services, Territories and Local Government) (6.07 p.m.)—
The Dairy Produce Legislation Amendment (Supplementary Assistance) Bill 2001 is urgent and it is very important that the Senate pass the bill—it has already been dealt with by the House of Representatives this week—so that we can implement the provisions of the bill in time to help farmers and communities before the winter break of parliament. For those who may be following the debate, I have to clarify some of the issues that have been raised by Labor Party speakers, most of whom sought to score political points by misrepresenting both the history and the na-
ture of this bill and its predecessor and also, in Senator O’Brien’s case, by rewriting history so far as milk and the dairy industry is concerned.

I will just make it very clear that regulation of the dairy industry was a matter for the state governments. Regrettably, all of them, with one exception now and with two exceptions at the time the first bill went through, are Labor states. If anyone has any complaints about deregulation of the dairying industry, they should put those complaints to the Labor Party state governments. That is outside the purview of this particular chamber, but the absolute hypocrisy of Labor Party politicians by continuing to blame the federal government for deregulation knows no bounds when they know as well as anybody else that deregulation of the dairying industry was at the hands of the state governments, most of which were Labor. I do not say that they were easy times for the state governments to deal with, but they were the ones that could have dealt with it had they chosen to do so.

Senator O’Brien did at least give a partially correct history about the Commonwealth’s involvement, the last of which was the Domestic Market Support Scheme. As Senator O’Brien rightly said—but he tried to hide the political impact of it—the support under that scheme concluded on 30 June 2000 because of an arrangement that was introduced by the federal Labor government. I do not recall but I suspect the coalition parties probably supported that when the federal Labor government introduced the scheme, but the reason why the federal government support finished on 30 June 2000 was that that was the detail of the scheme put in by the then government, which happened to be Labor. Those sort of points do not help the dairy farmers or dairy communities, but they do put into perspective the hypocrisy of Labor senators in attributing blame to this government for deregulation and stoppage of support which were the playthings of state Labor governments and a federal Labor government.

As everybody knows who seriously follows this debate, the federal government looked at it this way: there was deregulation at state level, the states were not doing anything about it, and there was going to be an enormous problem with dairy farmers and the dairying industry; so the federal government became involved, not in deregulation but in introducing a levy scheme that would help the farmers and communities through the worst aspects of deregulation. The federal government did that because the leaders of the dairying industry approached us and asked us to do it. That is what we have done to try and pick up the pieces that are there because of the inaction of the state governments.

I want to briefly sum up by highlighting the aspects of this amendment bill, but in passing I indicate to Senator Woodley—and Senator Woodley talked about deregulation—that we are trying to fix deregulation. That is what we are interested in; we are not interested in attributing blame. It is wrong of you and the Democrats, and anyone else, to accuse this federal government of being the cause of deregulation, rather than the states where it actually applies.

Senator Hogg made a contribution which did not pretend to be interested in the actual legislation. Senator Hogg was there simply to try and score a few political points and to try and continue the campaign of misinformation that has caused people like Mrs Stark, whom he quoted quite substantially, a lot of distress. Mrs Stark’s tale is a sad tale but, again, Senator Hogg should have been saying to Mrs Stark, ‘I am sorry; it is the fault of the Queensland state Labor government that puts you in the position you are in.’ He should have also said, ‘It is the fault of the previous Labor federal government that puts you in this position,’ rather than encouraging Mrs Stark to not understand properly the reasons for the difficulty that the industry is in. We are not interested in attributing blame or scoring political points; we are interested in trying to fix the problem, and that is all we are interested in.

Senator Hogg talked about industry adjustment and seemed to blame the coalition government not only for this problem but also for any other problem. That is the sort of line that I recall Senator Hogg taking when we had the courage to address the pork in-
industry, which was in diabolical trouble. You will remember, Senator McGauran, how Mr Howard went to a town in the South Burnett before the last election and was almost run out of town because of the misinformation that had been spread by the Labor Party about our proposals to help the pork industry. Mr Howard went back to the same town a couple of weeks ago, and they hailed him as a hero. It is the biggest thing since sliced ham.

Senator Woodley—A little overstated but—

Senator IAN MACDONALD—Perhaps they did not hail him as a hero, but they were very happy to see him and very happy with the way he had handled the adjustment of their industry.

Senator Woodley—That is true.

Senator IAN MACDONALD—Thank you for acknowledging that, Senator Woodley, as any fair and honest person would acknowledge. I re-emphasise to Senator Hogg—although I know he knows this, in spite of the fact that he says something different—that the work we did in this bill was done at the behest of, and in cooperation with, dairy industry leaders. He says that Mrs Stark says that the dairy industry leaders let her down. I do not imagine that is correct but, from a government point of view, we have to work with the industry. The industry can only work with governments through their industry organisations and the leaders that the industry themselves elect.

Senator Harris made a contribution that I found unusual and could not quite follow, but we will perhaps get on to that a bit further during the committee stage of the debate. Senator Buckland came in, and perhaps the most significant thing he said was that he really knew very little about the dairying industry. I agree with him there, and he certainly was accurate in that aspect. But he seemed to be blaming the government for helping people exit the industry. There are any number of cases through the history of government and across all government programs where, at appropriate times, governments have done the right thing to try to help people make a soft landing, to exit with dignity. If Senator Buckland wants to go through the history lessons, we can tell him the exit support that the previous Labor government gave in many industries—I do not blame them for that. One I recall off the top of my head was the timber industry, when the Labor government stopped logging in various areas. The Labor government, although they did it atrociously and incompetently, did at least attempt to ensure that those involved could exit the industry.

Senator Buckland was saying that people are left without any future. That is what this legislation is all about: to give them some future, to help them adjust and to help them move into perhaps beef cattle, which are doing pretty well at the moment. He talked about the regional impact of deregulation—again, we have done something about it. I say to you, Senator Forshaw, and if you would tell Senator Buckland: why didn’t the states do something about the regional impact of deregulation rather than turning their backs and walking away from it, leaving it to the federal government to do?

Senator Buckland did not seem to understand that the Dairy RAP program, the regional adjustment package for dairying, is all about regional development. It is trying to help people. You criticised us for a polo field. I do not know the details of that, but we have attempted to provide money for community groups to help them through this difficulty. If you accuse those who applied for funding for a polo field of doing something wrong, I will make sure that they know of your accusations and they will no doubt want to respond to you. But I am sure that all of those who have received money under the Dairy RAP package will be grateful for it and will realise that at least this government is interested in doing something to support regional communities.

I might also say for Senator Buckland’s benefit that, if he wants to do something for regional communities, can he stop his party in this chamber and in the other chamber opposing every single program that this government has put in place to assist regional communities? He complained about banks closing. The Labor Party did nothing about that when they were in government. We have
at least tried with the Rural Transaction Centres Program. What do we get from the Labor Party? We hear their spokesman continually carp about that program with never a positive suggestion, never any help. The shadow minister never turns up to any of these rural transaction centres when they are opened; we just hear carping all the time—criticism, negativity. The same with the telephone system—

Senator Forshaw—Mr Acting Deputy President, I raise a point of order. I know the minister is trying to drag this out to get to 6.30 so that he can have his dinner, but we are actually debating the Dairy Produce Legislation Amendment (Supplementary Assistance) Bill 2001, not Telstra, not rural transaction centres. Could you ask the minister to get back to the topic, please?

The ACTING DEPUTY PRESIDENT (Senator Watson)—He has probably been distracted by your continual interjections, Senator Forshaw, which have not helped either.

Senator Forshaw—Mr Acting Deputy President, a further point of order: I accept your ruling, but the minister was actually addressing his remarks to a senator who is not even present in the chamber.

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

Senator IAN MACDONALD—Senator, I was addressing them to you actually and I think you are in the chamber. I was talking about another senator who is not in the chamber but I was addressing my remarks to you. I think you are in the chamber.

The ACTING DEPUTY PRESIDENT—Order! Senator Ian Macdonald, address your comments through the chair, please.

Senator IAN MACDONALD—I am simply going through the speeches of other senators who have made contributions and pointing out the absolute hypocrisy, in most instances, of the contributions they have made. For example, Senator Buckland blamed the dairy deregulation on the national competition policy. I do not agree with him but, if he is right, why didn’t he tell the Labor government about it when they introduced the national competition policy? It is his own party’s program that he is then criticising; again, we supported it at the time. Senator Buckland cannot have it all ways: his government introduced it but now he finds it politically expedient at this time to criticise it.

There are a lot of other issues I could debate with previous speakers in the second reading debate, but I am very keen to get this bill through. It is essential that we get it finished before the winter break, so it is important that we continue with it. I will briefly summarise by repeating that this amending legislation, this supplementary assistance bill, provides an additional $140 million on top of the $1.78 billion package that the previous bill provided to the dairy industry through this government. Senators will be aware that last year in the lead-up to the decision by all states to deregulate their fresh milk arrangements and as a result of a united request by the industry, the federal government put in place this very generous adjustment package to assist with the transition of the dairy industry to a deregulated environment.

The falls, however, in the market milk prices have been greater and faster than anticipated by the industry. These falls have been most pronounced in the ex quota states—that is, Queensland, Western Australia and New South Wales. Consequently, although the government anticipated the varied impact of deregulation and thus provided higher payments for market milk at 46.23c per litre, compared with manufacturing milk at 8.96c per litre, it became evident that we as a government, acting in the best interests of not only the industry and regional communities but also the nation, had to do more. The changes to the market milk regulations came about, regrettably, because of the decisions made in state parliaments that state governments would provide no compensation for removing the state based price support mechanism. That is why we have had to come back. One would have thought that, when the states removed their price support mechanisms, they would have at least put in place some program to help the industry through. Except for the coalition
government in Western Australia, which stood out on its own here, none of the other states have provided any sort of compensation for the removal of their state based price support mechanisms. We have come to the party again, and we have provided this supplementary assistance.

Most of the senators have indicated what this package is about: $100 million in the additional milk market payments to farmers who were most heavily dependent on the market milk production; $20 million for eligible people who, because of extraordinary circumstances, were excluded or their entitlements were significantly lower than normal under the Dairy Structural Adjustment Program; and an additional $20 million for the Dairy Regional Assistance Program, Dairy RAP, which is doing so much in regional communities and which is being criticised so heavily by Labor senators. It is inevitable that, in any assistance measures of this nature, there will be producers who are concerned about their eligibility. We have heard examples of some of these during this debate. However, I make the point that the underlying principle of supplementary dairy assistance measures is to provide targeted assistance to those people and communities directly affected by the fall in market milk prices. This assistance is not about providing compensation or income support; it is about helping with the adjustment by those farmers who are most in need, thereby easing their transition to a deregulated market and providing wider public benefits to regional communities.

In addition, the government accepts that a relatively small number of people have been denied or have received a lower adjustment package payment entitlement than they would normally have expected. A discretionary payment right is to be made available to address the interests of these people. The discretionary payment right will be available to dairy farm lessors in certain circumstances where there is evidence that the lessor would normally have been an owner-operator or where significant reliance and fall in lease income can be demonstrated. The government is responding to requests from the industry for additional assistance.

The findings of the ABARE report were quite dramatic. They demonstrated in detail to the government that there was a need for additional assistance. The government is acting as quickly as it can to address the concerns of vulnerable dairy farmers and their communities. These new measures will deliver targeted and timely assistance to those dairy farmers and dairy communities most in need. I commend this legislation to the Senate.

I repeat that this is an urgent bill. In spite of whatever objections the Labor Party or the Democrats or Senator Harris might have to some of the finer details of the bill, they will accept that it is very important that this legislation goes through before we rise on Thursday for the winter recess. The money is needed now. It needs to be put in place at this time. As well as commending the bill, I urge senators to deal with it expeditiously so that we can get it passed and so that the benefits can start to flow immediately.

Amendment not agreed to.

Question resolved in the affirmative.

Bill read a second time.

In Committee

The bill.

The CHAIRMAN—Is it the wish of the committee that the statements of reasons accompanying the requests be incorporated in Hansard immediately after the requests to which they relate? There being no objection, it is so ordered.

Senator FORSHAW (New South Wales) (6.28 p.m.)—In the very short time that we have left, I want to take up some of the outrageous and fallacious arguments that have been advanced by the Minister for Regional Services, Territories and Local Government in support of this legislation. I also wish to respond to some comments that Senators Woodley and Harris made in their second reading contributions. I will also outline the basis for the opposition amendment. I note that the Democrat amendment will be moved first. As I was the lead-off speaker in the second reading debate, I did not get a chance to deal with those issues raised by Senators Woodley and Harris and by the minister. In the short time we have left before the dinner
suspension, can I say that just about every-
thing that the minister said is completely
wrong. It distorts the history of how deregu-
lation came about in the dairy industry, and I
will prove to him that it is wrong.

Sitting suspended from 6.30 p.m. to
7.30 p.m.

Senator FORSHAW—Before the dinner
adjournment, I was responding to some of
the outrageous comments and assertions
from the minister on behalf of the govern-
ment. I want to go over this again briefly,
because it is important that the record is set
straight. I hope we can then move on to deal
with the amendments that have been moved
by the opposition and the other parties. Any-
one who knows anything about this industry,
and I include in that most of the senators in
the chamber at the moment—with the ex-
ception of the minister, because he was not
on the committee—knows that the impetus
for the move to deregulation emanated from
Victoria. When the industry in Victoria de-
cided that it would unilaterally deregulate
when the DMS scheme ceased to exist last
year, that factor led to the establishment of
the Senate inquiry. I recognise here the ef-
forts of Senator Woodley, who chaired that
committee. He has for a long time taken a
very close interest in the issue.

At that time, the Victorian industry, under
a Liberal government, said that they did not
care what other states did. They were not
interested in a national framework for an
orderly transition to deregulation. They said
that they were going to force deregulation by
pursuing their interests in markets in New
South Wales in particular. That was the
threat. Anyone who suggests that the Labor
states are somehow responsible for this does
not understand where the impetus came
from. It came from the industry in Victoria,
clearly motivated by the strong interest of the
major processing companies in Victoria.
They had commenced this drive towards de-
regulation by the middle of last year.

The government—and Senator Woodley
as well, on occasion—have said that the La-
bor states, New South Wales and Queensland
in particular, did nothing. That is not true. As
Senator Woodley knows, being a Queen-
slander, the state minister in Queensland, Mr
Palaszczuk, argued to try and arrest the drive
towards unilateral deregulation. He was put-
ting up proposals on behalf of the Queens-
land industry and the Queensland govern-
ment on this issue. But we all knew that, if
Victoria continued with their push, unless
you had some national, coordinated approach
by 1 July last year you would end up with an
unholy mess. You would have had a bigger
catastrophe than the one we have now. The
states would have been left completely to
their own devices.

In Queensland, the Labor government put
their position firmly on the record. They did
not want to see deregulation forced upon the
industry in the way in which it was being
contemplated. They were pursuing a solution
to the issue on a national basis. They were
calling on the government and on the federal
minister to do something to bring that about.
At the end of the day, as happened under the
Kerin plan and the Crean plan, the Com-
monwealth has to take the lead. It does not
matter that the direct responsibility might lie
with the state governments. If you want to
get a national approach in industry, whether
it is in deregulation or restructuring, the
Commonwealth government has to take the
lead and has to bring the states and the in-
dustry together. That is what happened in the
steel industry, it is what happened in the ve-
hicle industry under the previous Labor gov-
ernment and it is what happened in the dairy
industry under the Kerin and Crean plans.

The New South Wales Labor government
position was that they did not wish to de-
regulate either. Time and time again, Minis-
ter Amery said that they did not want to de-
regulate the industry, cold turkey, from 1
July last year. There were proposals for a
moratorium to allow the states and the Com-
monwealth to get together and try to
work out a national approach and to examine
in more detail the industry’s package. When
the new Victorian Labor government came to
office in the middle of this process, in late
1999, that government and the minister in
New South Wales both gave the industry the
opportunity to run ballots of their members.
Those Labor governments went to the in-
dustry, to the farmers and to the members of
those associations—the leaders of which the
minister says they listened to—and gave the members the opportunity for a ballot.

It is quite clear that people were in a no-win position. They knew that, if deregulation occurred and they did not have a package, they would have the worst of both worlds. But in those states the Labor governments at least consulted the industry and allowed the industry members to vote on the package and on the issue of deregulation. So it is just untrue that Labor governments did nothing about this. All this federal government did—

Senator McGauran—Have they put any money in?

Senator FORSHA W—Yes, they have put money in, Senator McGauran. There has been money put in by the state governments in Queensland and in New South Wales in respect of assisting dairy communities. When the government says that it put money in, it did not put one cent of federal money into this package. The only thing that the federal government did, because it was the only government that had the power, was agree to legislate to introduce a new tax: a levy on the sale of retail milk, whereby every consumer in this country who purchases a litre of milk pays an additional 11c per litre. That was what the federal government did. Let us not walk away from this. When this minister said that the government developed this $1.9 billion or $2 billion package—this most generous package—for the industry, it did it on the back of every single taxpayer, every single family and every single consumer in this country. Not one cent, not one dollar, has come out of the general revenue raised—

Senator McGauran—Which is taxed.

Senator FORSHA W—But the point, Senator McGauran is this—

The TEMPORARY CHAIRMAN (Senator Lightfoot)—Why don’t you address your remarks to the Temporary Chairman, Senator Forshaw.

Senator FORSHA W—Through you, Mr Temporary Chairman, I will respond to Senator McGauran. When you take credit for this package, you are taking credit for instituting a new tax, which, firstly, funds the levy completely, and under this bill will be extended for a further 10 months or longer in order to ensure that the additional money is paid for. Secondly, as has been pointed out time and time again, the government made sure that it would not miss out on its contribution by making it taxable and taking out approximately $500 million. In that context, it is okay, I understand, for Senator Woodley to stand up and say, ‘The Labor states should have put money into the industry,’ but do not forget that the states—and at the current time the Labor states—actually had the quota systems, and the quota systems guaranteed the income of dairy farmers, because of the prices that were set on the basis of the quotas.

When the quota system disappeared through deregulation, the assistance package came in to offset that reduction in income. That is the way this whole approach has worked. To turn around and say that the states should make further payments on the basis that their citizens are already paying tax to fund this package is to beg the question. If the states did that, they would have to find the revenue from somewhere, because they do not have the ability, as the federal government does, to just institute a new tax.

I want to get on to a couple of other issues. The Labor Party, because of the tremendous problems that have existed in this industry since this package came into place, established a dairy industry task force, chaired by our shadow minister Mr Gavan O’Connor. I was a member of that task force, as were other members of the party representing various dairy seats or having a particular interest in the issue. We visited the dairy regions all around Australia. As Senator Hogg has pointed out, we heard first-hand many of the problems. The report has been completed. In due course there will be a detailed policy position and a detailed plan put forward by the opposition leader.

Senator Ian Macdonald—We look forward to it.

Senator FORSHA W—I hope you do, Senator Macdonald, because that is what the industry are looking for. They are looking for a plan for the future of this industry—one that addresses issues such as the position of cooperatives, one that addresses issues such
as the skilling of the industry and one that addresses issues such as investment back on the dairy farms to enable them to improve their productivity.

