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The PRESIDENT (Senator the Hon. Margaret Reid) took the chair at 2.30 p.m., and read prayers.

MINISTERIAL ARRANGEMENTS

Senator HILL (South Australia—Leader of the Government in the Senate) (2.30 p.m.)—by leave—I inform the Senate that Senator Chris Ellison, the Minister for Justice and Customs, will be absent from the Senate for question time today. Senator Ellison is chairing the Intergovernmental Committee of the National Crime Authority at the Ministerial Council on the Administration of Justice. During Senator Ellison’s absence, Senator Vanstone will take questions relating to the Attorney-General’s portfolio and questions on the Immigration and Multicultural Affairs portfolio and Senator Abetz will take questions relating to the Education, Training and Youth Affairs portfolio.

QUESTIONS WITHOUT NOTICE

Minister for Health and Aged Care: Comments

Senator LUDWIG (2.31 p.m.)—My question is to Minister Vanstone, representing both the Minister for Health and Aged Care and the Attorney-General. Can the minister confirm that the president of the AMA has made a concrete offer on at least four occasions to settle her current differences with the Minister for Health and Aged Care over unfortunate comments made by him on radio on 24 May 2001, including another offer this morning? In these circumstances, where the minister has refused reasonable offers to settle, what is more important: pandering to Dr Wooldridge’s ego or protecting the public purse for what, it has been conservatively estimated, could be a bill of around $500,000 for legal costs and damages?

Senator VANSTONE—I do not have any particular advice from Dr Wooldridge on this matter—that is not surprising; he is in New York—or from the Attorney-General. That is not surprising either, because, Senator, as you would understand, when there are two parties to possible litigation, there are always two sides to the story. I do not share your assertion that to proceed with the case would be to pander to Dr Wooldridge. In order to share that assertion, I would have to agree with whatever claim the AMA have made. I cannot do that; I have not even seen the claim that they have put. I am not certain, for that matter, that either Dr Wooldridge or the Attorney have seen it. I am sorry there is not much information I can give you. I do not think you assist in anything by asking a question about a legal matter that is on foot when neither of the parties will necessarily want to share the views that they may wish to express in court prior to the court hearings.

Senator LUDWIG—Madam President, I ask a supplementary question. Perhaps in that instance the minister might like to take the question on notice and come back to the Senate with the answer. Will the Prime Minister be making a second attempt to broker a settlement to the dispute between Dr Wooldridge and Dr Phelps?

Senator VANSTONE—if there is anything that the Attorney or Dr Wooldridge care to add to what I have said, I am sure they will. If they do, they will do so through me back to you, Senator. I caution you against setting up a scenario where the opposition is keen to encourage anyone who chooses to sue a government minister to do so on the basis that the government will give in and settle for peace, which seems to be the proposition that you are putting. It may well be taxpayers’ money. You say, ‘Pay up. Get peace. Give them some money.’ We are a bit more careful than that with taxpayers’ money, a little bit more careful than your government ever was with taxpayers’ money, because there are people out there with jobs doing it hard every day and paying their taxes, and they expect us to be careful.

Economy: Government Policy

Senator TCHEN (2.34 p.m.)—My question without notice is to the Minister for Industry, Science and Resources, Senator Minchin. Would the minister advise the Senate of the benefits for Australian industry of low interest rates and responsible economic management? Is the minister aware of any alternative policies?
Senator MINCHIN—I thank Senator Tchen for his good question. Sound economic management has enabled us to responsibly invest in this nation’s future, like the extra $3 billion that we are investing in innovation, science and technology. Total funding for science and innovation this year is going to be $4.7 billion, which is a record. Of course, the reason we are able to make these kinds of investments is that we are delivering budget surpluses and paying off Labor’s debt. As we all know, Labor racked up $80 billion in debt in their last five years in government, and we will have repaid nearly $60 billion of that by the end of this budget year. We are saving $4 billion a year in interest payments, and that is money that we can now spend on things like innovation instead of paying off interest, which is what had to happen under Labor.

Therefore, we were extremely interested to see in this morning’s Sydney Morning Herald the latest proposal from Dr Carmen Lawrence, the industry spokesperson for the Labor Party, on how Labor are going to pay for their promises—promises they have not yet told us about. The latest proposal from Dr Lawrence is, remarkably, to issue government bonds to fund Labor’s Knowledge Nation policy, a policy we are yet to know anything about. She does not seem to realise that, when you issue government bonds, all you are doing is creating more debt. We now know, thanks to Dr Lawrence this morning in the paper, that Labor propose to fund their Knowledge Nation policy by racking up even more debt and by putting the nation back into hock.

We know they are going to pay for this Knowledge Nation policy simply by sticking it on the bankcard, just like they did for 13 years when they were in government last time. They racked up massive debt—the sort of debt we had never seen in this country before—but still managed to leave the nation with less investment in knowledge than when they came into government. You wonder what on earth they did with all the money that they racked up in debt.