**Senator McGauran**—That is called low interest rates.

**Senator FORSHAW**—The problem, Senator McGauran, is that this package was introduced—

**The TEMPORARY CHAIRMAN**—You should ignore Senator McGauran, Senator Forshaw, and direct your remarks to the chair.

**Senator FORSHAW**—Through you, Mr Temporary Chairman, to Senator McGauran: the problem is that this was a package without a plan. We are going to now come to some amendments to be moved to this bill. We believe it is unfortunate that because of the rush to get this legislation through there is not an opportunity to examine the other range of problems that exist. To deal with those problems we will require a detailed plan, and we will be putting that to the people and this industry over the course of the next few months.

**Senator WOODLEY** (Queensland) (7.43 p.m.)—I thought I would have a go at setting the record straight, too. I do not want to rewrite history, but I would like to read some history which I believe is accurate. The minister was a little upset that I criticised the government in my speech in the second reading debate. I was trying to help the government deliver on its rhetoric. I did, in my speech in the second reading debate, commend the government for this bill, because it certainly is an attempt to cure some problems which have arisen for a certain number—a minority—of farmers who have not been able to secure adequate compensation through the dairy restructuring package. The problem is that most members of the rural affairs committee heard evidence which clearly indicates that the government will not be able to deliver what its rhetoric says it wants to deliver, unless it accepts the amendments being proposed. Those amendments are meant not necessarily as a criticism but rather as an attempt to help the government improve the legislation which it has put before us.

The minister also said that I should have mentioned the problem with the states. I did mention that, Minister. I pointed out, as I think you were indicating—and I still believe it, despite what Senator Forshaw has just said—that the states are obligated to make some attempt at compensating farmers for the loss of quotas. It is not that states will need to go looking for some form of taxation; they have already received money from the National Competition Council as payment for the very fact that they went ahead with the dairy deregulation. The states have already received the money. In fact, my own state of Queensland—I am not sure of the amount—has received an amount of some millions of dollars. Those payments from the National Competition Council were payments in respect of dairy deregulation, so surely it is not too much to say that those states that have received that money already should use some of that money to compensate the very people who lost out because of what the states did and for which they received quite good compensation. The farmers themselves also need to receive some of that money.

Let me correct another comment of the minister—although I do not know that he was necessarily saying that the states were not involved in this. On the issue of a regional package—at this point I want to commend Senator Forshaw and perhaps tell him a little bit more of what the Queensland agriculture minister, Henry Palaszczuk, did. In fact it was Minister Palaszczuk’s idea originally for a regional package for regional assistance. He took that idea to the meeting of agriculture ministers and I understand that they rejected that package. In conversation with him, I prepared an amendment to make payments to regions that would be most affected by dairy deregulation. But in the meantime the federal government itself came up with a proposal to do exactly that, and history will record that all of us supported the DRAP proposal because it was to compensate the dairy regions most heavily impacted by deregulation.
Let me also give my reading of history in terms of the Victorian government. It was true that the Kennett government pushed deregulation strongly. In fact, it was because the Kennett government would not listen to dairy farmers particularly that there was such a reaction in the regions in Victoria, especially from those regions which were heavily dependent upon dairying. It was their reaction which resulted in the defeat of the Kennett government. Labor in opposition promised that there would be a ballot and they fulfilled that promise. But here is where I have a criticism of Labor. When they went to a ballot, the questions they asked were so skewed that they were designed to get predetermined answers. I do not have the exact wording of the questions but they were along the lines of: do you want $1.8 billion compensation? If so, will you agree to the removal of DMSS? What farmer is going to say no? Of course, overwhelmingly, they voted yes because they knew that they were in trouble and this seemed to be a lifeline. I was not very happy with the way that particular ballot was handled.

These are just some of the events which, from my reading of history, happened exactly the way I have outlined. As I said, the state governments have already received millions of dollars through the National Competition Council payments. They have had a windfall. Farmers have lost income, and I believe that some of that money that has been received should be paid to farmers as compensation for that loss of income.

In a moment we are going to move to a number of amendments. There are at least three sets of amendments: one from me—and that is listed first on the running sheet—then there are some amendments from the opposition, and then some amendments from One Nation. All of these go to the issue of the amount that is going to the quota states—the $100 million. And this is because the fall in market milk prices following the deregulation of the industry was greater than anticipated. It was not greater than the ABARE figures; it was very similar to the ABARE figures. It was just that nobody believed that ABARE could predict such a disaster. In fact, they did, and they were right. The disaster happened, and now we are playing catch-up because the disadvantage and problems that the dairy industry are encountering are far greater than the predicted fall of 10c to 15c a litre for market milk, which was predicted by the industry itself. The fall was in vicinity of 25c a litre, and in some cases 30c a litre, for the farm gate price for market milk, and that was not taken into account. The $1.6-something billion was predicated on a fall in the market milk farm gate price of between 10c and 15c a litre. So, quite clearly, that amount of compensation has been inadequate when we find that the market milk price has fallen to the extent that it has.

The government has proposed that there be a payment particularly to farmers in those states. Although the legislation does not say that, it is quite clear that that is its intention. Those farmers who had milk production of 35 per cent, or above, market milk would receive an additional amount because they were the ones most impacted by deregulation.

All the evidence we received in our committee hearing suggested that 35 per cent was simply too high and that the threshold set a hurdle which was too high for many of the dairy farmers the government has said it wants to help. People have been guessing at where the threshold should be set. I talked to the Clerk and we came up with the different figure of 18 per cent, which is what the Queensland Dairy Organisation suggested the threshold should be. The Australian Milk Producers Association said it should be around 20 per cent, and or above, market milk would receive an additional amount because they were the ones most impacted by deregulation.

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The amendment is very complex and it looks at various formulae, but I believe that the opposition amendment is probably the best one at this point. I will not move my amendment because I believe that the Labor Party amendment, at this stage, is the best way of dealing with this problem.

The amendment is very complex and it looks at various formulae, but I believe that the opposition amendment is probably the best one at this point. I will not move my amendment because I believe that the Labor Party amendment, at this stage, is the best way of dealing with this problem.
know whether any of us have got it exactly right because it is so complex, but I would be very grateful if Senator Forshaw would explain his amendment to us. I have discussed it with a number of people in the Labor Party. I think they have got it right, but it would be helpful if we could have an explanation from Senator Forshaw.

The other thing I wanted to say is that, in terms of the total amount in respect of the amendment, the government will say that if we change the threshold figure to 25 per cent it will cost more. I am not sure that that is so, and I think Senator Forshaw will give the reasons for that. However, even if it does cost more, it is possible to extend the levy for a period of time at the end of the eight or so years because, as I understand the legislation, in order to finish up the levy it has to be legislated, and that allows the government the flexibility to reduce the period if they find that the amount needed does not reach the indicated amount, or if it is a little more it will enable them to extend the period of the levy to cover that additional amount.

The amendment is not intended to reduce the payments to dairy producers, nor is it intended to try and limit the number. I suggest that I will not move my amendment although it is listed first on the running sheet. I will allow the opposition to put their amendment first, it will be supported and we can then see what happens.

Senator FORSHAW (New South Wales) (7.56 p.m.)—I move opposition request for an amendment (1), incorporating two statements:

That the House of Representatives be requested to make the following amendment:

(1) Schedule 1, item 10, page 6 (after line 24), before subclause (1), insert:

Levels of additional market milk payment rights

(1A) It is a policy objective that there be 2 levels of additional market milk rights as follows:

(a) basic additional market milk rights;
(b) additional market milk rights.

Basic additional market milk right is $15,000.

(1C) It is a policy objective that an entity is not eligible to be granted a basic additional market milk payment right unless:

(a) the entity has been granted a payment right under the DSAP scheme in respect of a dairy farm enterprise (the qualifying enterprise); and

(b) the entity held an interest (of a kind referred to in the SDA scheme) in that enterprise, or in any other dairy farm enterprise, at a time referred to in the SDA scheme; and

(c) the number (the market milk number) worked out in accordance with the following formula is at least 25.1 (rounding to 1 decimal place and rounding up if the second decimal place is 5 or more):

\[
\text{Total number of litres of market milk delivered by the qualifying enterprise in the 1998-1999 financial year} + \text{Total number of litres of manufacturing milk delivered by that enterprise in that year}
\]

Note: See also subclause (5) for how those delivery numbers are worked out.

Statement pursuant to the order of the Senate of 26 June 2000

The amendment increases amounts that are payable under the Supplementary Dairy Assistance (SDA) scheme by providing for a basic level of payment at a lower threshold. The SDA scheme is funded by a levy paid on retail sales of milk under 3 Dairy Adjustment Levy Acts of 2000 (covering General, Excise and Customs aspects of the levy). Under clause 83 of Schedule 2 of the Dairy Produce Act 1986 (the principal Act), the Commonwealth is required to pay to the Australian Dairy Corporation an amount equal to the levies that are actually received and notionally payable. The Consolidated Revenue Fund is appropriated for this purpose. The Corporation then disburses these funds under the Dairy Industry Adjustment Program and the proposed SDA, established by the bill. The amendment will result in an increased charge against the appropriation in the principal Act and has therefore been drafted as a request because it will increase the "proposed charge or burden on the people" within the meaning of the third paragraph of section 53 of the Constitution.
Statement by the Clerk of the Senate pursuant to the order of the Senate of 26 June 2000

The Senate has long accepted that an amendment should take the form of a request if it would have the effect of increasing expenditure under a standing appropriation in an Act amended by the bill. This request is therefore in accordance with the precedents of the Senate.

I hope that I can answer all of Senator Woodley's questions; I will try to do so. As Senator Woodley has acknowledged and appreciates, one of our dilemmas or difficulties is that not having all the information that was requested at the hearing puts us in a difficult position in trying to quantify the total cost of reducing the threshold from 35 per cent. Senator Woodley will recall—as I am sure the government will recall—that the South Australian dairy farmers put some evidence before the committee which indicated that the reduction that they were contemplating in their submission would cost about $10 million. They further indicated that that might be covered by savings within the scheme as a whole. We believe that some savings can be made from other aspects of the package. I do not think that I need to go into those in detail, but members of the committee are aware of the take-up rate in some of the other aspects of the package, which were included from the outset.

With regard to the amendment, clause 37E of the bill sets out the eligibility criteria for accessing the entitlements under the additional market milk payments. The method of calculation is set out in clause 37E and, as we can see, it is rather detailed. Under the existing provisions of the bill, dairy farmers for whom market milk comprised more than 35 per cent of their total milk production in 1998-99 are entitled to an additional payment. As was explained to members of the committee during the hearing and as can be read in the explanatory memorandum and in the bill, that payment is calculated according to a formula and there is a sliding scale which is capped at a maximum entitlement of $60,000 per farmer. Using the formula, it can be calculated that, on average, a farmer in New South Wales producing 36 per cent of market milk will get $32,500 from the package, and a Queensland farmer producing 36 per cent will get $21,600 on average.

Changing the formula to reduce the cut-in point to 25 per cent produces a number of possible outcomes, according to the work that the opposition has done on this, and that includes changing the entitlements for those who fall between the 25 per cent and 35 per cent brackets. Their entitlement could move up or down depending upon the reduction in the cut-in point of 25 per cent. It could also significantly increase the total cost of the program. We are concerned that, as we are advised, a reasonable proportion of farmers in the relevant states will still not be eligible to receive an assistance payment under the current limit of 35 per cent. Under our proposal, an additional 15 per cent to 20 per cent of farmers in those other states would become eligible. That would make it more equitable. On our estimation, effectively most, if not all, farmers in the category that this assistance package is designed to assist would qualify.

Under our proposal, we set a minimum entitlement of $15,000. As can be seen from the amendment, the basic additional market milk right would be $15,000. We propose to introduce a minimum payment that would cut in—as I have said, that $15,000 would cut in at 25 per cent—yet leave the existing formula intact. That would have the effect, I am advised, that those who produce 35 per cent or more, as is the current government proposal, would either retain their existing entitlement or, for a small number, possibly receive an increased entitlement.

I am not sure that I can add any more, Senator Woodley and other senators. We, like you and Senator Harris, have looked at this position. We heard the evidence, and it was clear to us that the 35 per cent cut-in figure was too high and that it would mean that many deserving farmers would miss out. We then attempted to look at a range of options. The 25 per cent figure was mentioned. I understand that the South Australian group proposed a figure as low as 18 per cent. We are concerned that that lower figure could result in substantial additional cost to the package. We are unable to calculate that cost at the moment, but, based on the work that we have done, we feel that our proposal, firstly, should be acceptable on a cost basis...
and, secondly, will be more equitable because it guarantees a minimum payment to anybody who qualifies under it.

It is a complex exercise, as we know, and we all would have appreciated far more time to examine it, to put forward options and to get detailed costings and so forth from the government. But it is clear that the current proposal in the legislation is not sufficient. At least the opposition and the minor parties agree that there has to be an improvement or a change in the formula to make the package more targeted and to increase the field of farmers who should qualify.

Senator IAN MACDONALD (Queensland—Minister for Regional Services, Territories and Local Government) (8.05 p.m.)—I hear what Senator Forshaw has to say. I am not sure who has done his calculations. I appreciate his comment that they were done in a hurry. I assure you, Senator Forshaw, our attempts to cost your amendment have also been done in a hurry but, fortunately, being in government we have slightly more resources than oppositions have to do that.

The amendments ignore that $1.63 billion has already been provided by the Commonwealth through the procedure you mentioned to assist farmers generally to adjust to the deregulation. Many farmers who were not heavily reliant on market milk premiums do not warrant additional assistance, and particularly so as many of them are benefiting directly by rising world milk prices for manufacturing milk. We have got together this package to deliberately target those who are still in genuine need, and that is the whole purpose of our amendment. As we understand your amendments, Senator Forshaw, our attempts to cost your amendment have also been done in a hurry but, fortunately, being in government we have slightly more resources than oppositions have to do that.

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Senator IAN MACDONALD—Correct me if I am wrong; if I am wrong, I do not want to develop the argument. As I understand your proposal, it is a minimum $15,000 per enterprise to all dairy farmers with a market milk dependence of more than 25 per cent. The best the department can assess, that would increase the cost of the package by some $60 million. I will just repeat that for the benefit of Senator Woodley and Senator Harris: $60 million. The government is not prepared to increase the cost of the scheme by $60 million. First of all, it reduces the assistance focus on those that are most adversely affected by the deregulation, and that additional $60 million would require the levy to be extended by anything from six to 12 months. That is over and above the extension that the government’s proposals are already requiring. It would bring the total extension to something like 16 to 20 months. That extension would be opposed, one would reasonably assume, by consumers and by processors. For that reason, the government is not prepared to accept that. Senator Forshaw, I think genuinely, was talking about savings in the scheme because so many people have left the industry.

Senator Forshaw—No, that is not right.

Senator IAN MACDONALD—Wasn’t it? Okay, you will have to correct me. Can I just, in any case, advise the Senate that my advice is that the departures from the industry have already been included in the calculation of the cost of the $140 million package that the government is putting forward. If they have left the industry they are not eligible, and that has been factored into the government’s calculation of $140 million. If I am wrong with any of my assumptions, please let me know. But if I am not, the government’s view is that you reduce the focus on the most adversely affected. We want to target it to those people who genuinely need it, not to those people who are dealing in manufacturing milk and are benefiting from the increasing world prices. We think that they will get through. This is targeted to those who are in genuine need. That is how we have developed the package.

We had originally come to some conclusions—$1.63 billion. Because of what ABARE has pointed out to us, we have realised that those in real trouble need extra, and that is what we are providing. We are not wanting to help those who, my advice is, are doing okay out of what has happened. I am
advised the government is quite firm on the fact that an additional $60 million requirement which would require an increase in the cents per litre amount of the levy to cover it will not be acceptable to consumers, will not be acceptable to the processing industry and therefore accordingly is not acceptable to the government.

I do not want to keep repeating the point in the hope that it might find favour through repetition. Notwithstanding that, we are targeting those who really need it. We think it is very fair. We have discussed it with the industry. We believe that an additional $60 million is not sustainable. We cannot win the argument in the wider community with that, so we are going with the additional proposals that we have put forward to try and address those most adversely affected by the deregulation.

Senator WOODLEY (Queensland) (8.12 p.m.)—I have listened carefully to the minister and I understand the government’s reticence at this point, but the reason I am supporting the opposition’s amendment and have proposed my own is that the evidence was very strong. The interesting thing is that the evidence came from the industry, and particularly from the Queensland Dairy Organisation. The submission from them was signed by Mike Prendergast, the CEO of that organisation, whose chair is Pat Rowley, who was the architect of the original package. If anyone would know where the flaws are in the original package, it is certainly the QDO, Pat Rowley and Mike Prendergast.

While I hear what the minister is saying, I do not think those two persons are irresponsible. In fact, they proposed that the bottom figure be 18 per cent. So in proposing 25 per cent I can hear what the minister is saying, but I am not persuaded to fall back from this amendment. I might add that the peak bodies that were intimately involved in the formation of the original package have come to us and put a very convincing case for the 35 per cent to be lowered. I have been prepared to fall back from the 18 per cent and go with the opposition’s 25 per cent as the lower threshold. But the industry itself was seeking a lower threshold than the 25 per cent, so I am not sure that we can go any lower than that. Whilst not wanting to hold up the committee, I thought I would just offer that in the debate.

Can I indicate that when I said that I would not put my amendments listed in that first section of the running sheet, those are my amendments Nos 1 to 4. My amendment No. 5 deals with another issue, and I would need to put that after we have dealt with these particular amendments.

Senator HARRIS (Queensland) (8.15 p.m.)—I will commence by responding to some of the opposition’s comments and also a comment of Senator Macdonald. Senator Macdonald says that the cost to the scheme of reducing the 35 per cent cut-off may be $60 million. But I will also address the opposite side of that issue—that is, the real cost that has been suffered by the dairy industry itself. I will quote from an article in the Land of 31 May which quotes dairy farmer Mr John Cartwright. The article states:

One year into his role as the inaugural chairman of the Australian Milk Producers Association, John Cartwright has covered more kilometres than he cares to calculate, assessing the “devastating effects” dairy industry deregulation is having on country communities.

Having travelled through NSW, into Queensland, Victoria, Western Australia and after umpteen visits to Canberra, the 55-year-old dairy farmer from Mulwala, in the southern Riverina, is convinced nobody would have voted for deregulation if the truth about what it would do had been told in the first place.

The article goes on to state:

“Up around Taree and in places like Bega, Lismore, Casino or any other community where dairying is a major player, deregulation has been a disaster for local economies,” said Mr Cartwright whose irrigated property, “Woodlands”, has a 200-head dairy run with his wife, Shirley, and son Geoffrey.
Basically, the effect has been to take $500 million out of local farmers’ hands and put it straight into the pockets of multi-national retailers whose priority is keeping their shareholders happy.

Report after report has shown frightening downturns in the cash flows of small businesses in country towns since deregulation. The minister says that it will cost an extra $60 million to implement the amendment that the opposition is putting forward. But I put to the minister that the $60 million pales into insignificance when you look at what has been taken out of the incomes of these farming families.

I now go to another document, again by the Australian Milk Producers Association, which was presented to the Senate. I will quote from it briefly. It states:

The findings in the ABARE report released in January triggered the way the Federal Government responded to dairy industry requests for further assistance. ‘The ABARE report highlighted that it was those farmers who had the most exposure to market milk products who have been most affected by the deregulation of the industry.’

We challenge this assumption, because it assumes that milk other than market milk is profitable. ABARE’s own figures do not substantiate this assumption.

In that submission to the Senate inquiry, an average Queensland production cost was used. Average production in Queensland is 458,666 litres per producer. With total variable costs of 36.6c per litre, ABARE allows only $6.36 per hour—and not the $12.72 that is recommended by the industry. There are total overhead costs of 18.8c per litre, with total financial costs of 3c per litre. So the average production cost for a dairy producer in Queensland is 58.43c per litre. Even if you go to the most efficient largest producers in the state and take the top 25 per cent of those, whose production is 758,498 litres, their total variable costs are 32.17c per litre, and there ABARE only allows $5.73 per hour. Try getting somebody, other than those in the dairy industry, to get up at 4 o’clock in the morning to go down to the dairy and work for what ABARE says is $5.73 per hour. If you add to that the total overhead costs of 15.1c per litre plus total financial costs of 3.4c per litre, the production cost for the highest producing, most efficient end of the Queensland dairy industry is still 50.67c.

Total manufacturing returns for the four years 1994 through to 1998 are: in 1994, 24.6c per litre; in 1995, 23.5c per litre; in 1996, 21.2c per litre; in 1997, 24.2c per litre; and in 1998, 24c per litre. So the five-year average is 23.5c per litre. They closed their submission to the Senate committee by saying:

It is not rocket science to appreciate that with production costs of the top 25% of Queensland dairy farmers at 50.67 cents per litre and returns from the manufacturing sector ranging from 24.6 cents per litre to 21.2 cents per litre with a 5 year average of 23.5 cents per litre;

It is impossible for any Queensland dairy-farmer to offset any loss of revenue from market milk sales from the manufacturing sector.

So here we have the industry itself clearly saying that the government have totally got it wrong if they believe that those people who have lost income from production of market milk can supplement it from manufacturing milk, because on those figures they cannot; it is impossible.

I would like to speak briefly in support of the opposition’s amendment and also indicate to the Clerk that I will not be proceeding with Pauline Hanson’s One Nation amendments Nos 1 to 3 on sheet 2262 because, having gone through the opposition’s amendment, I believe it in actuality reflects exactly the same figure that I was proposing but goes further and is an improvement in that it brings in this minimum market right. I believe that is a great improvement.

Whilst on my feet, I would like to raise one other issue, for the Tasmanian Farmers and Graziers Association. They are concerned that a group of Tasmanian market milk producers most affected by deregulation will not be recognised. They refer to a number of dairy farmers who actually supply 100 per cent of their production into market milk but who, because of the pooling arrangements in Tasmania, are deemed to only supply eight to 10 per cent of their production to market milk. So here we have Tasmanian producers whose entire production goes into market milk but, because they are deemed
through the pooling arrangements in Tasm-
ania to produce only eight to 10 per cent, the
government’s proposed bill—and sadly, I
recognise, even the opposition’s amendment
and ours—will not improve their lot. In con-
cclusion, I support the opposition’s amend-
ment No. 1 and indicate that I will not pro-
ceed with One Nation’s amendments Nos 1
to 3.

Senator FORSHA W (New South Wales)
(8.26 p.m.)—I would like to just clarify for
the minister the intention of the opposition
amendment because I think there is a misun-
derstanding. The minister did put to me a
question which, I recall, was along the lines
of whether all eligible farmers would get an
additional $15,000. That is not the intention,
and it is not the way that we have structured
this proposal. Currently the entitlement cuts
in at 35 per cent. We are proposing that in
effect that figure would become 25 per cent
but with a guaranteed minimum payment of
$15,000. So it will pick up additional farmers
who have between 25 per cent and 35 per
cent of their income from market milk but
who do not qualify under the existing
scheme. They will now gain an entitlement
to an additional market milk payment, but
there will be a guarantee that, if their enti-
tlement works out to be less than $15,000,
they will get a minimum of $15,000. If the
formula to be used does not produce a figure
higher than $15,000, they would get
$15,000. If it produces a higher figure, they
would get that higher figure.

For anybody who gets an entitlement of,
say, $25,000 under the government’s pro-
sal in the bill as it stands, using the 35 per
cent cut-in figure, that is their entitlement;
they will not get another $15,000. So just as
there is a $60,000 cap so that no farmer can
get more than $60,000 under this proposal,
we are setting a floor of $15,000, but the cut-
in measure will commence at 25 per cent
rather than at 35 per cent. So there is no dou-
ble payment, if you like. If the government’s
calculation is based upon every farmer get-
ing an additional $15,000, then its calcula-
tion is grossly inaccurate.

On evidence that was presented to the
committee—and on our own calculations of
what we estimate to be the number of farm-
ers who would be able to get an entitlement
under the amendment but who currently do
not—and having regard to a minimum pay-
ment of $15,000, the additional cost would
be somewhere between $10 million and $15
million. That is our calculation. As I have
said, that is backed up by some evidence that
was presented to the committee by one of the
organisations.

The second point I wish to clarify is that
the minister said something along the lines
that our proposal is funded from payments
that are made to farmers who have left the
industry. I do not think I said that and I cer-
tainly did not mean to say that. What I did
say, and I repeat, is that we believe there are
savings in the scheme as it is currently oper-
ating—and I do not think you need to be
Einstein to recognise where those savings
might come from—that could be accessed or
utilised, looking at the package as a whole,
to help fund an additional payment in this
measure. But that is something I leave with
the government.

Senator HARRADINE (Tasmania) (8.30
p.m.)—I do not know whether I should raise
this here, but I have a question for the min-
ister as a result of a letter that I have received
from a farmer at Edith Creek in Tasman
ia. It
goes to the question of the amount of money
that is received by the lessors. He gives a
number of instances, but in general he is
saying that the lessors who have put their
life’s work into farming are at the moment
feeling ripped off by the application of the
regulations. Some Tasmanian dairy farmer-
owners who have leased their properties
have spent 50 years building them up. The
point he makes is that they have found that
the lessee has been allocated over 90 per cent
of the deregulation money in most cases.

There are some very concerning examples
in this letter. There is the case of a farmer
who eventually had to sell his farm because
deregulation. It was a small farm of 125
acres. The lessee received $50,000 while the
lessor received only $3,200. I am just won-
dering whether the minister might explain to
me what the current status is and what one
should tell a person like that who is obvi-
ously extremely concerned. He and others
like him have spent many hard years farm-
I do not have to tell you this, Minister—through droughts, floods and difficulties, and he noted the high interest rate at one stage. I would be very grateful, Minister, if you could take that on board and respond to it either now or at some other time during this debate.

Senator IAN MACDONALD (Queensland—Minister for Regional Services, Territories and Local Government) (8.33 p.m.)—I might respond now and try to clarify some things. I will go back to Senator Forshaw’s comments before I address Senator Harradine’s. I hear what Senator Forshaw says. Senator Forshaw, that may be what you intended, but it is not, according to my advice, what your amendment actually provides for—although we are getting further advice on that. As I previously indicated, my advice is that if the amendment is passed we are looking at an additional $60 million, which is simply not acceptable to the government. Your explanation suggests that our calculation on what you intended is wrong, but our calculation is made on what the amendment says, not on what you may have intended. I am seeking some more advice on that.

Senator Harradine, the point you raise is a very genuine one, and there have been a lot of representations made to the government by people in a similar situation to the one of your correspondent. The government has recognised that there may be some groups of land lessors that are facing significant adjustment pressures following the deregulation. It is for this reason that the discretionary payment rights are to be made available under the Supplementary Dairy Assistance Scheme. Part of this new scheme is for those discretionary payment rights. They will be inserted to cover new or unusual cases where there is a genuine hardship but the cases do not fall within the normal rules. This would cover the sort of case you are talking about, Senator Harradine. I do not want to give an interpretation on the exact issue you raise, because obviously I do not know the details. The minister and the authority that will administer these discretionary payments would have to know all the exact details. Certainly, from what you have said, it appears that that is what the discretionary payment rights are all about.

The government has identified a couple of groups that would be eligible for the discretionary payment rights. Your question relates to the second group, but the first group are lessors who can demonstrate that they have suffered a significant event or crisis such as ill health or personal tragedy which has resulted in their temporary or unforeseen change in status from a producer to a lessor. If they are eligible, it is proposed that those individuals will be reassessed as owner-operators under the eligibility criteria for the DSAP scheme and that they will receive an equivalent entitlement. That is the first group.

The second group—which perhaps more easily equates to the case you relate, Senator, although he could well be in the first group as well—identified as eligible for the discretionary repayment rights will be those land lessors who derived 50 per cent or more of their total income from the dairy enterprise lease and who can demonstrate that this lease income has fallen by at least 20 per cent. This will include those lessors who have received lower lease payments in 2000-01 because the lessee has left the dairy enterprise during the year. Payments under this supplementary measure are targeted and we believe—and I think you would agree, Senator Harradine—that it is entirely reasonable for lessors to be required to demonstrate that they have been disadvantaged by the deregulation impact.

Under the original package, the government, with the support of the industry, took the view that those most in need of assistance were the day-to-day farm operators as they were the ones who faced the greatest and most direct risk through the expected fall in the price of milk. We also thought that in addition lessors are much better placed to handle the adjustment pressures for a number of reasons. One is that they have a lease contract which protects their income for the duration of the contract. That is what the contract is intended to do, but I accept there are situations where the lessee has walked off and the lease contract may not be worth
the paper is written on. But generally speaking the lessor has a contract.

They also own a farm asset, which they can convert to an alternative use or perhaps they can expand operations—they actually own the land. Also, lessors can actually sell their property into a market—my notes say—'enriched by the former lessees or share farmers who are keen to purchase their own farms or to neighbouring farmers who are expanding their operation'. That may or may not be the case, but they do have the property and it was originally thought that they would be able to get out of this without too much loss. But the legislation we are dealing with now does have those discretionary payment rights which in certain reasonably limited circumstances will help lessors.

Senator, if this legislation is passed by the end of the week, which I certainly hope it will be, then I would suggest that your correspondent should get in touch with the relevant authorities at the earliest possible time to look for eligibility. I am not sure that we have all of the guidelines in place yet—they are not complete. He, and any other lessor in the same situation, should look closely at the legislation. I think we deal with that a bit later on. As soon as the guidelines are out, I know the authority and the department will be very happy to try and assess the applications of lessors as they come through.

Senator WOODLEY (Queensland) (8.40 p.m.)—I will help the committee and Senator Harradine by saying that we will be returning to the issue of lessor/lessee a little later in the debate because I have a number of requests that address that issue, so I do not want to debate with the minister now. I will just indicate that we do not believe, again, that the government’s legislation will give sufficient guarantees to lessors unless the requests I move are accepted. I will not debate that now; I will put that proposition later. I just indicate to Senator Harradine that we will be coming to that issue shortly—sometime tonight, I hope.

Senator FORSHAW (New South Wales) (8.41 p.m.)—You might be getting to it quicker than you think, Senator Woodley. I just want to indicate that the opposition has, I understand, taken advice and we are preparing an amendment to our request which should overcome the question that has been raised by the minister and which we have taken on board—that, whilst the intention was clear, it may not necessarily have been as clearly expressed in the wording. What I want to do, because that is now being printed and it will be circulated shortly, is to suggest that we could maybe go to another request and come back to this item.

The TEMPORARY CHAIRMAN (Senator McKiernan)—Senator Forshaw, if you move that consideration of your request be postponed to a later hour, we can actually facilitate that.

Senator FORSHAW—I could not have put it better myself. I am happy to move:

That further consideration of the request be postponed to a later hour.

Question resolved in the affirmative.

Senator WOODLEY (Queensland) (8.42 p.m.)—I have a further request which is different from what we have been discussing and I think it might be appropriate to move that now. It is my request (5) on sheet 2244, the revised sheet. I seek leave to amend my request slightly.

The TEMPORARY CHAIRMAN—Just move it in its amended form.

Senator WOODLEY—I move request (5), incorporating two statements:

Schedule 1, item 10, page 8 (lines 5 to 7), omit “$60,000” (wherever occurring), substitute “$80,000”.

Statement pursuant to the order of the Senate of 26 June 2000

The amendments increase amounts that are payable under the Supplementary Dairy Assistance (SDA) scheme, extend the eligibility criteria and lower the eligibility threshold for the scheme. The SDA scheme is funded by a levy paid on retail sales of milk under 3 Dairy Adjustment Levy Acts of 2000 (covering General, Excise and Customs aspects of the levy). Under clause 83 of Schedule 2 of the Dairy Produce Act 1986 (the principal Act), the Commonwealth is required to pay to the Australian Dairy Corporation an amount equal to the levies that are actually received and notionally payable. The Consolidated Revenue Fund is appropriated for this purpose. The Corporation then disburses these funds under the Dairy Industry Adjustment Program and the
proposed SDA, established by the bill. The amendments will result in an increased charge against the appropriation in the principal Act and have therefore been drafted as requests because they will increase the “proposed charge or burden on the people” within the meaning of the third paragraph of section 53 of the Constitution.

Statement by the Clerk of the Senate pursuant to the order of the Senate of 26 June 2000

The Senate has long accepted that an amendment should take the form of a request if it would have the effect of increasing expenditure under a standing appropriation in an Act amended by the bill. These requests are therefore in accordance with the precedents of the Senate.

I have amended my request to change the figure of $100,000 to $80,000. I will speak to that briefly and explain why I have changed the amount. There is a very big concern amongst quota states, particularly in Western Australia, that the proposed cap of $60,000 on payments discriminates proportionally against equitable compensation to holders of substantial quota entitlements. These people are particularly in Western Australia. For instance, Mr Tony Ferraro, a Western Australian producer, argues that the cap discriminates against producers hardest hit by deregulation. He said in his submission:

In our case we produced over 1.4 million litres in 98/99 with 1.29 million litres into market milk. We will receive the maximum payment of $60,000. Our neighbours, who produced only half this milk volume, and who are less affected by deregulation will also receive the same $60,000 payment. The maximum payment limit needs to be increased if it is to assist those hardest hit.

Mr Ferraro also noted that not only did those producers supplying larger volumes of market milk suffer the largest losses but also they typically carried the heaviest load of farm debt. The committee’s comment was:

... producers whose losses are greatest, and who are carrying debt which threatens the viability of their enterprise due to the change in debt ratio resulting from deregulation should be considered eligible for discretionary payment rights under certain circumstances.

The government members on the Senate committee in fact recommended that this cap should be altered to $80,000. I was trying to strike a balance between Mr Tony Ferraro’s estimation that he really needed $120,000 for equitable compensation and the government’s cap of $60,000 and came up with the $100,000 figure. But I think that if I go with what the government members of the Senate committee themselves proposed, then that should be acceptable to the government. So my request simply substitutes $60,000 for $80,000. There is a recommendation in the Senate committee report that is a little more complicated than that. If the government wanted to come back with an amendment to the request which picked up what the government members said in the Senate report, I would certainly consider that. Failing any amendment from the government along those lines, then I believe that my request must stand.

Senator HARRIS (Queensland) (8.46 p.m.)—I indicate to the chamber that Senator Woodley, by amending his request from $100,000 to $80,000, is in actuality bringing it into line with amendment (4) of Pauline Hanson’s One Nation on sheet 2262. As clarification for you, Mr Temporary Chairman McKiernan, earlier I indicated that I would not move requests (1) to (3), contrary to what is shown on our running sheet that included that fourth amendment which I had intended to move. In light of Senator Woodley changing his request, there is no necessity for me to go ahead with my request as it merely duplicates Senator Woodley’s proposal.

In speaking to both of our requests, I endorse the issues that Senator Woodley has raised. It was based on the Western Australian requests that I had initially looked at the process and believed that the $80,000 figure was the most equitable balance to strike. I explained earlier that the top end of the producers, such as the Queensland members who are the most efficient with the highest production, would find themselves not only suffering far greater losses than the smaller producers but also being excluded from deriving any benefit.

We need to look at this in light of the fact that we are not setting up some mythical level of covering the costs for the producers. Any producer who continues to produce either market milk or manufacture milk above the ceiling of this return at $80,000 continues to do it at a loss. That is one of the issues that
is being lost here this evening. For the larger efficient producers, their costs per litre continue. They may to some degree have economies of scale that will reduce their overhead costs—that is, their running costs on the farm—but invariably their ability to finance them again is higher. So, proportionally, while they may gain by their volume, they lose by the costs of financing the ability to produce that volume.

We have to be very mindful here in this chamber that we are not handing to these producers something that will reflect in their bottom line—in other words, their ultimate profit. We are not; all we are doing is trying to achieve a position where they can continue. I spoke earlier about the fact that the government’s proposal totally excludes the necessity for these people to make a profit in order to exist. What we are doing, thankfully, is helping them to be able to at least cover the cost of their production to certain levels, but those larger producers, as Senator Woodley has said, will continue to suffer those losses on that volume of milk they produce above this ceiling.

Senator IAN MACDONALD (Queensland—Minister for Regional Services, Territories and Local Government) (8.51 p.m.)—There are a couple of points on this. I did not quite understand Senator Woodley’s point that if we moved an amendment that took up the government members’ proposal then he would not proceed with his request, but otherwise he would. Senator Woodley, your request, reducing the $100,000 to $80,000, still covers what you want, does it not? You do not need me to move an amendment—not that we would anyhow because we do not agree with that. But I was not absolutely certain on the point you made. I note that Senator Harris has said that his request (4) covers that, and I assume that that is covered by the wording of Senator Woodley’s request, but in both cases the government opposes this request.

This whole legislation was about targeting those little people or those in real need, and that is why we have capped it at $60,000. You have to draw the line somewhere. My advice is that above $60,000 there are people who are not as deserving of this assistance as others. We wanted to direct the available money to those who were in real need, and that is why we think the cap should be $60,000. There is a limited amount set aside for this in this legislation. If you increase the $60,000 to $80,000, it means that somewhere along the line someone else is going to miss out, unless you increase the amount that the government have set aside for this.

If you increase the amount the government have set aside—and I am advised that we have not been able to do any costings on the increase from $60,000 to $80,000—it would be substantial; it would add to the quantum and time line of the levy. In either case, the government believe that that would not be supported by consumers or processors, and we think it is important to build on goodwill and to have the whole community wanting to support those farmers who are severely affected by the deregulation. They are the ones we want to target. They are the ones we think the public as a whole—consumers, processors, everyone—want to target. If you go beyond that, you are going to start favouring people who, I am advised, do not need the extent of that support. The government maintain their position on $60,000 and will be opposing very vigorously any increase of that cap from $60,000 to any amount over and above that.