Dr Lawrence was a senior minister and Premier of Western Australia during that state’s extraordinary financial disaster, so she is certainly an expert when it comes to debt. It is remarkable that, after more than five years in opposition and with less than six months until an election, Labor’s best policy to fund their election promises is to go into more debt. But, if you are going to issue government bonds and if you are going to rack up more debt, you are going to place upward pressure on interest rates. Dr Lawrence’s plan is going to mean upward pressure on interest rates. We know that they are going to go into debt and raise interest rates to pay for this elusive Knowledge Nation.

This is the old debt loving Labor Party that we knew so well for 13 years. This is on top of the roll-back policy which Chris Murphy has assured us is going to mean increased interest rates. We know from Senator Conroy that, to pay for their roll-back policy, Labor are going to have to increase income taxes. There is no other way to pay for it. We now know, courtesy of a poll in the Melbourne papers over the weekend, that most of the electorate think Senator Conroy is right: they are going to have to pay for roll-back by increasing income taxes.

Dr Lawrence, the innovation shadow minister, is the same Dr Lawrence who viciously attacked the biotechnology industry in the House of Representatives recently and she is the same Dr Lawrence who wants to close down our new nuclear research reactor and cost 800 scientific jobs in this country, and now she has trotted out a funny money scheme to pay for her Knowledge Nation, whatever that may be. All she has done today is reveal what we all suspected, and that is that a Labor government simply means higher debt, higher interest rates and higher income taxes.

DISTINGUISHED VISITORS

The PRESIDENT (2.39 p.m.)—Order! Before proceeding, I advise honourable senators of the presence in the President’s gallery of the Speaker of the Legislative Assembly of Queensland, the Hon. Ray Hollis MLA. On behalf of all senators, I welcome you to the chamber and trust that you will enjoy your visit to the national capital.

Honourable senators—Hear, hear!
QUESTIONS WITHOUT NOTICE

Minister for Health and Aged Care: Interview

Senator FORSHAW (2.39 p.m.)—Go the Blues on Sunday! My question is to Senator Vanstone, representing the Minister for Health and Aged Care. How much was paid by each of Mayne Health and Minister Wooldridge’s department to jointly fund the tape of Dr Wooldridge being interviewed by Michael Shildberger about the 2001 budget which has been mailed to every doctor in Australia? Minister, why should the department be required to pay for both Dr Wooldridge’s membership of the AMA and distributing his taped attacks on the same organisation?

Senator VANSTONE—There is a very simple explanation: when parliament makes a decision by passing legislation, it is not true that every Australian who might be affected by that is aware of the details of it when changes are made in an administrative sense as opposed to a legislative sense. It is not true that everybody affected by it necessarily knows the details. In a circumstance where either there are logistical reasons why people might not be in touch with that information or there might be practical reasons—for example, a lobby group might be providing incorrect information to a body—it is quite appropriate that the government informs that group of people, to the best of its ability, about the changes.

Within my own portfolio, there is the example of the extension to the Commonwealth seniors health card, which meant that something like 400,000 people were entitled, and yet only something like 200,000 had applied. Clearly, we needed to do more to make those people who were entitled aware that they were entitled. I again endorse the comments of Senator Evans, who indicated in estimates that he got sick to death of people asking, ‘Why aren’t I entitled to this?’ when they were in fact entitled. So there is a very good reason for a government keeping the Australian public, as opposed to those in Canberra in the parliamentary system, aware of what is happening.

Senator FORSHAW—Madam President, I ask a supplementary question. I remind the minister that the question that I asked was: how much was paid by each of Mayne Health, a private health company, and the department? You have not answered that, Minister. Maybe you could have a go at it in your answer to the supplementary question or take it on notice. My supplementary question is: hasn’t this deal between Mayne Health and the department of health to fund the distribution of Dr Wooldridge’s attacks on the AMA got more to do with commercial and political interests than it has to do with the public interest?

Senator VANSTONE—My colleague Senator Kemp says, ‘He’s lucky to be in the Senate, that bloke,’ and I believe I have made that point to Senator ‘Lucky’ Forshaw before. Senator, any parts of your question that were not answered in my first answer I will refer to Dr Wooldridge on his return, and I will ask him whether he has any information to provide that would be of assistance to you.

Business Tax Reform

Senator CHAPMAN (2.43 p.m.)—My question is directed to the Assistant Treasurer. Will the minister inform the Senate of efforts by the Howard government to reduce the cost burden on small business? Is the minister aware of any suggestions which may increase the cost burden on small business?

Senator KEMP—Thank you, Senator Grant Chapman, for that very important question. Under the new tax system, small business costs have been reduced through cuts in personal and corporate taxation: the abolition of the wholesale sales tax, much beloved by Senator Sherry but opposed by everybody else; the abolition of the FID; and, among other things, the bringing forward of the full input tax credits on vehicles. And let us not forget how much interest rates have come down under this government, which is a very important cost saving for small business and one of the many achievements of this government.

Small business have every reason to be frightened of Labor. That was a matter I drew to the attention of the Senate yesterday.
after reading the views of the shadow small business minister, Joel Fitzgibbon, in the Northside Chronicle.

The PRESIDENT—Mr Fitzgibbon, Senator.