Senator FORSHAW (New South Wales) (8.55 p.m.)—I indicate on behalf of the opposition that we will not support this request. The point has been made that the line has to be drawn somewhere. It is never an easy issue, as we found looking at the minimum entitlement. Whilst we are putting forward proposals in that regard to extend the operation of the scheme to those in greatest need, we are not convinced that there needs to be an increase from $60,000 to $80,000 at the upper limit of the additional market milk payment rights. I note that originally Senator Woodley had proposed $100,000 but fairly quickly chopped $20,000 off that figure, which I think indicates to some extent that he recognises that you have to draw a line at some point. I also note that we do not have any costings as to what additional costs would be involved here. On that basis, we
cannot support the proposal as it is put forward at this time.

Senator HARRIS (Queensland) (8.56 p.m.)—I would be absolutely delighted if Senator Ian Macdonald, for the benefit of the chamber, could enlighten us as to who the producers are who are above this proposed cut-off of $80,000 that we have suggested who do not need the money. I do not believe that post deregulation there is a single dairy farm producer, big or small, whom Senator Macdonald could name who is happy and making a profit. I believe that with the reduction in the price that they are receiving for their product they are either at the point of going out the back door or only just surviving. Could Senator Macdonald enlighten us as to who these lucky dairy producers are who do not need the money?

Senator WOODLEY (Queensland) (8.58 p.m.)—I will make a couple of quick comments to enlighten the minister. The reason I was saying that the government might come back with a slightly different amendment was that the government committee members themselves in the Senate report came up with a fairly complicated formula to arrive at the $80,000. I thought that the government might be attracted to the idea of supporting its own members in the Senate committee along those lines. I am quite happy to put the simpler proposition that I have put in my request, which is the same as Senator Harris’s request. I am quite happy to do that. I was just making an offer to the government. Senator Forshaw is not quite correct in saying that I reduced the amount from $100,000 to $80,000 because I was worried about the costs.

Senator Forshaw—Never said that.

Senator WOODLEY—Didn’t you?

Senator Forshaw—I said that you were able to quickly draw a line and then change it.

Senator WOODLEY—I see. I thought it might be useful to explain how I arrived at the $100,000. I prepared the instructions for that amendment before I had the committee report. You will remember that we were doing it all in a bit of a rush last week. I was simply trying to second-guess or arrive at something near the amount the Western Australian farmers needed. I worked off Tony Ferraro’s comments, but I thought: why not go with that which the government members themselves have put forward as something that the government could support? That was for a cap of $80,000. I arrived at that figure in support of those government members.

Request, as amended, not agreed to.

Senator FORSHAW (New South Wales) (9.00 p.m.)—I understand that a revised sheet 2245 has been circulated. I seek leave to amend my request for amendment.

Leave granted.

Senator FORSHAW—I indicated earlier the intention of our request. We have added to the proposed words an additional set of words. The amended request now reads as follows:

That the House of Representatives be requested to make the following amendment:

(R1) Schedule 1, item 10, page 6 (after line 24), before subclause (1), insert:

Levels of additional market milk payment rights

(1A) It is a policy objective that there be 2 levels of additional market milk rights as follows:

(a) basic additional market milk rights;

(b) additional market milk rights.

(1B) It is a policy objective that an entity is eligible for the higher of either:

(a) basic additional market milk rights;

or

(b) additional market milk rights;

but not both.

Basic additional market milk rights

(1C) The basic additional market milk right is $15,000.

(1D) It is a policy objective that an entity is not eligible to be granted a basic additional market milk payment right unless:

(a) the entity has been granted a payment right under the DSAP scheme in respect of a dairy farm enterprise (the qualifying enterprise); and

(b) the entity held an interest (of a kind referred to in the SDA scheme) in
that enterprise, or in any other dairy farm enterprise, at a time referred to in the SDA scheme; and

c) the number (the market milk number) worked out in accordance with the following formula is at least 25.1 (rounding to 1 decimal place and rounding up if the second decimal place is 5 or more):

| Total number of litres of market milk delivered by the qualifying enterprise in the 1998-1999 financial year |
|-------------------------------------------------|-------------------------------------------------|
| Total number of litres of manufacturing milk delivered by that enterprise in that year |
| Total number of litres of manufacturing milk delivered by that enterprise in that year |

Note: See also subclause (5) for how those delivery numbers are worked out.

We believe that would clarify the position in accordance with the intention of our request. I also seek a response from the minister. Minister, as I understand it, your original calculation, which you said amounted to $60 million, was based upon the interpretation that every farmer who got an entitlement would receive an additional $15,000. Is that correct?

Senator Ian Macdonald—Yes.

Senator FORSHAW—So you accept that the cost would now be substantially lower. I see the minister nodding. Thank you.

Senator IAN MACDONALD (Queensland)—Minister for Regional Services, Territories and Local Government) (9.02 p.m.)—Regrettably, I am personally not in a position to calculate figures that might flow from this new amendment, and my advisers are not either, at this point. I am advised that, on a preliminary perusal of the amended amendment, the amended amendment does now more closely say what I understand Senator Forshaw was intending to say, which did not follow from the original amendment on which the government has done its calculations and positioned itself on the issue.

It would be my position tonight to continue to oppose the amended amendment and to deal with the matter henceforth—depending on what happens tonight. If the amendment is defeated then it will remain as the government has it. If it is not defeated then it will be a matter that the minister and his department can look at and cost. But my preliminary indication is that, again, the government would not accept the amended amendment, because it does extend it. It does provide an additional cost which the government, at this stage, is not prepared to entertain.

Request, as amended, agreed to.

Senator WOODLEY (Queensland) (9.04 p.m.)—by leave—I move Democrats requests (6) to (9):

(6) Schedule 1, item 10, page 9 (line 30), omit paragraph (c), substitute:

(c) subject to subsection (1A)—the entity passes the lease income test.

(7) Schedule 1, item 10, page 9 (after line 30), after subclause 37J(1), insert:

Exception

(1A) For the purposes of this clause, an entity is taken to have passed the lease income test if the entity suffered a material fall in eligible lease income in the 1999-2000 or 2000-2001 income years because a lessee of the entity defaulted on a contract or leasing arrangement in relation to the dairy farm enterprise.

(8) Schedule 1, item 10, page 10 (after line 5), after subclause (2), insert:

(2A) It is a further policy objective that an entity to which subclause (1A) applies is entitled to be granted the same level of discretionary payment rights, in respect of a dairy farm enterprise that is subject to an eligible dairy leasing arrangement, as have been granted to the lessee.

(9) Schedule 1, item 10, page 10 (after line 5), after subclause (2A), insert:

(2B) It is a further policy objective that an entity with a lessor interest in a dairy farm enterprise is entitled to be granted 80% of the discretionary payment rights granted to the lessee in respect of the enterprise.

I will give the background to amendments (6) to (9), and this explanation may help Senator Harradine. It deals with the issue of lessors and lessees. The minister’s explanation before was helpful in that the government’s intention was clear that lessees, in the original legislation, were thought to be in a worse position than lessors. However, the experience of most lessors is that lessees
have walked away with what very often appears to be a windfall gain and lessors have been disadvantaged considerably.

This is something that I do not think anyone anticipated: having received a package, many lessees then broke the contract. As Senator Macdonald says, that means the contracts are not worth the paper they are written on, and I am afraid that is true. We were surprised by this. In fact, the main group of lessors from Victoria, who appeared before us and who had over 400 members, claimed in the hearing that over 70 per cent of their members had suffered this particular disadvantage. We were a little sceptical of that, and we did ask for evidence. They subsequently produced written documentation which supported the assertion that, for over 70 per cent of lessors who were members of that particular organisation—which does not cover all of the lessors, but it is a clear indication of what has been happening out there—the lessees walked away. That left those lessors in a terrible situation, for most of them have not been able to get anyone else to come onto their farm. Most of them are lessors for very good reasons: they have been injured or have suffered some other form of disability or, because of age, they remain owners of farms but have sought the help of lessees in order to continue an association with dairy farming, with someone else doing the actual work. Until deregulation, they shared the benefits of that arrangement.

We now have before us this new situation that nobody anticipated—the government did not anticipate it, and I do not think anyone from either the opposition or the minority parties anticipated it, although it was very clear in the first round of hearings on the original legislation that there was a problem. We could see that and the government were warned about that. They really did not put in place flexible enough discretionary payment arrangements for the Dairy Adjustment Authority to respond to lessors, so we ended up with the situation where many lessors got as low as one, two, three or four per cent of the package, and the lessees walked away with over 90 per cent.

The minister says that lessors are in a stronger position. Again, I do not think anyone could have anticipated what has happened with farms, particularly those farms that we are talking about. The experience of most lessors, and certainly of the group which appeared before us, is that not only has the value of their farms dropped but it has been almost impossible to sell those farms. So they are left with a farm that they cannot work, they have virtually nothing from the package, they have a lessee who has walked out on them, they are unable to replace that lessee and they are in an awful situation. I believe that the government have sought to address that, but their legislation is far too restrictive.

Amendments (6) to (9) will do a number of things. Amendment (7) will ensure that where a lessee has walked out on the lessor this itself becomes one of the reasons whereby a discretionary payment can be made. Amendment (8) indicates that where there is a lessor who has had the lessee walk out on him with a sum of money justice requires that the lessor receive the same amount of money as that received by the lessee. Amendment (9) is an indication that where the lessor still retains his lessee the lessor be granted 80 per cent of the discretionary payment rights granted to the lessee.

Those figures were worked out very carefully by the group of lessors who appeared before us. They had done an incredible amount of work, and I take their calculations to be accurate. After all, they are the people who know best what has happened to them. So I am happy to have moved the amendments, because I believe that they will do what the government says it wants to do with its legislation, but I believe we will find again—as we found last time—that they do not in fact deliver on what the government has promised it is trying to deliver to those disadvantaged lessors.

Senator HARRIS (Queensland) (9.11 p.m.)—I rise to speak in support of the Democrats requests that Senator Woodley has just moved. Not only during the period of the Senate hearings but also substantially over the last few months, I believe all senators have received an inordinate amount of
correspondence in relation to this issue. I would like to briefly quote from one letter from NR and ML Boucher. It is a letter to the Prime Minister, the Hon. John Howard. In that letter, the lessors make these comments:

When a lessee leaves a farm with his package he not only changes his life, he changes the life and income of the lessor, the consequences being loss of income, devalued farms, vacant farms, greatly reduced lease payments (if you can attract a new lessee). It appears that the second attempt at legislation is going to be pushed through without adequate consultation with those that are going to be adversely affected.

They go on to say:

We have asked Minister Truss for consultation but he continues to return to the decisions made 18 months ago and refuse to concede that lessors have lost money. We are in the 40% of farmers whose income has been reduced unlike the Victorian farmers with a 7% rise in income and a healthy deregulation package.

They conclude the section that I am going to refer to by saying:

THE PEOPLE WHO HAVE LOST THE MOST INCOME FROM DEREGULATION ARE THE ONES WHO HAVE RECEIVED THE SMALLEST DEREGULATION PAYMENT.

I believe that Senator Woodley’s amendments go to the heart of that matter.

The difficulty I have through this process is that in Australia we have at law a precedent that, if you are in breach of a contract, you lose your rights. But the process that the government has put in place has failed to uphold this time-honoured process. We can have lessees who can be two, three or even five months in breach of their agreements, and what does the government do? The government turns around and pays the package to that person who has breached their legal agreement with the lessor. I believe that this is an extremely unhealthy and unacceptable principle that the government is establishing in this deregulation process.

I would like to ask a couple of questions of Senator Ian Macdonald. The legislation itself makes one set of conditions for a share-farming process. We have an owner of a property that has infrastructure and that owner has a legally binding agreement that happens to have the word ‘sharefarmer’ written into it. Under that process and the government’s bill, the benefits from the package are invariably divided equally, as I believe they should be.

We then have the second group of people who have a legally binding agreement, and the only difference from the first set of circumstances is that, instead of having the word ‘sharefarmer’, it has the words ‘lessor’ and ‘lessee’. There is no difference at law in the process for enforcing the rights of both parties, and yet the government’s legislation makes an extreme difference to those who have those words ‘lesser’ and ‘lessee’ in their agreement. I would ask the minister to explain to the committee why the change of words from ‘lesser’ and ‘lessee’ to ‘sharefarmer’ substantiates and justifies the difference between these two groups of people under this bill.

Senator IAN MACDONALD (Queensland—Minister for Regional Services, Territories and Local Government) (9.17 p.m.)—Mr Chairman, perhaps I can refer to the issues raised by both Senator Woodley and Senator Harris. Senator Woodley, you misinterpret me when you say that I said that contracts are not worth the paper they are written on. In response to Senator Harradine, I said that in some instances that may be the case, but it depends very much on the circumstances and I am advised that the circumstances where that would happen are fairly rare in the dairying industry.

By way of explanation to everyone—and you all know this and I do not want to insult your intelligence—a lease is a legal document and it is enforceable. In any situation—and I must say that I am far more familiar with sugar leases than dairy farm leases, but the same principle applies anywhere with leases—the lessor is the owner of the land. He leases his farm to someone else who runs it as a property and in return for that he gets a rental. That agreement is forever enforceable and can be pursued in the courts of the land and, barring unforeseen circumstances or technicalities, the lessor will always be able to recover his rent. The only time that he would not recover his rent is if the lessee has gone broke. That applies with any contract: if one party to the contract is bankrupt.
then it does not matter how good your contract is because you cannot get blood out of a stone—you cannot get money out of someone who has not got it. So in those very rare situations that is the position.

I am advised that in the dairying industry most of the lessees will benefit from this package and, in whatever way they choose to go—whether they have exited the industry or are still in the industry but have the benefit of the adjustment assistance—they will continue to be subject to suits from the lessors. The lessors will be able to recover their rental. I am also told that the position of lessors and lessees, or owners and operators, is very much a Victorian situation. Apparently it does not apply in many of the other states where dairying applies. In Victoria the lessor and lessee—and, in fact, all in the industry—are not going to be in any particular difficulty. I understand that there is a case in Victoria where a lessee did breach his lease with the lessor but the lessor was able to immediately lease his property to another lessee for the same price, and so he suffers not at all.

I am advised that lessors are not generally in a hardship position but, if they do fall into those two categories that I mentioned to Senator Harradine before, then the discretionary payment rights will enable those lessors to receive payment from the Dairy Adjustment Authority. Let me just quickly say that the first group are those lessors who have been running the farms but, because of a significant event or a crisis such as ill health or personal tragedy, there has been a temporary or unforeseen change in status from the actual operators, the producers of the farm, to the lessors. Something has happened. Such people have had to leave active farming and get others to take on the property in recent times. If they are eligible, it is proposed that these individuals will be reassessed as owner-operators so that they will be classed as lessees almost, so to speak, under the eligibility criteria and they will receive an equivalent settlement. That is for people in those exceptional circumstances.

The second group—I will repeat myself, just to emphasise the point—will be those owners who derive 50 per cent or more of their total income from the dairy lease rental and who can demonstrate that that lease income has fallen by at least 20 per cent. That will include those lessors who received lower payments in 2000-01 because a lessee left the dairy enterprise during the year. Again, there is a cut-off point but, if lessors are in that situation where they were getting more than 50 per cent of their total income from the lease and they can prove to the authority that their income has fallen by 20 per cent as a result of deregulation, we will help them. We think that it is fair that they should be asked to demonstrate that their income has fallen by 20 per cent, that this was their livelihood and that they used to get more than 50 per cent of their total income from the lease rental.

Some might say that 50 per cent is too high. Some might say that proving that their income has fallen by 20 per cent is the wrong figure. Some might say it should be 15 per cent, others might say 25 per cent. You have to strike a figure somewhere. The government has looked into it. The government has discussed this matter very intensely with the industry and I am advised that the industry does not support the proposed amendment. The concessions are well beyond the hardship criteria that we have proposed. I am advised that if this amendment were carried it would be very difficult to administer and would be prone to potential abuse and appeals. Obviously, the department and the minister have gone through those issues and understand that.

As I mentioned before, lessors can pursue the contract default through the courts. Lessees have a range of options to assist their adjustment and any change as proposed by these amendments would substantially increase the cost of the package and would require levy extension. For all those reasons, the government will not be supporting these amendments and will vigorously oppose them. I emphasise again that any lessor or owner who fits those two criteria I have mentioned—and they seem to be fair criteria—will be looked after. Others will be able to pursue their rights through the courts and, if my advice is correct—as I am sure it is—and the lessor-lessee situation is almost exclu-
sively a Victorian situation, one would think that this will not substantially impact upon Victorian lessors.

I will move quickly to the issue raised by Senator Harris without again giving a lecture in law, which I would not be capable of giving after being out of the profession for 10 years. However, I recall enough to indicate that a sharefarmer is not a lessor. It is hard to be dogmatic because you can put whatever you like into your sharefarming agreement, but principally a sharefarmer shares the return. If the payments for market milk are very high, the sharefarmer gets a percentage of that. If they are very low, he gets a percentage of that lower figure. His fortunes go up and down with the fortunes of the actual farmer. As opposed to that, I am instructed that the common lease in a dairy situation is just a fixed amount. So it does not matter whether the milk price is good, bad or indifferent, the rental payable is a fixed sum figure that you get whether prices are beaut or disastrous. Sharefarmers just share the proceeds, returns and costs in most of the sharefarming agreements that I remember, as well as sharing the income. That is why they are treated differently from someone who is just getting a fixed share.

I should not do this, particularly when I am not well versed with what happens, but I will try to be specific and to demonstrate what happens in a lease situation. I do not know what a reasonable lease is, but for the sake of the argument let us say that the lease provides that the lessee shall pay the lessor $30,000 a year as a rental. That amount is paid for the term of the lease. If it is a 10-year lease, they get $30,000 a year for 10 years, and perhaps with an escalation clause, if they are lucky—like the Labor Party in the Centenary House deal—they might get a slight escalation on that—

Senator Forshaw—You are milking it for all it’s worth.

Senator IAN MACDONALD—I am not sure if Senator Forshaw meant to be that clever.

The TEMPORARY CHAIRMAN (Senator McKiernan)—I could almost rule that one out of order!

Senator IAN MACDONALD—The point is that the lessor gets $30,000 for 10 years. It is a fixed amount whether the price is good, bad or indifferent. However, in a sharefarming situation, if the enterprise earns $100,000 a year, and the sharefarming agreement provides for fifty-fifty, they both get $50,000. If the enterprise only makes $10,000 that year, the fifty-fifty share means they each get $5,000. In that situation, that is why the sharefarmer needs to be part of this, while the lessor is still getting his $30,000 annually regardless of the price. That is the difference, Senator Harris.

Senator FORSHAW (New South Wales) (9.29 p.m.)—For a moment I thought I was back at law school.

Senator Ian Macdonald—I hope you had better lecturers than this one!

Senator FORSHAW—I said, ‘For a moment,’ Senator Macdonald. The amendments raise the issue on which we received most evidence in the recent public hearing. As Senator Harris and Senator Woodley have acknowledged, we all have received many representations from people representing the group of lessors, particularly those in Victoria. It is clear that, when the original package was designed, they did not have a voice, and that is most regrettable. The industry should have been more cognisant of their concerns. As we were told, they were not regarded as part of the industry in the negotiations that took place between the dairy industry leaders and the government, and there was no-one to speak for them. It was fairly late in the piece, when the first legislation in this area was upon us last year, that we were alerted to some of their concerns.

Since then, we have had our attention drawn to the fact that, on the evidence that was presented to the committee—it was hearsay evidence and it could not be refuted at the time—many lessors have been left in a position where their lessee or tenant has legitimately got an entitlement under the scheme and then left the industry. We were told that in about 70 per cent of the 400 cases in Victoria—that is what was alleged—the lessee just walked out and abandoned the contract, which is an offence at law. As the minister correctly points out, it enables an
action to be pursued by the lessor for breach of contract and to sue for damages.

However, that is not necessarily the situation in all cases. It is clear from other evidence—albeit that it was not as strong—that other lessees have worked out the remainder of their lease and taken the package. Because of the way the package was structured, they have done nothing wrong. From the outset, the package was structured on the basis that whoever was the producer who was receiving the milk cheque at a certain date was the person who became entitled to the payment under the scheme. The payment could be taken up-front as a facility or as periodic payments over eight years, and, whether they left or stayed in the industry, they got the lot. That is one of the fundamental flaws of the scheme that has now been brought to light most dramatically. The entitlement was never tied to the enterprise, even though it was described as a payment to assist dairy farmers through deregulation, to enable them to restructure, to reinvest, to cope with deregulation and falling prices, and to come out of that initial period with an improved, enhanced enterprise and, hopefully, as the market found its levels, continue on in a prosperous industry. What we see now is a scheme that paid all the money in one single entitlement to one producer and was never really tied to the enterprise. One can ask the rhetorical question: why wouldn’t a lessee in such a situation think that they might be a lot better off than having to work in the industry, and take their entitlement?

Unfortunately, that has created real problems for a number of lessors, particularly those who have been unable to find a new lessee and therefore have ceased to receive the rental income that they received before. In some situations, the lessee has walked off the property and the lessor is faced with substantial court costs to pursue legal action. If owners wish to sell their property, they are trying to sell in what may well be a depressed market. Those are the problems that have been pointed out to us. We all recognise that in those cases the lessors have become the innocent victims. The question is: how do you solve their problem? Whilst we have tremendous sympathy with their problems, we do not and cannot accept the amendment, because we do not think that it does solve their problems. The reason is that the problems are not uniform. As I have outlined, there is a range of circumstances. You do not solve their problem by giving them an entitlement that is equal to the entitlement that the lessee may already have received, because, firstly, it blows out the cost of the scheme and, secondly, it can involve a windfall gain for lessors.

I have to agree with Senator Macdonald on this point—it is a unique situation. Senator Macdonald, so listen carefully: Senator Macdonald raised the legitimate point that this scheme is designed to assist the dairy industry and dairy farmers. In terms of their legal position, lessees were not earning their income from the dairying industry. Even though they held the asset and provided the means for the lessees to operate, they were earning their income from rent as landlords or lessors. In theory, they were not supposed to lose any income as a result of deregulation. The assumption was that they would continue to receive rental income on the property post deregulation the same as they had before. As we all know, that has not occurred. It has not occurred because of the way in which the scheme was structured in the first place. The dilemma we have is that we are now not in a position in this legislation to go back and unravel that scheme and recoup money, say, from lessees in order to pay it back to lessors. That might be the morally correct approach, particularly in the case of lessees who have taken an entitlement and broken their contract. But, under the way the scheme was set up, they had a legal entitlement to get the payment and they took it.

So we are left with this position. We are, as I have said, conscious of the issues. I, like other members of the committee, have indicated my feelings about this problem during the committee hearings. We do not believe that this will solve the problem. In fact, we are concerned that it could create a rash of other problems and a rash of other inequities which could lead to claims from other sections of the industry again. Our approach at this point is not to support the amendments,
well intentioned as they are. We want to see how the proposal that is contained within the government’s legislation works, that is, how the proposal with respect to discretionary payments, where lessors will be able to make application and argue their case, works. I understand that the evidence that was given to us is that the lessors’ representatives claim that most of their members will not be able to receive any payments under that part of the scheme as it is proposed at the moment. That remains to be tested. We want to see how it works and then, once we have seen how the scheme operates, it will be a matter for the future as to whether or not the issue will need to be addressed at some subsequent stage.

This legislation is specifically intended to deal with the position of those farmers who are still in the industry and who are receiving a payment now but who, because of the impact of the greater than expected fall in milk prices, are still in desperate straits. That is the primary target group for this legislation, and it is not appropriate to try and graft onto this legislation a couple of amendments to try and fix a problem which is at this stage unquantifiable. It is not simple. It is not a uniform problem for all lessors, and this approach will probably cause more difficulties than it resolves.

Senator HARRIS (Queensland) (9.41 p.m.)—I would like to respond to Senator Forshaw’s contribution with a couple of comments. Senator Forshaw expressed extremely well the present situation in the industry. I would be interested to have a comment from Senator Forshaw as to whether the Labor Party now recognise that they erred in voting down an amendment that Pauline Hanson’s One Nation moved that would not have changed the payments to lessee or lessor but would have ensured that the payment remained with the lessee only while they continued within the industry. Had that amendment been passed in this chamber when the original bill was passing through, a large percentage of the lessors would have been in a much better position. It would not have contributed directly to change their financial position in the percentage that they received but it most certainly would have ensured that they had a viable operation and also had a restructuring package that they could have handed on to a lessee if that lessee had intended to exit the industry. That simple, practical amendment was turned down by both the government and the opposition. It would have contributed to a large degree to resolving the issues for the lessor/lessee.

Senator Forshaw said he is interested in how this bill will work. I intend to move an amendment later in this debate that will in actuality ensure that we have a look at how this process is working, because my amendment is to review the operation of the act. I look forward to the opposition’s support, based on Senator Forshaw’s comments and interest in seeing how it will work.

I would like to come back to a comment that Senator Macdonald made in relation to his description of the sharefarmer lessor/lessee comparison. In that description and in defining the differences between those two legal processes is it the minister’s intention that, if a lease is drawn up in such a way that, rather than there being a fixed payment for the lease of a property, it is on a basis of a share of the return from the property, then the shared proportions should be similar to the sharefarmer’s? Because that is the basic difference he is explaining to us: one entity, the sharefarmer process, is on the basis of a share of the income and the lessor/lessee agreement is a flat, fixed figure to lease the property. I ask: if a lease is structured in such a way that it divides the income, then does it equate with a sharefarmer’s position?

The other question I put to Senator Macdonald is: in the event that the Commonwealth has paid an assistance package—in this case we will use the lessor/lessee—to a lessee who has breached the agreement, and with the Commonwealth continuing to pay the adjustment package to that lessee, what would the Commonwealth’s position be if the lessor took the Commonwealth to task about its continuing to pay a benefit to that person under a contract where that entity had breached that contract?

Senator WOODLEY (Queensland) (9.47 p.m.)—I also have a question for the minister. Perhaps it would be useful if he could get...
answers to our questions and give us those answers together. Obviously, in calculating the $20 million to go to discretionary payments for anomalous circumstances, the government must have had some basis for doing that calculation. My question is: how many lessors has the government calculated will be included in those discretionary payments under that $20 million?

Senator IAN MACDONALD (Queensland—Minister for Regional Services, Territories and Local Government) (9.48 p.m.)—Senator Woodley, I am advised that the department did an assessment on the basis of 300 to 400 people being eligible under the discretionary payments. I am advised that there is no particular break-up that would particularly count a number of lessors. But the assessment of those who would be eligible was made across the industry, and that included some lessors, although I cannot be specific in the figure.

Senator Harris, in relation to your comments, I am advised that in the dairy industry most sharefarmers are on a percentage of the total return, and that is why they are being benefited. I am told that most lessors are paid a fixed amount, not a percentage amount. As you would know, Senator—or as Queensland senators would know—in the sugar industry, which I am more familiar with, a lease is usually a percentage of the gross proceeds. But I am advised that that is not the case in the dairying industry.

Progress reported.

**ADJOURNMENT**

The PRESIDENT—Order! It being 9.50 p.m., I propose the question:

That the Senate do now adjourn.

**Lindsay Electorate**

Senator COONAN (New South Wales) (9.50 p.m.)—Last week in this chamber, the Labor Party continued its unprovoked and unsubstantiated attack on one of the Liberal Party’s most dedicated and appreciated local members, the Hon. Jackie Kelly MP, the member for Lindsay. We all know that the Labor Party has a lot of time on its hands. If you do not have any policies or plans and are spiralling towards a federal election on a wing and a prayer, what else do you have to do except create a few diversions by criticising members of the other house? Given the nature of politics and the fierce competition surrounding the electorate of Lindsay, that is hardly surprising. What is surprising is that Senator Hutchins has been prepared to lend himself to this task and indulge in a spot of rhetoric to drum up some attention for his erstwhile staffer, the endorsed Labor candidate for Lindsay, Mr David Bradbury. He plans a little road trip during off sitting weeks, starting in Lindsay, dropping by Lyne and then heading north along the coastal track to Robertson—and then in this place disparaging the efforts of local members Miss Jackie Kelly, Mr Jim Lloyd and Minister Mark Vaile.

If Senator Hutchins were not spending his time driving along the coast, he would have been able to gain a better appreciation of Minister Kelly’s very local and significant achievements in her electorate. Much as it galls the Labor Party, Miss Kelly has been endorsed by the people of Lindsay at no less than two federal elections and a by-election, winning and then retaining what was formerly a cast-iron Labor seat. Understandably, that is the pebble rolling back and forth in Senator Hutchins’s loafer. But five years should be sufficient enough time to come to grips with Miss Kelly’s successful incumbency. Five years has seen Miss Jackie Kelly put Penrith firmly on the electoral map; it has seen her develop a vision for the area formulated by listening and heeding the calls of her constituents; and it has seen the constituents of Lindsay being listened to in the Howard government policy debate, after being taken for granted and ignored by Labor for 13 years.

What the opposition lacks, besides policies, is any vision. It is all fine and good to complain, to criticise and to condemn, but what about an alternative? What about a solution? The short answer is that the Labor Party has none for Lindsay. Clearly, Mr Beazley, Senator Hutchins and the Labor candidate for Lindsay have no answers for the people of Western Sydney. But Miss Kelly and the Howard government do. Miss Kelly works tirelessly for the people of Lindsay and she has produced results. She has
secured roads funding, education funding and employment funding and has secured a future for many Penrith residents by directing Commonwealth support towards providing a vision for Lindsay. The Labor Party has provided nothing except empty rhetoric and criticism to disguise the fact that, if elected, they would undo all that Miss Kelly and the people of Lindsay have accomplished.

Senator Hutchins devoted his time last week in the adjournment debate to the issue of the Defence land in the Lindsay electorate, the Australian Defence Industries—ADI—site. However, it is interesting to note that Senator Hutchins failed to mention the Labor Party’s history on the ADI issue. The simple fact is that Labor conceived, developed and indeed gave planning approval to a mass housing estate on the ADI site. When you consider it was during the tenure of the former Prime Minister, Mr Paul Keating, that the agreement between Lend Lease and the federal government was signed, it would appear that it was the urban development Lindsay had to have. If you go back a bit further it was the then Labor Minister for Aviation, Mr Peter Morris, who stated:

Now at last the state government—that is, Mr Neville Wran’s government—can get on with its plan for urban development on the Cumberland plain.

But wait, there is more. The member for Chifley, Mr Roger Price, has welcomed the approval of the residential and business development of the former ADI site at St Marys, according to his press release dated 19 January this year. The release echoes Mr Price’s comments in 1997 in the House of Representatives where he urged the New South Wales Labor government to give the proposal the green light. Both Senator Hutchins and Mr Bradbury also failed to mention that it was the state Labor government that signed off on the 8,000 homes for the ADI site. To quote Senator Hutchins from June last year:

One lucky thing that came out of western Sydney is the fact that we have a sympathetic and caring state government. How unfortunate then that the state government seems to have a very different take on the ADI site. The one lucky thing for the environment in Western Sydney is Miss Kelly, who insisted that the environment minister, Senator Robert Hill, visit the ADI site in 1998.

Since being elected, Miss Kelly has been taking the concerns of the people she represents directly to those who can influence critical decisions—federal ministers and, indeed, the Prime Minister. It must be a great relief to the people of Lindsay that at last they have someone amongst them to champion their interests, a real local who understands their needs and who is prepared to stand up for her constituents, even if that means taking on really tough decisions such as insisting on a halt to building Badgerys Creek airport. Interestingly, Mr Bradbury has identified the key issues for Lindsay as including Badgerys Creek airport, employment, education and the GST. Tonight I will give the people of Lindsay a hand by explaining how Labor intends to address those issues deemed to be in the hearts and minds of the people of Lindsay.

Firstly, on Badgerys Creek: when talking to his local newspaper at the launch of his campaign in March, Mr Bradbury said the federal ALP needed to make clearer its position in opposition to a second airport in the Sydney Basin. He said that the only real option for a second airport is outside the Sydney basin. I think it is only fair to point out to Mr Bradbury that the ALP will build Badgerys—full stop. Not only is it on the record; it is Labor Party policy. You just have to ask the member for Werriwa, Mr Mark Latham, or the member for Lowe, Mr John Murphy, or the member for Grayndler, Mr Anthony Albanese. Mr Latham spoke at length last year about the indisputable need for a second Sydney airport at Badgerys Creek. Mr Murphy brought up the issue again in parliament last week. Mr Albanese made a sweeping exit earlier this year from the Sydney Airport Community Forum—of which, incidentally, I am chair—leaving his constituents unrepresented on the forum and stating to the media throng who accompanied him that building Badgerys would be a
priority for the Labor government should they win the next election. You begin to see the inconsistencies.

But perhaps the most telling quote comes from the opposition leader, Mr Beazley, as to what he would do for Lindsay if he ever gets elected, and it is a quote from his biography. The quote is:

I think I’ve actually got a solution to it, in Badgerys Creek, but, you know, we didn’t do it fast enough. There wasn’t enough time to get through what we wanted to do before the election came on.

Mr Bradbury really should come clean and admit that his hands are tied on the issue of Badgerys Creek and that he wields no influence in the federal ALP over an issue as contentious as a second Sydney airport, particularly when the Labor Party is clearly committed to it.

As for employment, where has the federal Labor Party been on this issue? After 13 years of Labor, the Australian public was left with the legacy of high unemployment, peaking at 11.2 per cent in December 1992, when none other than Mr Beazley was employment minister, and with teenage unemployment hitting a scandalous 34.8 per cent. I can tell you where Miss Kelly has been on the issue of employment. She has been part of a coalition government that has, in contrast to Labor, done a great deal to get jobs up in Australia whereby in April 2000 Australia broke the nine million jobs mark.

Locally, Jackie Kelly has been at the announcement of more than $320,000 for the local GROW employment service to generate employment in Lindsay. This grant will create up to 100 jobs in the information technology arena, channel more than $75,000 into helping people with mental illness find a pathway back into employment, and assist with increasing new job opportunities through the development of an export culture amongst local businesses in the Penrith area. It is time for the Labor Party to come clean also on the issue of education. Thanks to Jackie Kelly, since 1996 this government has spent more than $28 million on capital works for local schools in Lindsay.

Speeches in parliament are primarily reserved for meaningful matters which need to be brought to the attention of senators in the chamber and to the attention of our constituents. We can certainly have a constructive debate about Labor’s lack of policy and about its trying to slide into government without facing up to the detail the electorate wants to see. But the people of Lindsay have been well warned that Labor is hopelessly divided on the ADI site and whether to build Badgerys Creek airport and terminally confused on tax policy. Come election time, the people of Lindsay should be selfish and put their own needs first. They need go no further than to re-elect Minister Kelly to listen, act and deliver on their behalf. (Time expired)

Trade: Philippines

Senator O’BRIEN (Tasmania) (10.00 p.m.)—Some time ago I asked some questions on notice relating to our trade relationship with the Philippines. I have answers to questions Nos 3488, 3489 and 3490. However, I am yet to receive an answer to question No. 3492. I was advised in those answers that the Third Philippine-Australia Dialogue was held in Cebu in November 1999. The first of these dialogues was in October 1997, and the second was held in November 1998 in Brisbane. I understand that the background to the third meeting was increasing tension between the Philippines and Australia over the imbalance in trade between the two countries.

In 1999, Australian exports to the Philippines were worth $A1.2 billion against Philippine exports to Australia of around $A400 million. As I understand it, while there was also a trade imbalance with other countries such as Belgium, the imbalance with Australia was of particular concern to the Philippine agricultural authorities. The populist and nationalistic nature of the Estrada rule was a factor in all of that. It has been suggested to me that, in order to redress this imbalance in 1999, the Philippine Secretary for Agriculture, Bellaflora Angara, took steps to slow Australian live cattle exports. That action was in part the doubling of the quarantine period from 30 days to 60 days on hard feed. A key item on the agenda at the third dialogue in Cebu was restrictions on tropical fruit exports to Australia, including mangoes,
pineapples and bananas. I understand that at that Cebu meeting Philippines officials were arguing that, despite the fact that they had stopped using the pesticide EBD, ethylene dibromide, the ban that was put in place because of that chemical continued. I understand further that Secretary Angara put the view that Australia was using quarantine as a means of hindering free trade. I assume we rejected and continue to reject that argument.

In his answers to me, the minister advised that among the Australian delegation that visited Cebu was the Northern Territory Minister for Primary Industry and Fisheries, Mr Mick Palmer. I understand that Mr Palmer met with Secretary Angara. I am told that, during that meeting, Mr Palmer approached the desk of Secretary Angara with a box of ripe mangoes, and Mr Palmer advised Secretary Angara in a very loud voice, according to my source:

Why would we want to buy your mangoes when we grow these beautiful mangoes back in the Northern Territory?

I understand the negative impact of Mr Palmer’s stunt was confirmed in a briefing note to a large Australian primary industry group and exporter to the Philippines, which said in part:

... the Secretary [Bellaflora Angara] has developed a bee in his bonnet about Aussie imports. This wasn’t helped by some politician from the Northern Territory dropping a box of mangoes on his desk.

This action, if my information is correct, certainly seems to me to be highly unusual behaviour by Mr Palmer and was totally unacceptable. In response to question No. 3490, the minister advised me that no-one from the Philippine government raised any concerns about the behaviour of Mr Palmer. However, I have been advised that, when Secretary Angara’s chief adviser, Ms Olive Ustamante, was contacted by the office of the Leader of the Opposition in the Northern Territory, Clare Martin, she advised that Mr Angara had in fact protested to the Australian delegation about Mr Palmer’s actions. I propose to write to Mr Downer seeking clarification on whether or not such a protest was lodged.