Senator KEMP—Mr Fitzgibbon refused to rule out an increase in the compulsory employer contributions to superannuation, but he did say—and Senator Cook, if he were in the chamber, would be interested to hear this—that it was impossible to reverse the GST, which is a point that I have made many times. The Labor Party have adopted the GST as part of their policy. The article in the Northside Chronicle which appeared on 6 June said:

Northside business leaders were last week slugged with bottom-line jitters of national proportions. Mr Fitzgibbon was questioned on issues of GST, superannuation and unfair dismissal laws.

Among other things, the Northside Chronicle reports:

... he did not say that superannuation would not be increased and he said unfair dismissal laws would have to be reviewed.

These are points I made yesterday. What is the Labor Party’s policy on superannuation? There is total confusion. Their superannuation spokesman, Mr Kelvin Thomson, said last week that it would be too difficult for the Labor Party to come up with a policy before the election, and so they will tell us what their policy is after the election.

I have drawn to the chamber’s attention before that there is a truth in policy faction in the Labor Party. This is a small group of people, led by Senator Conroy, that is determined to make it clear what the Labor Party policy is on certain issues. Senator Conroy, in relation to superannuation, is a man who knows his apples. After all, he was employed by the Transport Workers Union super fund for many years. One was not sure what he was actually doing while he was employed by the Transport Workers Union superannuation fund, but one assumes that he was working on behalf of the members of the fund. On 7 June at a seminar some people would say that Senator Conroy did it again. People may be critical of Senator Conroy on that side of the chamber, but Senator Conroy has told us what the Labor Party policy is and what his policy is on the superannuation guarantee. This is what Senator Conroy said—and as people know, the SG is going to nine per cent—(Time expired)

Senator CHAPMAN—Madam President, I ask a supplementary question. I am particularly interested to hear the views of the minister with regard to these additional suggestions to which he was referring, particularly in reference to Senator Conroy’s alternative policies.

Senator Faulkner—Madam President, I rise on a point of order. That supplementary question in relation to Senator Conroy is out of order, and I think you should rule it out of order.

Senator Abetz—You’re allowed to ask about alternative policy.

Senator Faulkner—No, you’re not. Be consistent with rulings, Madam President.

The PRESIDENT—The question seemed to relate to a senator from the other side rather than to the minister’s portfolio.

Senator Chapman—My question specifically—

Senator Faulkner—I am taking a point of order.

Honourable senators interjecting—

The PRESIDENT—We will wait until I can hear.

Honourable senators interjecting—

The PRESIDENT—Order! I will hear from Senator Chapman and then from Senator Faulkner.

Senator Chapman—My supplementary question specifically—

The PRESIDENT—Order! What is the point of order, Senator Chapman?

Senator Chapman—The point of order is that my question specifically asked for alternative policies from Senator Kemp, and therefore the question is in order.

Senator Faulkner—My point of order was this, Madam President, and I believe you have ruled on it. I took my point of order after Senator Chapman concluded his supplementary question. I believe you ruled in favour of my point of order. I do not think it
is competent, in that circumstance, for the senator to reinterpret his pathetically incor-
rect supplementary question that was ruled out of order. We should move on to the next
question.

The PRESIDENT—The question is out of order as framed, in that it asks for a com-
ment on opposition policy. If the supplementary question is reframed to be in order, I
will allow it.

Senator Faulkner—Madam President, I have a second point of order, which I think I
have made to you before, but I will respect-
fully submit it to you again.

Government senator interjecting—

Senator Schacht—Sit down, boofhead.

The PRESIDENT—Order! Your leader is
on his feet.

Senator Schacht—The government senator shouldn’t stand up.

The PRESIDENT—Of course he shouldn’t stand up. I have called Senator Faulkner, and I expect to be able to hear
what he has to say.

Senator Faulkner—Senator Chapman had concluded his supplementary question. I
then took a point of order. It is not competent for Senator Chapman, who actually asked a
disorderly supplementary question, to then be given the call to ask another one. It is ei-
ther out of order or in order. You have ruled it out of order. We should move on to the
next question.

The PRESIDENT—I have invited him to rephrase his question to be in order.

Senator CHAPMAN—Thank you, Madam President. The supplementary question, which I direct—

Senator Robert Ray—Madam President, I rise on a point of order. There are a number
of rulings going into the eighties and nineties that ruled supplementary questions out of
order when they went to specific opposition policy or a senator’s policy. Not on one oc-
casion did the chair rule that you got a sec-
ond crack at the cherry. You had another go
the next day. You have just set a major precedent here, Madam President, and you
should reflect on it. In fact, you should sit Senator Chapman down, we should move on
and he can rephrase his question tomorrow,
like every other senator in the past has had to
do.

Senator Hill—Madam President, can I con-
tribute to the debate on the points of or-
der. I respectfully suggest that, if there is a
matter of interpretation necessary in relation
to the supplementary question, asking the
honourable senator to clarify the supple-
mentary question would seem to be more
than reasonable. That way, the President will
be able to make a determination, and the
Senate will be able to get on with its busi-
ness. Obviously, there is significant confu-
sion on the subject of the supplementary
question. Surely, it is only fair that that
should be clarified before the President
makes her ruling, which is what we would
seek on this occasion.