I am advised that, for two months after the third dialogue, live cattle exports to the Philippines were effectively stopped when the Department of Agriculture under Secretary Angara imposed new regulations on the issuing of veterinary quarantine restrictions. After the two-month period of what amounted to a total ban, the new VQC arrangements continued to slow cattle exports for another four months, which allowed New Zealand, Europe and, to a lesser extent, South Africa to get a foothold in the Philippine beef market. There were tens of millions of dollars of lost imports over that period, making it a very expensive promotion of NT mangoes. Around this time, there were also restrictions put on sugar, meat and fruit exports. I understand indirectly from Mr Vaile’s office that the whole Mr Palmer affair was the subject of much discussion in the minister’s office. I would be interested to know exactly what action this government has taken to ensure that such performances by Mr Palmer and the significant economic and diplomatic costs that resulted do not happen again.

Mr Palmer has a well-earned reputation for inappropriate behaviour. For example, one incident has been drawn to my attention where Mr Palmer was involved in a heated discussion with a journalist in a public bar in Darwin. That discussion culminated in him removing his false teeth and head butting the journalist in a public bar. That might be considered acceptable behaviour amongst his ministerial colleagues in the Northern Territory, and I suppose the only damage done in that case was to the already damaged reputation of Mr Palmer and the standing of the Burke government—and of course to the unfortunate journalist’s head.

Deliberately offending a senior official from a key trading partner, causing damage both to our diplomatic and trading relationship with the Philippines, is not acceptable by any standards. I will be writing to Mr Downer to see whether he intends to supply the information in response to my questions and the other information raised in my contribution this evening and to confirm whether or not the complaints that have been drawn to my attention were made by the Philippine authorities as I have outlined in my speech.
I think that Australia has enough difficulties in its trade discussions with its Pacific partners without the sort of lead in our saddlesbags that apparently Mr Palmer’s presence at the third dialogue in Cebu occasioned for us. It would be interesting if one could quantify the cost to Australia in terms of reduction in exports, as well as in goodwill and the amount of public time that has had to be spent to try and rectify the damage to our trading reputation caused by Mr Palmer.

The President—Senator, there seemed to me to be an inappropriate reference to a member of a parliament in your speech. I shall have a careful look at the Hansard.

Child Sexual Abuse

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

(10.08 p.m.)—Recent events have highlighted the sexual, physical and emotional abuse, often in warlike conditions, of women and children in our indigenous community. The honesty and clarity of the statements by the former chair of the Council for Aboriginal Reconciliation, Dr Evelyn Scott, is to be commended. The courage and strength of her family—her daughters and son, Mr Sam Backo—is awe-inspiring. Their honesty in breaking the code of silence on the stolen innocence and ultimate betrayal of their childhood should be both a beacon of light at the end of what has been a very long and dark tunnel and an inspiration for all victims of child abuse.

In view of the widespread allegations that a high profile indigenous leader, Mr Terry O’Shane, is the person who abused members of Evelyn Scott’s family, I find the contradictions and hypocrisy of some male Aboriginal leaders breathtaking—none more so than that of the deputy chairman of ATSIC, who was convicted and jailed for rape in the 1960s and is now seeking the high moral ground. It is not the least bit surprising to me to see that victims of abuse have suffered in silence all those years. The option to break their silence risked death. Sadly, many victims of all ages take the streets, drugs and suicide route and many other victims go on to be perpetrators.

A study commissioned by me in June 2000 and funded out of my office, titled *Child sexual abuse in rural and remote Australian indigenous communities*, did a preliminary investigation into child abuse in our indigenous communities. This study was undertaken by a Sydney University Masters graduate who won the university medal for her thesis on domestic violence in rural New South Wales. While this report of 50,000 words is not yet finalised, it certainly identifies a direct relationship between family violence; drug, alcohol and sexual abuse; malnutrition; family dysfunction; incarceration; and a culture of silence that is driven by fear of both emotional and physical intimidation. In the report there is ample evidence of the enormous catastrophe in everyday life that many indigenous people endure.

This catastrophe can best be summarised by a quote from Maryanne Sam, author of *Through black eyes: a handbook of family violence in Aboriginal and Torres Strait Islander communities*. It reads:

The silence of the victims has brought so much fear and pain into their lives. The silence of families has caused a breakdown in our cultural and moral values, and the silence of the abuser has meant little hope of them getting the sort of help they need.

I am sure that Mr Sam Backo understood this when he said to the *Courier Mail* last week:

It was only last Sunday that I had the first conversation with my mother for an hour and a half and it was the best conversation I have ever had in my life. When they say the expression ‘a child loses its innocence’, I know about that, and I went on to play for Australia. I’ve been carrying that for a long time.

Mr Backo said he had discussed child sexual abuse with his best mate, rugby league star Peter Jackson, who died of a drug overdose in 1998 after repeated sexual abuse as a teenager. He said he wanted to publicly support his mother, the former chairwoman of the Council for Aboriginal Reconciliation, who yesterday said her daughters had been sexually abused as children. The other reason for speaking out was that he had five children of his own. Mr Backo said the perpetrator of the abuse against him was a family member.
Talking time is over—it is time for solutions. A major impediment to solutions and public recognition of the horrendous conditions of family violence and sexual abuse till now endured in silence, especially in rural and remote Aboriginal communities, has been a fear of a backlash driven by political correctness. Further evidence to emerge was the difficulty of finding amongst the male leadership suitable role models for an anti-abuse campaign. In our study there were several indigenous women who strongly expressed the view that they wanted an effective legal response. As I have said many times, we all stand condemned while ever the point of shame is allowed to remain with the victims.

However, it should not be forgotten that family violence and sexual abuse are not restricted to our indigenous community. As was demonstrated at the Wood royal commission, our justice system has serious fault lines when it comes to child abuse, especially when committed by high profile offenders. The royal commission, in its final report, concluded at 7.226:

The Commission has looked at factors which contribute to inadequacies in this type of investigation—those identified include an inability to believe that the prominent person would engage in such conduct, in some cases conditioned by respect for or close association with the institution they represent (for example, the church or justice system).

The recent conviction of a former magistrate in South Australia on charges of gross systematic sexual abuse of young boys over a period of years highlights the real plight of the victims of sexual abuse. This magistrate displayed the typical predator’s manipulative skill and the abuse of his power and position to shame his victims into silence. How can the victims of sexual abuse and family violence be confident that they obtain justice if they break their silence? Victims of child abuse and family violence, whether indigenous or non-indigenous, enjoy the least advocacy and virtually no political representation. I intend to correct this imbalance.

Globalisation

Senator MASON (Queensland) (10.15 p.m.)—A few weeks ago I was asked to participate in a forum held at the University of the Sunshine Coast on ‘How to contain and exploit economic globalisation and the effects on rural and regional Australia’. Facing the audience of about 700 people, I was joined by Ms Pauline Hanson, Mr Bob Katter from the National Party, Senator Andrew Bartlett from the Democrats, Mr Drew Hutton from the Greens and Mr John Henderson from the Australian Labor Party. Sadly, I found myself the only speaker that evening arguing the benefits of trade.

When I started thinking about what to say that night, I was sitting behind my desk in quiet, suburban Brisbane, far, far away from the reach and all the hustle and bustle of globalisation—or so I thought. But then I realised that the desk I was sitting at was made of Indonesian wood, the computer on which I was writing the notes for this speech was made in China and the paper in my printer was from France. Then I realised that of my four staff members only one was born in Australia—the others came from Poland, Italy and New Zealand. There could be no better illustration for me of the fact that globalisation, far from something distant and abstract, is in fact everywhere around us. What is more, its fruits are now so many and so varied that we no longer consciously think about them and we take them for granted instead.

We enter the new century facing a great paradox: as Australia becomes more prosperous and the benefits of economic reform more apparent, Australian people are more scared of change, more alienated from their way of life and more uncertain about their future. We live longer and we live better; we are healthier, wealthier and wiser than at any time in our past; yet at the same time we remain confused and also unhappy. There has indeed been a lot of change in the past few decades—social, economic, political, cultural and technological change. Has it been traumatic for some? Often. Has it been largely beneficial? Yes. Can it be stopped and reversed? Well, there is nothing inevitable about globalisation. Are there any other feasible options? As has been said by one of my colleagues in parliament Mr Abbott:
Politicians in a democracy never set out to “punish” the electorate. If the Government occasionally projects an image of wanting people to “take their medicine”, it’s because the alternative to economic reform is even greater pain.

Every corner of the globe, no matter how distant and isolated, has undergone great change in the very recent past. Australians living in rural and regional areas are clearly not the only ones who have to adjust to these new realities, but there the adjustment is perhaps the hardest because the ways of life are the most settled. One thing is for certain, however: there will not be a knight on a white horse coming to rescue rural Australia with bailouts and subsidies that would turn the clock back to the 1950s. While the change cannot be stopped, the process of transition can be managed and eased and the costs more evenly distributed. Ultimately, the way out for rural and regional Australia is through greater investment, better efficiency and more innovation—admittedly, that is very easy to state but much less easy to achieve. But many communities around Australia, many in Queensland, are already showing the rest of us the way forward.

There has never been a time in Australia’s history when we have not been a globalised economy. Indeed, right from the start our economy has been built on foreign investment. None of Australia’s industries would have existed in the first place if we had simply relied on domestic capital. Our domestic economy has always been far too small for that. Similarly, we have always been one of the world’s great trading nations, be it gold or wool or minerals. We relied on trade for jobs, investment and our future, and we did not need protection because we were producing world-class materials.

Today, the prospect remains bright. Our exports have grown 3½ times over the past 20 years. Our economy is nearly $10 billion bigger as a result of the reduction in tariffs over the past decade. That has increased the annual income of an average Australian family by over $1,000 a year. Exports now employ around 1.7 million Australians—or one in five of the total workforce and one in four in regional areas. There are now 750,000 jobs that are directly reliant on trade with Asia alone.

We are a leading exporter of foodstuffs and mineral resources and also increasingly of technology and services. We are also leading the fight for free trade because we understand that we need open markets to survive and prosper. In the last half century, average tariffs in industrialised countries have fallen from around 40 per cent to now about four per cent. When that happens—despite what you may hear—everyone wins. Of course, it is often hard to sell economic reform. Costs usually come before benefits. The public’s gains from reform are often spread thinly across the community and are thus not easy to see. The losers, however, of trade are identifiable and often very angry.

It is easier for politicians to exploit the dissatisfaction of the minority than to promote the gains of the majority—and don’t we see that in this country today? It is an old story: you can see all the jobs lost because a certain industry has been deregulated or because tariffs have been lowered, but you cannot see all the jobs created in other industries because people no longer have to subsidise the inefficient ones and can better spend that extra money. Similarly, you can see all the overseas products being sold in Australia, but you cannot see all the Australian products being sold overseas. Globalisation is always a two-way street.

Faced with new opportunities, we cannot be too timid. We must show initiative. We need to adapt and experiment. Most important of all, we need to embrace new technologies—and we do. Half of all Australian adults now use the Internet—one of the highest figures in the world. In regional Australia, the number of Internet connections has almost doubled in the space of just one year from 17 per cent to 32 per cent of households. For rural Australia, clients and consumers are no longer deserts apart—they are only the click of a mouse away—and increasingly so are all the services: banks, post offices, doctors and educators. Change is never easy, but the world will not wait for us. The greatest crime that we can commit against future generations of Australians is to close ourselves off from the outside world, to
go back while everyone else is moving forward.

The time of transition will require strong leadership. We do not need politicians who tell people what they want to hear and so, by postponing the inevitable, make the change, when it finally does come, even harder. We also do not need politicians who ignore people and who tell them that their concerns have no validity. Instead, we need leaders who can manage change, who can educate and who can reassure. I am the first to admit that I and many other politicians have in the past done a lousy job explaining to Australians the benefits of trade and globalisation. I admit that. It is a challenge for all of us in this parliament. A few weeks ago at the Sunshine Coast University, I was at least glad to have been able to join in this battle of ideas. The fear of the future is the greatest obstacle facing us on our road together. The best legacy that we, the politicians, can leave to our fellow Australians is to help turn that fear into a better understanding of the possibilities and the opportunities.

Electronic Voting

Senator PAYNE (New South Wales) (10.24 p.m.)—The remarks I want to make tonight flow in some part, interestingly, from the comments Senator Mason made in his address in relation to information technology. I want to talk about electronic voting, essentially. Internet technology is continuing its rapid expansion into all conceivable areas of Australian society, and of course our political system is not immune from that. I have spoken before about my very strong interest in the ways in which technology can assist in the daily lives of all Australians. I think there is a real capacity to make a difference with electronic voting. It has been occurring in a number of countries around the world in recent years. Australia is not far behind that whole process. In fact, the Australian Capital Territory is providing electronic voting for an expected 20,000 voters in its upcoming election, which is quite soon.

There are still some concerns here and elsewhere relating to certain aspects of this method of polling—for example, security and privacy—and in some ways it is really a lack of confidence in the technology. Once those aspects and those concerns can be overcome, I think the electronic medium will have a very positive impact on the electoral process in Australia. It can provide savings in time and in costs, and it will significantly increase voter convenience.

The paper ballot with which we are all familiar now is based on a number of principles that are effectively designed to provide a free and fair election. Those principles include things like accuracy, secrecy, transparency and security. So the central issue for debate is whether or not the Internet will provide a viable medium, based on those principles, to conduct parliamentary elections in Australia. One of the major technical obstacles to that is, of course, security. There are two clear aspects to security that need to be addressed if we are to effectively use the Internet broadly in the electoral process in the near future. The first of those relates to the sabotaging of networks over which electoral data will be received from the voter. Some of the most serious forms of security breach include packet sniffing of data by ‘sniffers’ who can actually modify the data as it travels online. Other dangers to online security are posed by denial of service attacks, hacker theft and viruses, with which we are all familiar. Online voting companies and professionals argue that these technical problems can be alleviated by changes to code and architecture design. But there is a perception of a real need to develop impregnable security technology for Internet sites before e-voting becomes really viable.

The second major issue most people raise about security is user verification. In the USA, where trials of Internet voting have been conducted, registered voters are sent a PIN in the mail. On polling day, the voter is required to reproduce that PIN plus another piece of information such as their date of birth to verify their identity. There are arguments here that user verification systems like these are not in fact sufficiently secure, but with the development of new verification technology like smart cards and digital signatures, there are workable solutions for those problems. Once the electronic recording of voter registration becomes technically feasible, the case for electronic polling be-
comes much stronger. I can see Senator Heffernan’s enthusiastic support for these concepts!

In East Timor, for example, the electronic registration of its citizens is in fact a reality. I was there a month ago as citizens were undergoing the electronic recording of their personal details in time for the ballot to be held on 30 August this year. That involved each citizen, where possible, supplying authorities with a birth certificate or ID, if they had it, from the 1999 consultation. In Maliana, which is where I was on that particular day, each voter then had their picture taken digitally and they were fingerprinted, all in a demountable. The technology was provided by money from German aid funds. That data is processed on the spot. A civil registration card with photo and watermarked is issued on the spot to that person. It is quite impressive technology, given the constraints within which these people are working. Registration is processing very quickly. I understand that in some areas processing is up to 1,700 people a day in an effort to complete the whole process.

The fundamental element of the secrecy of the vote is also occasionally raised as something that may be compromised by e-voting. For example, in a regular polling booth, each booth provides a physical barrier to shield the voters from having that secrecy compromised. When a vote is cast on the Internet, you obviously do not have that same protection. We must ensure that there is no lessening in the sanctity of the secret ballot, because that can lead to prejudice and persecution of voters according to their political beliefs, which a free democracy like Australia’s would find both unpalatable and intolerable.

There are some broad advantages to electronic voting. I have mentioned the saving of time and money and the convenience to voters. There is also greater accuracy in vote counting. Those of us who have spent hours scrutineering would all be in favour of that, I am sure. Practically speaking, e-voting can save time and costs for staging an election. The costs of the present paper ballot system for elections will reduce as systems of e-voting spread. Private sector evidence suggests that the cost of using electronic voting is nine per cent of that for holding a paper based ballot. That is a pretty significant cost shift. There is an increased speed and accuracy of counting and the final result is known much faster.

The private sector has been an important testing ground for the adoption of e-voting in broad parliamentary elections. There has been a real proliferation of successful e-voting systems in the private sector, which adds weight to the argument that it can be effectively used in parliamentary elections. The convenience to voters of electronic voting is a further attraction of this method. For example, the 1999 republic referendum is an example of a poll the timing of which some people in Australia may have said was less than convenient. It was held on the same weekend as the rugby World Cup final, in which Australia was competing. There was a cricket test match on at the same time. Given Australia’s priorities, one hesitates to predict the outcomes of a choice between watching a rugby World Cup or a cricket match and voting. Electronic voting would give people 24-hour access to polling in those circumstances. If you can conduct your voting from home or from the office and on a weekday, not a weekend, it becomes far more attractive to voters themselves.

Senator Heffernan—What about the hackers?

Senator PAYNE—I have mentioned security issues, Senator Heffernan. The ACT government will be conducting a trial of electronic voting at their next election. A small number of the larger polling centres here will house electronic voting booths to help capture a large number of votes electronically at a reasonable cost. More importantly, under the complex Hare-Clarke voting system, it will increase the accuracy of the final result.

One of the very interesting aspects of electronic voting is the impact it may have on swinging voters. Effective use of the Internet by campaigner to influence a swinging voter will become more electorally important as voting online increases in frequency. Candidates should be interested in publishing information about themselves and their policies on the Net. A voter, swinging
or otherwise, will have all that information at their fingertips to make an informed choice when they vote. So, in an ideal world, there will be no more days of unsure voters, confronted at the polling booth by a string of unfamiliar names, making a random choice based on a possibly irrelevant emotional response. The online voter has it all there: the option and the time to search for a candidate’s name and read their biography on profile and policies. An informed swinging Net voter could become a telling factor in any close parliamentary election.

E-voting also has significant potential to reduce informal voting. In a paper ballot, an unintentional mistake is fatal to that vote. In online voting, an error can lead to a computer prompt that advises voters of the mistake and provides the possibility of correcting them straightaway—hopefully, not down the road of some of the joke emails that were sent after the Florida count in the United States earlier this year. But technology is available to ensure that that can be done effectively. It is not really possible to predict when a completely secure electronic voting system will be developed, but it is an establishment that I would support for the Australian electoral process. Once both the practical and technical limitations on the security and privacy of e-voting systems are met, most of the barriers to the adoption of technology as a standard part of the electoral process will be removed. The advantages of e-voting can provide wide-ranging benefit to the community, enhance the accuracy of our electoral process and—and this can be only a good thing—increase the confidence in our democratic system of government. It will help enhance Australia’s image as a high-tech, progressive democracy if we are at the forefront, leading the move towards electronic parliamentary elections.

Australian National Anthem

Senator SCHACHT (South Australia) (10.34 p.m.)—I will remark on an issue a senator raised in the Senate last week but, before I do that, I cannot help but comment on Senator Heffernan’s recent remarks. We all know his passion for the issue he raised in his speech on the adjournment tonight, and that is respected. Senator Heffernan did name somebody who may have been involved in sexual abuse. I fully support the ultimate privilege of parliament and I only hope Senator Heffernan has not done an injustice to somebody by mentioning their name in here. But that is the right of any senator under privilege, and I would always support the maintenance of privilege in parliament and for all of us to be judged on how we use it from time to time.

My speech on the adjournment tonight results from an issue one of our colleagues in the National Party raised last week. Senator Sandy Macdonald got some publicity about his remarks—a couple of days later, after the press got around to reading his remarks—on his concern that our national anthem was not stirring and vibrant enough when compared with other national anthems he heard at the Gallipoli ceremony on Anzac Day earlier this year. I congratulate Senator Sandy Macdonald on raising the issue of our national symbols. In this place, we have argued for years about whether we have appropriate national symbols that reflect an independent country with Australian values. I find it a bit ironic, though, that the one symbol he has complained about is unambiguously Australian and was decided by a plebiscite of Australian people in 1977—that is, our national anthem.

It was first proposed in 1974 and by Gough Whitlam that we should have our own national anthem, not God Save the Queen. At that time, the then National Country Party—now the National Party—defended very strongly the retention of God Save the Queen as our national anthem. In the 1974 election campaign, the Liberal and National parties always ended off rallies by singing God Save the Queen to make a political statement against the then Labor Prime Minister, who was suggesting it would be more appropriate to have our own national anthem which would clearly identify us at anything from winning gold medals at Olympic Games to international ceremonies.

I have to confess that in that referendum I did not vote for Advance Australia Fair; I voted for Waltzing Matilda. My second choice was Song of Australia, written by Carl Linger in South Australia, which was
taught to generations of South Australian children. In the plebiscite, *Song of Australia* overwhelmingly won the vote in South Australia. Not known as well in other states, I think it came third. At least the Australian public had a say, and we have our own identifiable national anthem.

Yes, I have been at occasions where I thought the way the national anthem was being sung or played could have been better. For example, a recent occasion was at the Centenary of Federation ceremony in the Exhibition Building in Melbourne. After a very long ceremony—I think it probably went for too long at 4½ hours—we all waited to sing the national anthem, except the orchestra chose to play it and the choir—and it was a very good choir and a good orchestra—chose to sing it at a speed that none of us had ever heard before, and we could not keep up. As a result, most of the several thousand people there were not able to sing it. I think we all felt disappointed that we did not have the chance to sing our national anthem. If that is an example which Senator Sandy Macdonald raised, then I think it is a fair comment.

I also want to put on the record that there have been occasions when I have been stirred by our national anthem, for example as President of the Australian Volleyball Federation. At the Olympic Games last year, when Kerri Pottharst and Natalie Cook won the gold medal for Australia in beach volleyball on Bondi Beach, 10,000 Australians stood up and sang, loudly and proudly, *Advance Australia Fair* when they were presented with the gold medal. It was a great moment for any Australian not just in the sporting context but also in the context of our national identity.

I appreciate that Senator Sandy Macdonald has raised this issue, which is about national identity. As I said before, a number of us have been raising these issues. I hope that he would also now enter the debate of whether the flag we have is also a national symbol that represents Australia in the 21st century appropriately and unambiguously. Of course, having a foreign citizen as our head of state is another symbol that cannot last much longer because it gives a confused message about the national identity of Australia. In my nearly 14 years in this place, going back to as early as 1988 at the time of the bicentenary, I have made speeches here on the need for Australia to be a republic. I have made speeches supporting a new Australian flag that does not have the Union Jack on it. The Union Jack is a magnificent flag for Great Britain, but it is confusing to have a number of flags with the Union Jack on them. Even at the Olympic Games, people from overseas would say to you, when they saw the New Zealand flag, 'Is that the Australian flag?' and vice versa. These are confusing symbols.

As shadow minister for veterans’ affairs, I know many veterans have fought under the flag and identify with it. One should remember that the flag we now have was designed in 1901 in a public competition. The rules of that competition said that the flag must reflect that we are a part of the British Empire. That is the reason the Union Jack ended up in the top quarter of the flag. The rules made it impossible not to put the Union Jack into the flag. To say 100 years on that we are part of the British Empire and to have a flag that reflects the British Empire is a joke. There is no British Empire; there is not even a British Commonwealth. There is just the Commonwealth. In the 21st century, it is time to have a flag that is unambiguously Australian.

The Canadians made the change to their flag in the 1960s, and who would doubt the recognition of that magnificent Canadian flag, the maple leaf? Everyone recognises that symbol as Canadian, all around the world. The recent change in South Africa, post-apartheid, led to a new flag, with its new, vibrant design, which is now easily recognised around the world. We all know it is South Africa’s. I noticed that even the strongest, Afrikaans devotees and supporters of the Springboks, who were the last people to change and accept the end of apartheid, now wave that new flag of South Africa with great pride when the Springboks play Australia, New Zealand or Great Britain in the world competition of rugby. They have adapted—they have made a change and accepted that it is now a better symbol for all South Africans.
Even though our veterans have fought under this flag, let it be remembered that this flag was not officially adopted until the Flags Act of the early 1950s, introduced by Sir Robert Menzies. There were flags flown by Australia in the First World War that actually had a red background rather than blue. The flag that we now have was changed in the first decade to put an extra point on the star of federation to account for the territories. So there has been change in the flag. This flag was adopted not by a plebiscite of Australian people but by an act of parliament that went through very quickly when Sir Robert Menzies and his government had a majority in both houses of parliament.

The flag, the republic and the national anthem are all important symbols. I welcome Senator Sandy Macdonald’s remarks as being useful in this debate. His criticism of the national anthem can be relevant in some contexts, but it is more important to get our other symbols right: an Australian head of state and our own unambiguous national flag.

Senate adjourned at 10.44 p.m.

**DOCUMENTS**

**Tabling**

The following documents were tabled by the Clerk:

- Civil Aviation Act—Civil Aviation Regulations—Civil Aviation Orders—Directives—Part—
  Class Ruling CR 2001/23.
- Health Insurance Act—
  Regulations—Statutory Rules 2001 No. 141.
- Product Rulings—
  PR 1999/25 (Addendum) and PR 1999/70 (Addendum).
  PR 2000/30 (Addendum), PR 2000/75 (Addendum) and PR 2000/104 (Addendum).
  Sydney Airport Curfew Act—Dispensation granted under section 20—Dispensation No. 9/01.
  Taxation Determination TD 2001/15.

**PROCLAMATIONS**

Proclamations by His Excellency the Governor-General were tabled, notifying that he had proclaimed the following act and provisions of an act to come into operation on the dates specified:

- Crimes Amendment (Forensic Procedures) Act 2001—Schedule 1 (other than items 2 and 3)—20 June 2001 (Gazette No. GN 24, 20 June 2001).
QUESTIONS ON NOTICE

The following answers to questions were circulated:

**Treasury Portfolio: Motor Vehicles**

(Question No. 3083)

**Senator Cook** asked the Minister representing the Treasurer, upon notice, on 9 October 2000:

1. For the financial year ended 30 June 2000, what was the total of monies expended by the department and each of its agencies on fuel purchased for motor vehicles which the department and its agencies are responsible for maintaining (please provide a breakdown by each month of the financial year).

2. What has been the total amount of monies expended to date for the 2000-01 financial year on fuel for motor vehicles which the department and its agencies are responsible for maintaining (please provide a breakdown for each month up to and including September 2000).

3. Has the department and its agencies budgeted for fuel bills; if so: (a) what is the budget for the current financial year; and (b) how much has been spent to date.

4. How does this year’s fuel expenditure budget compare to last year’s fuel expenditure budget for the department and each of its agencies?

5. How did the last financial year’s fuel expenditure budget compare to the actual outcome for the financial year for the department and each of its agencies?

6. (a) What is this financial year’s fuel expenditure budget for both the department and each of its agencies; and (b) how much has been spent to date.

**Senator Kemp**—The Treasurer has provided the following answer to the honourable senator’s question:

<table>
<thead>
<tr>
<th>Department of Treasury</th>
<th>(1) Total expenditure on fuel for financial year ending 30 June 2000:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>July</td>
</tr>
<tr>
<td></td>
<td>August</td>
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<td></td>
<td>September</td>
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<td>May</td>
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<tr>
<td></td>
<td>June</td>
</tr>
<tr>
<td></td>
<td>TOTAL</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>(2) Total expenditure on fuel for the 2000-01 financial year to the date of the question:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>July</td>
</tr>
<tr>
<td></td>
<td>August</td>
</tr>
<tr>
<td></td>
<td>September</td>
</tr>
<tr>
<td></td>
<td>TOTAL</td>
</tr>
</tbody>
</table>

(3a) Treasury does not have a separate budget allocation for fuel costs. The amount allocated for fuel is included in the Departmental overall budget allocation for Executive (SES) Vehicles.

(3b) Refer to (2).

(4) N/A

(5) N/A

(6a) N/A

(6b) Refer to (2)
Royal Australian Mint

Total monies expended on fuel in 1999/2000

<table>
<thead>
<tr>
<th>Month</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>July</td>
<td>$543.14</td>
</tr>
<tr>
<td>August</td>
<td>$570.41</td>
</tr>
<tr>
<td>September</td>
<td>$912.89</td>
</tr>
<tr>
<td>October</td>
<td>$595.07</td>
</tr>
<tr>
<td>November</td>
<td>$656.57</td>
</tr>
<tr>
<td>December</td>
<td>$219.91</td>
</tr>
<tr>
<td>January</td>
<td>$894.17</td>
</tr>
<tr>
<td>February</td>
<td>$610.61</td>
</tr>
<tr>
<td>March</td>
<td>$313.20</td>
</tr>
<tr>
<td>April</td>
<td>$713.05</td>
</tr>
<tr>
<td>May</td>
<td>$780.71</td>
</tr>
<tr>
<td>June</td>
<td>$964.52</td>
</tr>
<tr>
<td>Total</td>
<td>$7,774.25</td>
</tr>
</tbody>
</table>

(2) Total monies expended on fuel in 2000/01 to the date of the question:

<table>
<thead>
<tr>
<th>Month</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>July</td>
<td>$239.02</td>
</tr>
<tr>
<td>August</td>
<td>$1,242.94</td>
</tr>
<tr>
<td>September</td>
<td>$855.69</td>
</tr>
<tr>
<td>Total</td>
<td>$2,337.65</td>
</tr>
</tbody>
</table>

(3a) Yes – However, we budget for total motor vehicle costs inclusive of fuel. We have no agency need for separate fuel costs. Current year budget to September is $3,500

(3b) Current year actual to September is $2,337.65

(4) The total motor vehicle budget for this year is lower than last years budget by $10,000

(5) Last years total vehicle budget was $37,000 compared to an actual cost of $31,191

(6a) This years budget for total vehicle costs is $27,000

(6b) $2,337.65

Australian Bureau of Statistics

Total monies expended on fuel in 1999/2000 for leased vehicles $230,367.44

<table>
<thead>
<tr>
<th>Month</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>July</td>
<td>$11,646.58</td>
</tr>
<tr>
<td>August</td>
<td>$15,102.16</td>
</tr>
<tr>
<td>September</td>
<td>$17,170.21</td>
</tr>
<tr>
<td>October</td>
<td>$20,201.89</td>
</tr>
<tr>
<td>November</td>
<td>$17,021.06</td>
</tr>
<tr>
<td>December</td>
<td>$13,803.46</td>
</tr>
<tr>
<td>January</td>
<td>$30,937.49</td>
</tr>
<tr>
<td>February</td>
<td>$18,560.78</td>
</tr>
<tr>
<td>April</td>
<td>$28,183.77</td>
</tr>
<tr>
<td>May</td>
<td>$23,047.84</td>
</tr>
<tr>
<td>June</td>
<td>$24,126.24</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$230,367.44</td>
</tr>
</tbody>
</table>

(2) Total monies expended on fuel 2000/2001 for leased vehicles to the date of the question:

<table>
<thead>
<tr>
<th>Month</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>July</td>
<td>$4,785.87</td>
</tr>
<tr>
<td>August</td>
<td>$27,353.50</td>
</tr>
<tr>
<td>September</td>
<td>$24,647.65</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$56,787.02</td>
</tr>
</tbody>
</table>

(3a) The ABS does not budget for fuel usage specifically as this is incorporated in the Corporate Administration Budget. The ABS, as a client driven agency, monitors fuel usage at a cost centre and project level against historical usage. Budget estimates are incorporated in quotations for services to clients.

(3b) $56,787.02

(4) Expenditure to date for the same period is above last year’s by approximately 22%.
(5) The ABS does not budget for fuel usage specifically as this is incorporated in the Corporate Administration Budget. The ABS, as a client driven agency, monitors fuel usage at a cost centre and project level against historical usage. Budget estimates are incorporated in quotations for services to clients.

(6a) The ABS does not budget for fuel usage specifically as this is incorporated in the Corporate Administration Budget. The ABS, as a client driven agency, monitors fuel usage at a cost centre and project level against historical usage. Budget estimates are incorporated in quotations for services to clients.

(6b) $56,787.02

Australian Taxation Office

(1) Total expenditure on fuel for financial year ending 30 June 2000:

<table>
<thead>
<tr>
<th>Month</th>
<th>Expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td>July</td>
<td>$ 75,588.75</td>
</tr>
<tr>
<td>August</td>
<td>$ 86,353.86</td>
</tr>
<tr>
<td>September</td>
<td>$ 85,170.76</td>
</tr>
<tr>
<td>October</td>
<td>$ 83,379.49</td>
</tr>
<tr>
<td>November</td>
<td>$ 92,796.23</td>
</tr>
<tr>
<td>December</td>
<td>$ 89,293.79</td>
</tr>
<tr>
<td>January</td>
<td>$ 77,137.66</td>
</tr>
<tr>
<td>February</td>
<td>$155,398.84</td>
</tr>
<tr>
<td>March</td>
<td>$232,942.64</td>
</tr>
<tr>
<td>April</td>
<td>$211,454.25</td>
</tr>
<tr>
<td>May</td>
<td>$287,107.47</td>
</tr>
<tr>
<td>June</td>
<td>$265,240.78</td>
</tr>
<tr>
<td>Total</td>
<td>$1,741,864.52</td>
</tr>
</tbody>
</table>

(2) Dasfleet are unable to supply these figures at this point in time due to system upgrades currently being introduced.

(3a) Yes. $3,594,696

(3b) See above, figures not currently available

(4) An increase of $146,183 per month for the last 5 months of the year ending 30 June 00 reflects a fleet increase of 1400 vehicles. This financial year we have factored in a further 600 vehicles at an average monthly cost of $69,129.

(5) The budget for fuel was $1.8 million and we came in slightly under on $1.741 million.

(6a) $3,594,696

(6b) These figures are currently unavailable

Australian Prudential Regulation Authority

(1) Total monies expended on fuel in 1999/2000 financial year: $528.54

<table>
<thead>
<tr>
<th>Month</th>
<th>Expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td>July</td>
<td>$ 0</td>
</tr>
<tr>
<td>August</td>
<td>$ 0</td>
</tr>
<tr>
<td>September</td>
<td>$ 0</td>
</tr>
<tr>
<td>October</td>
<td>$ 0</td>
</tr>
<tr>
<td>November</td>
<td>$ 0</td>
</tr>
<tr>
<td>December</td>
<td>$ 44.46</td>
</tr>
<tr>
<td>January</td>
<td>$ 0</td>
</tr>
<tr>
<td>February</td>
<td>$ 60.72</td>
</tr>
<tr>
<td>March</td>
<td>$ 48.03</td>
</tr>
<tr>
<td>April</td>
<td>$ 73.69</td>
</tr>
<tr>
<td>May</td>
<td>$135.67</td>
</tr>
<tr>
<td>June</td>
<td>$165.97</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$528.54</td>
</tr>
</tbody>
</table>

Total monies expended on fuel to date for the 2000/01 financial year to the date of the question: $227.45

<table>
<thead>
<tr>
<th>Month</th>
<th>Expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td>July</td>
<td>$ 94.30</td>
</tr>
<tr>
<td>August</td>
<td>$133.15</td>
</tr>
<tr>
<td>September</td>
<td>$ 0</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$227.45</td>
</tr>
</tbody>
</table>

(3a) Yes, $2,000
(3b) $227.45
(4) N/A (Lease commenced in December 1999)
(5) N/A
(6a) $2,000
(6b) $227.45

<table>
<thead>
<tr>
<th>Productivity Commission</th>
<th>Total monies expended on fuel in 1999/2000</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>July $3,539.67</td>
</tr>
<tr>
<td></td>
<td>August $2,913.11</td>
</tr>
<tr>
<td></td>
<td>September $3,632.49</td>
</tr>
<tr>
<td></td>
<td>October $2,798.61</td>
</tr>
<tr>
<td></td>
<td>November $2,592.16</td>
</tr>
<tr>
<td></td>
<td>December $3,839.48</td>
</tr>
<tr>
<td></td>
<td>January $3,395.44</td>
</tr>
<tr>
<td></td>
<td>February $3,484.54</td>
</tr>
<tr>
<td></td>
<td>March $5,575.65</td>
</tr>
<tr>
<td></td>
<td>April $3,565.13</td>
</tr>
<tr>
<td></td>
<td>May $3,698.04</td>
</tr>
<tr>
<td></td>
<td>June $3,620.25</td>
</tr>
<tr>
<td></td>
<td>TOTAL $41,654.57</td>
</tr>
</tbody>
</table>

(2) Total monies expended on fuel in 2000/01 to the date of the question:

|                         | July $3,962.12|
|                         | August $3,993.84|
|                         | September $2,999.89|
|                         | TOTAL $10,955.85|

(3a) Yes $40,000.00
(3b) $10,955.85

(4) Budget 00/01 $40,000.00
Budget 99/00 $33,000.00

(5) Budget 99/00 = $33,000.00
Actual 99/00 = $41,654.57

(6a) $40,000.00
(6b) $10,955.85

<table>
<thead>
<tr>
<th>Australian Competition and Consumer Commission</th>
<th>(1) Total expenditure 1999-2000</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>July $4,251.82</td>
</tr>
<tr>
<td></td>
<td>August $4,600.71</td>
</tr>
<tr>
<td></td>
<td>September $5,026.58</td>
</tr>
<tr>
<td></td>
<td>October $4,003.65</td>
</tr>
<tr>
<td></td>
<td>November $3,236.38</td>
</tr>
<tr>
<td></td>
<td>December $2,586.11</td>
</tr>
<tr>
<td></td>
<td>January $8,523.84</td>
</tr>
<tr>
<td></td>
<td>February $4,599.45</td>
</tr>
<tr>
<td></td>
<td>March $2,211.49</td>
</tr>
<tr>
<td></td>
<td>April $7,047.71</td>
</tr>
<tr>
<td></td>
<td>May $5,861.74</td>
</tr>
<tr>
<td></td>
<td>June $6,212.78</td>
</tr>
<tr>
<td></td>
<td>TOTAL $58,162.26</td>
</tr>
</tbody>
</table>

Total expenditure 2000-2001 to the date of the question:
July $1,642.16
August $8,429.72
September $7,117.73
TOTAL $17,189.61
(3a) Yes. $60,000
(3b) $17,189.61

(4) Similar level to previous years expenditure.
(5) Did not have separate fuel budget in Financial Year 1999-2000. Fuel was included in Vehicle Expenses budget.
(6a) Budget for 2000-01 is $60,000
(6b) $17,189.61 has been expended YTD for 2000-01 financial year.