The PRESIDENT—The supplementary question was out of order; there is no ques-
tion about that. It is within the discretion of
the chair to ask the questioner to rephrase it
and it then may be asked in an orderly fash-
ion.

Senator CHAPMAN—Madam President, my supplementary question is: can the As-
sistant Treasurer provide further information
with regard to the policies of the government
in relation to the reduction of costs on small
business and any alternative measures?

Senator Schacht—He has had four goes
at the question and he still cannot get it right.

The PRESIDENT—Senator Schacht, you
are out of order. Withdraw that comment.
The sort of sledging that is going on is unac-
cetable behaviour. I ask you to withdraw.

Senator Schacht—I withdraw.

Senator Kemp—Thank you for that very
well-phrased question, Senator Chapman.
The Labor Party are justifiably nervous
about this but this is the quote from Senator
Conroy which Labor Party senators at-
tempted to prevent me from reading in to the
Hansard. I am quoting exactly, Senator Con-
roy—you can check this. Senator Conroy
said:
I am in the 15 per cent camp.

Senator Faulkner—I rise on a point of
order. I am surprised, Madam President,
given that the minister is not directing his remarks through the chair, that you have not called him to order. I ask you do so.

The PRESIDENT—Remarks should be directed to the chair and not across the chamber to another senator.

Senator KEMP—I am quoting from Senator Conroy when he said:
I am in the 15 per cent camp. I think we need to have about 15 per cent in people’s retirement incomes...

This proposal of Senator Conroy would impose huge costs on Australian business, make no mistake, and it would put hundreds of thousands of jobs at risk. This is the policy that Senator Conroy has put forward. At least he has had the guts to spell out exactly what the Labor Party wants, unlike—(Time expired)

Age Pension: Deeming Rates

Senator BUCKLAND (2.54 p.m.)—My question is directed to Senator Hill, representing the Prime Minister. Minister, do you recall the Prime Minister saying on 11 May on Melbourne radio—

The PRESIDENT—Questions should be addressed to the chair.

Senator BUCKLAND—Thank you, Madam President, I will restart that. Does the minister recall the Prime Minister saying on 11 May on Melbourne radio—

The PRESIDENT—Questions should be addressed to the chair.

Senator BUCKLAND—Thank you, Madam President, I will restart that. Does the minister recall the Prime Minister saying on 11 May on Melbourne radio in relation to the deeming of pensioners’ assets:
We have looked at it and it’s one of these situations where if you cut the rate there are some people who will lose.
Is the minister also aware that, when announcing the reduction in the deeming rate last Thursday, Minister Vanstone claimed:
No-one will be worse off as result of a decision made by this government.
Who is right, Minister, on this important matter: the Prime Minister or Minister Vanstone?

Senator HILL—I do not recall the Prime Minister’s radio interview. I suspect I did not hear it in Melbourne on that particular day. But I can help the honourable senator in relation to the issue and I can advise him that the government is reducing the deeming rate for pensions from 1 July because this coincides with annual indexation increases to pension free areas and thresholds. The deeming rate has been reduced so that pensioners will not be disadvantaged by having their investments deemed at a higher rate than is generally available in the market, something which I would have thought the honourable senator would applaud.

More than half a million pensioners will receive increases in their pension payments due to the deeming rate reduction. From 1 July 2001, the deeming rates will fall to three per cent for the first $33,400 of a single customer’s financial investments and the first $55,800 for a pensioner couple, and 4.5 per cent for any investments over these amounts. Pensioners can choose whether they wish to use deeming accounts for their investments. The more generous income test free areas mean that the pensions of those with small amounts of savings are not affected by changes in the deeming rates. I hope that information is of assistance to the honourable senator.

Senator BUCKLAND—Madam President, I ask a supplementary question. Why did the Minister for Family and Community Services claim last week that the reduction in the deeming rate would be ‘a significant boost’? Can the minister confirm a full age pensioner with an average balance in a deeming account will lose around $2.20 from their total fortnightly income as a direct result of Minister Vanstone’s deeming decision?

Senator HILL—I do not think that the honourable senator listened to my answer. I said that more than half a million pensioners will receive increases in their pension payments due to the deeming rate reduction. That is something to be pleased about, I would have thought. If that was the basis of what Senator Vanstone said, then she obviously was very correct.

Tax Avoidance: Diversion of Exports

Senator MURRAY (2.58 p.m.)—My question is to the Minister representing the Minister for Justice and Customs and it relates to the diversion of goods to the domestic market which were intended for export and on which tax or duties have been
avoided. Is the minister aware that in the Customs Legislation Amendment and Repeal (International Trade Modernisation) Bill 2001, the explanatory memorandum contains the statement by the ATO that ‘diversion in Australia is comparable to levels overseas, which are in the order of 30 per cent’? Is the minister aware that Ernst and Young, who provide consultancy advice to the government, also remarked in evidence that the 30 per cent figure could be an understatement of the problem for some industries? Why is the minister’s office claiming in remarks to the press that the 30 per cent figure is incorrect? If that is so, why did the explanatory memorandum commit the tax office and Customs to the view that tax and duty diversion in Australia is ‘in the order of 30 per cent’?