<table>
<thead>
<tr>
<th>Australian Securities and Investment Commission</th>
<th>(1) Total monies expended on fuel in 1999/2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>July</td>
<td>$ 7,316</td>
</tr>
<tr>
<td>August</td>
<td>$ 9,013</td>
</tr>
<tr>
<td>September</td>
<td>$10,150</td>
</tr>
<tr>
<td>October</td>
<td>$ 7,192</td>
</tr>
<tr>
<td>November</td>
<td>$ 6,389</td>
</tr>
<tr>
<td>December</td>
<td>$ 5,759</td>
</tr>
<tr>
<td>January</td>
<td>$14,894</td>
</tr>
<tr>
<td>February</td>
<td>$ 9,682</td>
</tr>
<tr>
<td>March</td>
<td>$ 5,878</td>
</tr>
<tr>
<td>April</td>
<td>$13,580</td>
</tr>
<tr>
<td>May</td>
<td>$10,591</td>
</tr>
<tr>
<td>June</td>
<td>$11,220</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$111,664</td>
</tr>
</tbody>
</table>

(2) Total expenditure 2000-2001 to the date of the question:
July $ 2,696
August $14,170
September $11,537
TOTAL $28,404

(3a) ASIC does not have a specific corporate budget for fuel costs. These costs are budgeted for as part of the budget for Motor Vehicle expenses. Fuel expenses represent 0.07% of ASIC’s total expenses budget.
(3b) Refer to (2)
(4) N/A.
(5) ASIC’s Motor Vehicle expenditure for the financial year 1999/2000 was 6.7% over budget. The outcome cannot be accurately attributed to fuel costs.
(6a) N/A
(6b) From 1 July 2000 to 30 September 2000, ASIC’s expenditure on fuel was $28,404.

<table>
<thead>
<tr>
<th>Australian Office of Financial Management</th>
<th>(1) Total expenditure 1999-2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>July</td>
<td>$195.46</td>
</tr>
<tr>
<td>August</td>
<td>$111.97</td>
</tr>
<tr>
<td>September</td>
<td>$188.63</td>
</tr>
<tr>
<td>October</td>
<td>$226.14</td>
</tr>
<tr>
<td>November</td>
<td>$142.47</td>
</tr>
<tr>
<td>December</td>
<td>$184.51</td>
</tr>
</tbody>
</table>
(2) Total expenditure 2000-2001 to the date of the question:

<table>
<thead>
<tr>
<th>Month</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>July</td>
<td>$233.23</td>
</tr>
<tr>
<td>August</td>
<td>$220.12</td>
</tr>
<tr>
<td>September</td>
<td>$53.02</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$506.37</strong></td>
</tr>
</tbody>
</table>

(3a) The AOFM does not budget at this level; as a result the AOFM does not have an allocated budget specifically for fuel. Because of the small amount of funds spent on fuel, it is incorporated into the Agencies total vehicle costs.

(3b) N/A

(4) N/A

(5) N/A

(6a) N/A

(6b) $506.37

---

National Competition Council

<table>
<thead>
<tr>
<th></th>
<th>(1) Nil</th>
</tr>
</thead>
<tbody>
<tr>
<td>(2)</td>
<td>Nil</td>
</tr>
<tr>
<td>(3)</td>
<td>N/A</td>
</tr>
<tr>
<td>(4)</td>
<td>N/A</td>
</tr>
<tr>
<td>(5)</td>
<td>N/A</td>
</tr>
<tr>
<td>(6)</td>
<td>Nil</td>
</tr>
</tbody>
</table>

Companies and Securities Advisory Committee

<table>
<thead>
<tr>
<th>Month</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>July</td>
<td>$62.12</td>
</tr>
<tr>
<td>August</td>
<td>$107.84</td>
</tr>
<tr>
<td>September</td>
<td>$96.54</td>
</tr>
<tr>
<td>October</td>
<td>$155.80</td>
</tr>
<tr>
<td>November</td>
<td>$78.46</td>
</tr>
<tr>
<td>December</td>
<td>$111.71</td>
</tr>
<tr>
<td>January</td>
<td>$158.30</td>
</tr>
<tr>
<td>February</td>
<td>$120.19</td>
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<tr>
<td>March</td>
<td>$92.34</td>
</tr>
<tr>
<td>April</td>
<td>$141.26</td>
</tr>
<tr>
<td>May</td>
<td>$160.42</td>
</tr>
<tr>
<td>June</td>
<td>$110.39</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$1,395.37</strong></td>
</tr>
</tbody>
</table>

(2) Fuel charges for 2000/2001 to the date of the question - $326.39

<table>
<thead>
<tr>
<th>Month</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>July</td>
<td>$38.16</td>
</tr>
<tr>
<td>August</td>
<td>$178.85</td>
</tr>
<tr>
<td>September</td>
<td>$109.38</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$326.39</strong></td>
</tr>
</tbody>
</table>

(3a) Yes – the fuel budget for the current year is $2000.

(3b) $326.39 has been spent to date.
Minister for Forestry and Conservation: Chairmanship
(Question No. 3551)

Senator Brown asked the Minister representing the Minister for Forestry and Conservation, upon notice, on 30 March 2001:

(1) Is the Minister now or has he at any other time been: (a) Chairperson, Deputy Chairperson, acting Chairperson or acting Deputy Chairperson of Austrade; (b) any other appointed member of the board, or an acting member of the board appointed under subsection 17 (1) of the Australian Trade Commission Act 1985; (c) Managing Director, Deputy Managing Director, acting Managing, or acting Deputy Managing Director of Austrade; and (d) employed by Austrade under section 60 of the Australian Trade Commission Act 1985.

(2) If the answer to question (1) is no, is section 94 of the Australian Trade Commission Act 1985 not applicable to the information sought in the original question.

(3) If the Minister has received legal advice to the contrary, will the Minister provide a copy of that advice.

(4) As subsection (3) of section 94 of the Australian Trade Commission Act 1985 expressly allow persons who are subject to the secrecy provisions to provide information and/or documents to the Minister, does the Minister agree that, once the Minister holds such information and/or documents, the Minister may provide such information and/or documents to such other persons as the Minister may see fit.

Senator Hill—The Minister for Forestry and Conservation has provided the following answer to the honourable senator’s question:

(1) No.
(2) No.
(3) No.
(4) No.

Office of Film and Literature Classification
(Question No. 3564)

Senator Greig asked the Minister representing the Attorney-General, upon notice, on 5 April 2001:

(1) Was the Director of the Office of Film and Literature Classification (OFLC) consulted by the South Australian Government on the provisions of the On-line Services section (Part 7A) of the South Australian Classification (Publications, Films and Computer Games) (Miscellaneous) Amendment Bill 2000 prior to the bill’s introduction into the South Australian Parliament in November 2000.

(2) If the Director was not consulted prior to the bill’s introduction, was the Director subsequently consulted; if so, on what date.

(3) If the OFLC was consulted either before or after the bill’s introduction, did the OFLC raise any matters that would need to be addressed and resolved regarding the OFLC’s ability to provide online publishers with a classification certificate for Internet content; if so, what matters did the OFLC raise.

(4) Has the OFLC been providing a classification service for existing Internet content to online publishers to date.

(5) Has the OFLC been providing a classification service for proposed Internet content to online publishers to date.
(6) If the OFLC presently provides a classification service for existing and/or proposed Internet content to online publishers:
   (a) is the service available for existing or proposed Internet content, or both;
   (b) on what dates did the OFLC commence providing these services;
   (c) (i) what is the procedure for applying for classification of Internet content, and (ii) has this procedure been made known to the public in legislation or elsewhere;
   (d) what procedure does the OFLC have in place to enable them to identify whether the OFLC has issued a classification certificate applicable to particular Internet content, for example, where content is subsequently moved to a new address/hosting location on the Internet as a result of the publisher’s content host/ISP ceasing operations;
   (e) what is the amount of the fee charged to online publishers for classification of Internet content consisting of a web page containing solely of text and non-moving images;
   (f) is the classification fee referred to in (e) prescribed in the Schedule to the Commonwealth classification regulations; if so, is the fee based on ‘running time’ of a ‘film’ (minimum $770) or is the fee that is applicable to publications such as magazines and books ($130); and
   (g) if the fee is not prescribed in the regulations, why not.

(7) If the OFLC has not provided a classification service to online publishers to date, in relation to the proposed amendments to the South Australian classification act:
   (a) does the OFLC intend to commence classifying Internet content after material has been placed online, or require content to be provided to the OFLC by post on portable media, etc.;
   (b) what procedure does the OFLC intend to establish to enable them to identify whether the OFLC has issued a classification certificate applicable to particular Internet content, for example, where content is subsequently moved to a new address/hosting location on the Internet as a result of the publisher’s content host/ISP ceasing operations, etc.;
   (c) what is the amount of the fee to be charged to online publishers for classification of Internet content consisting of a web page containing solely of text and non-moving images;
   (d) is the classification fee referred to in (c) prescribed in the Schedule to the Commonwealth classification regulations; if so, is the fee based on ‘running time’ of a ‘film’ (minimum $770) or is the fee that is applicable to publications such as magazines and books ($130); and
   (e) if the fee is not prescribed in the regulations, or is the fee applicable to films, is it intended to prescribe new fees applicable to Internet content.

(8) (a) What are the amounts of classification fees for various types of Internet content (for example, moving images, non-moving images, text, etc) charged by the OFLC to the Australian Broadcasting Authority, under the provisions of the Commonwealth Broadcasting Services Act; and (b) are these fees prescribed in the Commonwealth classification regulations; if not, why not.

Senator Ellison—The Attorney-General has provided the following answer to the honourable senator’s question:

(1) Commonwealth, State and Territory officials consulted extensively on model provisions for the regulation of online content under State and Territory legislation in the context of the national legislative classification scheme. The Director was party to these discussions.

(2) A copy of the South Australian Classification (Publications, Films and Computer Games) (Miscellaneous) Amendment Bill 2000 was forwarded to the Director of the Office of Film and Literature Classification (OFLC) on 9 November 2000.

(3) The bill is substantially in line with similar legislation in other jurisdictions and with the model provisions for State and Territory legislation. Further advice was not required.

(4) and (5) The Classification Board classifies the entire content of publications, films and computer games on application made under the Classification (Publications, Films and Computer Games) Act 1995 (the Classification Act). The OFLC does not provide online publishers with a classification service that is specific to Internet content. Internet content in the form of a recording may be considered to be either a ‘film’ or a ‘computer game’ for the purpose of classification under the
Classification Act. Accordingly, existing or proposed Internet content may be submitted for classification as a ‘film’ or a ‘computer game’ under section 14 or 17 of the Classification Act. Internet content that is submitted in a printed form, as a print-out, falls within the definition of ‘publication’ under the Classification Act, and is classified accordingly. Since commencement of the Classification Act, the OFLC has been able to provide classification information to prospective online publishers and service providers on request and to classify proposed and existing Internet content on receipt of a valid application.

(6) (a) Internet service providers and online publishers may submit existing or proposed Internet content for classification by the Classification Board under the Classification Act. The content to be classified must be submitted to the Classification Board in a form that complies with the definitions set out in section 5 of the Classification Act, for example in the form of a recording on a disk, and must be accompanied by a valid application.

(b) The Classification Act came into effect on 1 January 1996.

(c) (i) The procedure for an online publisher applying for classification of Internet content that falls within the definitions set out in section 5 of the Classification Act are set out in section 11 of the Act in the case of a ‘publication’, section 14 of the Act in the case of a ‘film’, or section 17 of the Act in the case of a ‘computer game’. (ii) The classification application procedure is set out in the Classification Act, which has been in force since 1 January 1996.

(d) The onus is on the applicant to decide whether to submit material for classification. The Classification Board classifies material that is placed before it on receipt of a valid application. The Board maintains detailed records of all classification decisions, including content descriptions and, in some cases, copies of the classified material for the purpose of future identification. In cases where there is doubt about the classification status of material submitted for classification, the Classification Board may interrogate relevant records to ascertain whether the material is identical to previously classified material. The Classification Act provides that if material that has been classified is subsequently modified, the material becomes unclassified. The onus as to whether previously classified material has been modified and therefore requires classification, lies with the applicant. Where there is enduring doubt about the classification status of material submitted for classification, the Classification Board may classify the material and issue a certificate.

(e) and (f) The Classification (Publications, Films and Computer Games) Regulations (the Regulations), Schedule 1, set out the fees for classification. If the content is submitted for classification as a ‘film’ the fee will be calculated on the running time of the ‘film’ unless it is an ‘interactive film’, in which case the fees prescribed for ‘interactive films’ will apply. If the content comprises a ‘computer game’ and is submitted accordingly, the prescribed fees for ‘computer games’ will apply. If a print-out of the content is submitted for classification as a ‘publication’, the fee will be calculated in accordance with the prescribed fees for ‘publications’.

(g) Not applicable.

(7) (a) The OFLC does not classify material on the Internet unless the content has been downloaded or stored on a recording, such as on a computer disk, or printed out.

(b) See 6(d) above.

(c) and (d) The amount of the fee would be calculated in accordance with the Regulations and would depend upon the form in which the content was submitted for classification.

(e) The existing fees as prescribed in the Regulations will continue to apply. The question of prescribing fees specifically for applications for classification of Internet content is a matter that may be considered when the fees are next reviewed.

(8) (a) and (b) Classification fees collected by the OFLC from the Australian Broadcasting Authority (ABA) under the Broadcasting Services (Online Services) Amendment Act 1999 are prescribed in the Regulations.

Defence: Supersonic Missile Launch Facility

(Question No. 3579)

Senator Brown asked the Minister representing the Minister for Defence, upon notice, on 11 May 2001:
With reference to the proposed Supersonic Missile Launch Facility at Beecroft Peninsular, Jervis Bay:

(1) How is this facility related to any proposed expansion of US Military exercises into the South Pacific adjacent to the east coast of Australia.

(2) In what ways could this project have the potential to be linked to the proposed US National Missile Defence System.

(3) Why was this proposal and military activities on Beecroft Peninsular generally, not mentioned in the most recent Defence White Paper (Defence Review 2000).

(4) Can the Government give an assurance that weapons used by Australians or overseas forces, involving the Beecroft Peninsular and adjacent waters, will not contain depleted uranium.

(5) What Australian environmental legislation governs the actions of Australian defence forces on Beecroft Peninsular or in adjacent waters.

(6) What Australian environmental legislation governs the actions of overseas defence forces on Beecroft Peninsular or in adjacent waters.

(7) Can the Minister resolve the conflicts between comments by the Defence Department Spokesperson, Colin Blair, and the Federal Member for Gilmore, Joanna Gash, (South Coast Register, 26 July 2000) that the facility will not involve the use of ‘ballistic missiles’ and the information provided on page 5 of the Draft Environmental Report (DER) which states, ‘The facility is designed to allow the Royal Australian Navy (RAN) to train in defence against the ballistic and surface skimming supersonic missiles’.

(8) Why does the DER (p.26) contain a diagram of the target trajectories and ‘ballistic impact’ area for supersonic target missiles fired in ballistic mode.

(9) Is there potential for the facility to be used to launch armed missiles.

Senator Minchin—The Minister for Defence has provided the following answers to the honourable senator’s question:

(1) Firstly, in clarification, the proposal is not for a missile launch facility at Beecroft Peninsular, it is for a supersonic air target capability. The Australian Defence Force (ADF) is currently introducing new weapons systems and upgrading current systems to cope with the forecast anti-shipping weapons trends beyond 2005. There are no means at present in Australia to test and evaluate the full performance of these capabilities and to conduct continuation training. This facility will provide the ADF with the capability to effectively conduct the testing and evaluation of these upgraded systems and the ability to train against a realistic supersonic sea skimming missile threat. The range facility may be made available to visiting United States (US) forces under existing arrangements for current range facilities, but is not related to any proposed expansion of US military activity in the South Pacific.

(2) The ADF requirement is for a supersonic sea skimming target facility. This will provide the capability to test and evaluate ships air-defence systems and training. The facility is not connected in any way to the proposed US National Missile Defence System. Some US Navy ship air-defence systems which may use the facility may have the capability of also contributing to Ballistic Missile Defence.

(3) The supersonic sea skimming facility was not mentioned in the Defence White Paper as the ADF is still refining the proposal. Defence has yet to endorse the proposal and forward it to the Government for approval.

(4) There are no munitions used by the Australian Defence Forces that contain Depleted Uranium. The potential for use of Depleted Uranium by overseas forces is uncertain, however, it is most unlikely that any Depleted Uranium capable weapon system would be used against the supersonic air target capability.


(7) The position outlined by Mr Blair and Ms Gash is consistent with the recently released final version of the Environmental Report. The ADF capability requirement is only for the ability to test and evaluate upgraded self-defence systems and train against a realistic supersonic sea skimming threat, and therefore the Environmental Report will refer only to sea skimming target requirements for the Royal Australian Navy (RAN). In informal discussions with the US Navy, they have indicated a potential interest in the use of a high trajectory target at the facility. Any request by the US to use the facility would be a matter for the Australian Government of the day.
(8) The Environmental Report contains a diagram of a ballistic mode of operation because the target launcher will have the capability of firing ballistic targets. However, the target system being developed is primarily a supersonic sea skimming target which meets the capability requirement of the RAN.

(9) No.

Drugs: Premarin
(Question No. 3583)

Senator Bartlett asked the Minister for Industry, Science and Resources, upon notice, on 11 May 2001:

(1) Has the department received applications and/or provided research and development or other funding to companies involved in the production of the pharmaceutical Premarin.

(2) If funding has or is soon to be given to such companies, how much funding has or is to be provided and what are the names of these companies.

(3) Are there synthetic versions of Premarin currently available in Australia; if so, why is funding being provided for the production of non-synthetic Premarin.

Senator Minchin—The answer to the honourable senator’s question is as follows:

(1) An application has been received by the R&D Start program from Thorgard Pty Ltd for the Development of Natural Estrogen Collection System (NECS) for collection of pregnant mares’ urine (from which Premarin is derived). This application is yet to be considered. An application has also been received under the COMET program.

(2) In April 2001 the COMET program approved an application for an amount of $100,000 from Thorgard Pty Ltd. The application was seeking support to enable further testing of their prototype humane PMU (pregnant mare urine) collection product.

(3) Information regarding question (3) was sought from the Department of Health and Aged Care. Premarin is the trade name for a product that contains the active ingredient called conjugated oestrogens. There are a number of products currently available in Australia, which contain synthetically produced conjugated oestrogens. While some women are able to take synthetically produced oestrogen products others are proven to be intolerant, hence the requirement for Premarin.