Senator VANSTONE—I thank Senator Murray for the opportunity to answer a question about my old portfolio. Senator, firstly, as you understand, the issue of diversion is about contravening Customs controls at the borders in order to avoid paying customs or excise duties as well as GST. Secondly, in existing legislation the requirements for the export and then possible return of the goods to Australia are quite clear as long as the importer-exporter provides accurate information to Customs. It is where inaccurate information is provided that fraud potentially exists.

The issue of diversion of exports was raised by the government in the context of amendments to the Customs Act which, amongst other things, provide Customs with some new powers to address diversion, particularly of exports. Diversion of exports can take a number of forms, but experience to date suggests that there have been cases where high taxed goods—for example, cigarettes—have been either exported duty free and then reimported possibly described as something else, or where they were sold duty free, packed for export, but never made it to the ship, having been unlawfully unpacked and replaced by waste paper, telephone books, or some other such product.

The 30 per cent figure you quote, Senator Murray—as you have quoted in the past and you are quoting here today and want clarified—is not a figure that is necessarily an accurate assessment of what is in Australia. It is an assessment of what is overseas. But there is further evidence from that inquiry that indicates that there is a problem, and that is why Customs takes it seriously. The evidence from the spirits industry to the committee inquiry claimed that there was very widespread diversion of spirits exported to overseas destinations.

In relation to cigarette smuggling, for example, a number of fraud investigations have been concluded and there are some under way, many of them cooperative investigations between Commonwealth agencies and Commonwealth and state agencies. In respect of the evidence to the Senate committee, work is well under way within Customs to assess the evidence, and discussions with the spirit industry will commence shortly. There are some issues that need to be resolved, some of which may be commercial issues as opposed to directly illegal behaviour.

In conclusion, we do take these issues of diversion, or fraud against the GST or customs duty very seriously. A number of amendments to the Customs Act are specifically designed to ensure Customs can better deal with those exports and reduce the risk of fraud or diversion. As you say, Senator, those amendments have been passed. Finally, this is quite specifically a Customs responsibility, not a tax responsibility, as it is often referred to in the media. But, as I am sure you are aware, in a lot of these matters Customs and the Taxation Office necessarily have to work closely together.

Senator MURRAY—Madam President, I ask a supplementary question. I thank the minister for her answer. The minister referred to the detailed submissions of Ernst and Young and United Distillers. Is the minister aware that in their view the 30 per cent figure could be in the order of tens of millions of dollars? Is the minister aware that the committee’s majority report asked for the investigations of these issues? Minister, I ask you to indicate to the Senate how long the Customs investigation is likely to last, whether it is being extended to involve interaction with foreign authorities, such as Customs receiving authorities overseas, and
when the matters concerned might be referred to the police for action?

Senator VANSTONE—Senator, it is difficult for me—and I think it would be difficult for Minister Ellison, if he were here—to give you an exact indication. What I can say is that Lionel Woodward and the other people dealing with this in Customs are concerned about it, and I think that you can very safely assume that it will be done without any undue delay whatsoever. I will ask Minister Ellison to advise you if there is expected to be any undue delay and we will get a time, an estimate at least, from Customs when those things will be completed.

As to any further investigations and prosecutions, I do not have advice on those, as I indicated in my answer. A couple of investigations have been completed and a couple are still under way. Where they are in the process, I cannot say, and I am not sure whether it would be appropriate to say, even if I did know. But I will refer that to Minister Ellison, and if there is anything that he wants to add we will table it in an answer in the next couple of days.

Aged Care Accreditation Agency

Senator CHRIS EVANS (3.04 p.m.)—My question is also directed to Senator Vanstone, representing the Minister for Aged Care. Given the appointment to the board of the Aged Care Standard Accreditation Agency of Mr Harrowell, a close friend of the minister, Mr Lang, her campaign manager and president of the Mackellar FEC, and Mr Longley, former state Liberal member for Pittwater, does the minister acknowledge the concerns of the industry about the independence of the agency? Doesn’t a meeting of the board look more like a meeting of the North Shore branch of the Liberal Party than a meeting of an independent body? Will the government now agree to the industry’s calls for an independent inquiry into the accreditation system and the role of the agency?

Senator VANSTONE—Senator, I have advice in relation to the appointment of Mr Lang and I can give that to you. To the extent that there is any further information you want, I will ask Mrs Bishop to give it to you. Her advice is that there is a rigorous process for appointments of directors to boards of government bodies. I would like to say that I was confident that when your party was in government such a rigorous process was followed, but I can assure you that it is followed by this government. Mr Lang was one of seven directors appointed to the agency board. The appointees were well qualified and reflected the diversity of the aged care sector. The process that I refer to is a well-established one, and cabinet agreed to this particular appointment.

At the time of his appointment in 1997 Mr Lang was a director of two companies, chairman of another four, including Fontstang Services Pty Ltd and SCEGGS Redlands Ltd. Mrs Bishop advises me that Mr Lang has the appropriate financial and industry experience to serve on the board. He had a distinguished career in the Royal Australian Air Force, has been active in the veterans’ associations having been chairman of the Vasey Housing Association in New South Wales. Any remuneration for directors is set by the Remuneration Tribunal, not by the minister. I think that clarifies for you, Senator, that there is a well-established process and this is not simply a case of somebody appointing somebody they like. Someone should not be disqualified from an appointment simply because they know a minister. If they have the qualifications, they are entitled to have the position.

Senator CHRIS EVANS—Madam President, I ask a supplementary question. I am interested in the minister’s remarks about diversity when they all come from the North Shore and they are all Liberal Party members. Is it not the case that, if someone is dissatisfied with the agency’s handling of a complaint, they then have the right to go the aged care complaints commissioner? What confidence can the community have in Mrs Bishop’s system and the complaints process when the complaints commissioner is also another political appointment—Mr Rob Knowles, the former Victorian Liberal minister, appointed to the $80,000 a year job without any public selection process whatsoever? What confidence can people making complaints have in the system when all along they run into Liberal Party political appointments rather than people with
ments rather than people with experience in the aged care industry?

Senator VANSTONE—I find your question arguing for diversity a particularly interesting one, because what you are saying is, ‘People should be ruled out because of where they live.’ I heard no mention from you about what their qualifications are. That is the point I have made—it is what their qualifications are. You should not rule people in or out simply because of where they live. Senator, if you want more diversity, why don’t you go back to the union movement and suggest that something less than 70 per cent of your frontbench should be former union members, and then the Australian public will think you have a diversified Labor Party. But right at the moment you do not have diversity; you simply appear to the Australian public to be exactly what you are—run by the unions.

The PRESIDENT—Order! Senator Vanstone, your answer should be directed to the chair and not across the chamber.

Trade: Free Trade Agreement

Senator BROWN (3.09 p.m.)—My question is to Senator Hill, representing the Minister for Trade. Is the Prime Minister going to Washington in September to ask America to share sovereignty over Australian trade in his so-called free trade agreement? Is it true that a big bag of up to 100 US multinationals, at the instigation of Australian diplomats, is also lobbying for the agreement? Is it also true that US farm subsidies would continue under the agreement to the disadvantage of rural Australia? Has Mr Howard decided that the environment of wages and conditions of workers on either side of the Pacific should not be a factor in this open slather trade pact?

Senator HILL—Australia is interested in a free trade agreement with the United States to expand access within the United States for Australian goods. We are a country that is dependent upon trade. We have an opportunity when addressing the United States, the world’s largest market. We are all aware of instances where we have been inhibited in that market through trade restrictions. The Australian government believes it sensible to see if we can have those restraints withdrawn or reduced. To start a dialogue with the United States towards that objective would have been something that I believe all Australians would applaud. That is the purpose of the government’s policy.

If I understand Senator Brown correctly, that policy is supported by certain multinationals—in other words, companies that are trading across national boundaries. That is fairly logical, I would have thought. Lower trade barriers enable countries to trade more effectively across international boundaries. That enables the growth of wealth and all the benefits that Australians can get from that. It is early days, but that is the philosophy behind the approach of the Australian government to this matter, which I put to the Senate.

Senator Brown—Madam President, I raise a point of order. I know the minister is developing his answer, but he has not addressed the core part of my question, which was the farm subsidies in the US and whether they are going to stay unchanged under this pact.

The PRESIDENT—There is no point of order. As you said, the minister is developing his answer and he will do it as he sees fit.

Senator HILL—I think I have answered it. The objective would be to reduce as much as possible all existing restraints upon Australian trade into the United States. That is the way in which we grow our economy and create wealth to be used for good purposes in Australia such as in health, education and so forth. I am surprised that Senator Brown comes in advocating the return of the old trade barriers between states, which results in a smaller cake. Australia is interested in growing the trade cake, growing the wealth cake, from which all Australians can get advantage.

Senator BROWN—Madam President, I ask a supplementary question. With estimates of the agreement being that imports of motor vehicles and parts to Australia from the US could rise by 46 per cent and that imports of metal products could rise by 25 per cent, what about the workers in those industries? Will the Howard government rule
out relaxing media ownership or content provisions in a free trade agreement? Will the government rule out relaxation of the Foreign Investment Review Board’s duties as far as US investment in Australia is concerned under this agreement?

Senator HILL—As I said, the negotiation is at an early stage. All issues will be on the table for negotiation. Australia’s objective is to expand our trade opportunities in the United States. In answer to another question yesterday, I said that in a dynamic economy there will be structural change and new jobs will be created. Under this government 800,000 new jobs have been created. This government is committed to expanded job opportunity, not reduced job opportunity. This policy is an Australian self-interest policy: we are interested in growing the Australian economy and using every trade opportunity to do it. We certainly do not think returning to the old days of increased trade restriction is going to achieve those objectives. That would benefit no Australians.

General Practitioner Training

Senator WEST (3.14 p.m.)—My question is to Senator Vanstone representing the Minister for Health and Aged Care. Is the minister aware that the number of people applying to undertake training to become a general practitioner has dropped by more than 125 doctors, or 20 per cent? Does this mean that, for the first time, there will be a shortfall in the number of applicants for rural places, with only 225 applicants for 250 rural places? What are the reasons for this shortfall and what action does the government propose to take to remedy the situation?

Senator VANSTONE—Senator, the short answer to your question is that, in the five years that we have been in government, we have done more for rural health, and more to get GPs into the rural sector, than your government ever did.

Opposition senators interjecting—

Senator VANSTONE—Some of the people sitting around you, Senator West, do not seem to agree with that. That does not surprise me: you are in opposition; we are in government; we do not expect you to agree. However, a plain recitation of the facts in that area would bear that out. I will ask Dr Wooldridge to give me a list of the things that we have done, just to refresh your memory on that so you are not under a misunderstanding in the future. As to whether there is now a reduction in the people applying, I will make some inquiries about that from Dr Wooldridge on his return and ask him what he chooses to say in response to your specific question on that aspect.

Senator WEST—Madam President, I ask a supplementary question. Is it true that the Rural Locum Relief Program has been almost entirely filled by temporary resident and overseas trained doctors? How does this meet the scheme’s objective of giving newly trained Australian doctors short-term experience in rural areas?

Senator Knowles—Better than no doctors!

Senator VANSTONE—I just note the interjection from Senator Knowles, who hits the button right on the mark with her interjection. It is better than having no doctors, as was frequently the case under Labor. If those positions—

Senator West interjecting—

Senator VANSTONE—I am sorry, Senator West, I cannot hear you trying to yell over your other colleagues who are talking. Sorry, please feel free to yell if Madam President will let you.

The PRESIDENT—Order! No, it is out of order to yell. The minister has the call to answer the supplementary question.

Senator VANSTONE—I am sorry, you will not be able to ask another question. I will take your supplementary question on notice, senator.

Northern Australia: Regional Development

Senator EGGLESTON (3.17 p.m.)—My question is to the Minister for Regional Services, Territories and Local Government. Will the minister advise the Senate of initiatives by the Howard government that will significantly enhance employment and regional development in Northern Australia?
the minister aware of any alternative policies?

Senator IAN MACDONALD—The occasion of the very historic visit by President Wahid to our parliament serves to highlight the importance of the north to Australia’s future. The Howard government has a number of initiatives for Northern Australia, not the least of which was the Northern Australia Forum where we engaged northerners to look at ways of progressing their future. In addition to that, the Howard government has directly and proactively invested in the development of Northern Australia. The Australia Magnesium Corporation is investing $1.3 billion in a magnesium enterprise. It is doing that because of the support of $50 million from this government. That will create 1,000 jobs in construction, 350 permanent jobs and up to 20,000 indirect jobs. The Syntroleum project—and Senator Eggleston will be very interested in this one—is going ahead with gas to liquid fuel technology. A $40 million loan from the Howard government has confirmed that project in the Dampier region of Western Australia. We all know about the Alice Springs to Darwin railway. That is another nation building project in Northern Australia. That involves $190 million from the federal government, creating some 7,100 jobs in Northern Australia. As my colleague, Senator Minchin, mentioned yesterday, the latest of these Howard government investments in the north is the Asia-Pacific Space Consortium and the $800 million, first commercial space launch facility in the world. That will create 400 jobs in construction, 550 permanent jobs throughout Australia, and all because of the Howard government’s investment of $100 million in public use infrastructure on Christmas Island.

Senator Eggleston asked me whether I was aware of any alternative projects. In spite of questions from the most hardheaded of journalists, and repeated questions in this chamber and the other chamber, so far there has been not a glimmer of a policy on anything from the Labor Party. However, thanks to what I call the Zimmerman extraction, we now know that the Labor Party will raise taxes. The Zimmerman extraction, as you know, Madam President, was like drawing teeth, but young Carl Zimmerman extracted from the opposition Senator’s Conroy concession that they will increase taxes should Labor win government.

We all now know that it is Labor’s policy to increase taxes. However, I am concerned about the other element of the Zimmerman extraction where Senator Conroy indicated that the Labor Party could cut services. That worries me as a regional Australian, and as a Northern Australian, because all the way through, the Labor Party has opposed every initiative of the Howard government for rural and regional Australia. Remember the Networking the Nation project that has delivered telecommunications to regional Australia? That was opposed by Labor. Remember the Rural Transaction Centres Program? That was opposed by Labor. Remember Regional Solutions? That was opposed by Labor. Remember the Roads to Recovery program, which Labor called a boondoggle? I challenge the Labor Party, and in fact I challenge Senator Conroy, to answer me three simple questions: will Labor keep Regional Solutions in the current form and at the current level? Will Labor keep the Rural Transaction Centres Program in its current form and at its current level? And will Labor keep Roads to Recovery in its current form and at its current level? We need those answers to assure the future of services to regional Australia.

(Time expired)

MRI Scanners: Funding

Senator FAULKNER (3.21 p.m.)—My question is directed to Senator Vanstone, representing the Minister for Health and Aged Care. Does the flawed 1998 funding agreement covering MRI scanners expire at the end of this week? Has a two-year extension been negotiated? If not, what action does the government plan to take to ensure the continued availability of MRI scanners?

Senator VANSTONE—The minister’s department advertised in the national press for proposals to supply additional Medicare eligible MRI units on 19 and 20 May. That follows the recommendation of the report of the review of MRI, which was called the Blandford report, that the location of additional Medicare eligible MRI units be deter-
mined on a case-by-case basis through a tendering process. The tender process has been developed by the MRI Monitoring and Evaluation Group, which has an independent chair, and representatives of the radiology profession, consumers and state and territory governments, together with a health economist and officers from the department.

The group has recommended on the areas of need to be served by the new machines and the criteria that should be used in evaluating tenders. In determining the areas of need, the group took into consideration input from state and territory governments, population statistics and a range of other matters. The tender process is open to public and private providers, and combinations of both. Dr Wooldridge is aware that there are some regions where the group has not accepted arguments from radiologists and state health departments on the need for a new machine, and no doubt he is expecting complaints from those groups.

Senator, that might relate to newer machines than you perhaps want to know about. If you will just give me a second, I will see if there is any further information that I can provide for you. Senator, I think that the information I have given you so far is the best that I can give you at this time. To the extent that that does not answer anything you have asked, I will ask Dr Wooldridge if he has anything that he would like to add.

Senator FAULKNER—Madam President, I ask a supplementary question. Given the information that the minister has provided in that question time brief, can the minister confirm that no new licences have been issued for the seven additional MRI scanners to service underresourced regions that the Blandford report recommended should have been operational 12 months ago? Can the minister confirm that the number of additional scanners has been cut to six and that the tenders only close this week? Finally, can the minister confirm that that will mean that the first of the additional scanners will not be operational until around Christmas?

Honourable senators interjecting—

The PRESIDENT—Order! I am waiting to call the minister to answer the question.

Senator VANSTONE—Senator Faulkner’s queries about needing more MRI services is rather akin to the claim by—

Honourable senators interjecting—

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

Senator VANSTONE—Senator Forshaw calls for more diversity on a board yet does not accept that there should be more diversity in the Labor Party. The simple facts are that, before this government took positive steps to increase MRI services, there were only 18 MRI units in Australia, and all of them were in urban public hospitals. There are now 67 units Australia-wide that are eligible to claim benefits, and 17 of those 67 units are in non-metropolitan areas. We have another example of the Labor Party getting up, being critical of this government, not having what they want—

Senator Faulkner—Madam President, I raise a point of order on relevance. I asked a supplementary question about new licences and additional scanners. A very unfair history lesson from Senator Vanstone on this matter really does not go to the substantive issue that I have asked about in my supplementary question. I am surprised that the minister would canvass those issues, given the sorry tale that there is to tell about the history of MRI scanners and the foul-ups of this government. If the minister does not know the answer to my questions, perhaps you could invite her to take the questions on notice.

The PRESIDENT—There is no point of order.

Senator VANSTONE—But the question did relate to additional MRI machines. I am simply pointing out that there were only 18 when we came to government; there are now 67. Of the 18 that Labor had in place, every one of them was in an urban public hospital. Of the 67 that are now in place, 17 are in non-metropolitan areas. So we know who has done the better job. (Time expired)
Roads: Scoresby Freeway

Senator ALLISON (3.27 p.m.)—My question is to the Minister representing the Minister for Transport and Regional Services. Minister, are you aware that today the mayor of Knox City Council has said:

I can’t under any circumstances now support the freeway knowing the dislocation it would cause the community.

Minister, in answer to my question back in February, you said that the views of councils was a matter for the Victoria government, but how confident are you now that the constituents of Aston support the freeway without a public transport option? Minister, why did you not insist that the Victorian state government go ahead with its $2 million public transport study before the Commonwealth made its commitment of any funds?

Senator IAN MACDONALD—There are a lot of things that I would like to tell the Victorian government, but I am not quite sure that they would take any notice of me. Senator, you ask if I am aware of the comments by the mayor of Knox City. I have to confess that I am not—perhaps Mr Anderson is. This is a very significant project. I know, from representations made by my colleagues who represent those areas in the federal parliament—and in the state parliament, I might say—that it is very much supported by the majority of people in that particular area. You keep mentioning the Aston by-election. Senator Allison may have that in mind. It is certainly not something that the government is particularly looking at. This is a project that the government has been working on for some time. As I mentioned yesterday, members like Mr Billson, the late Mr Nugent, Mr Phil Barresi and others in that area have done a magnificent job in representing the interests of their constituents.

I understand it is a project that is very well supported by the people of the area. I understand that they believe that it will help them in their traffic problems in getting from one place to another very quickly. It is a project that the government is very much committed to, but we do require support from the state government, who should be having a major influence in this particular road transport network in that part of the state.

Senator ALLISON—Madam President, I ask a supplementary question. Minister, why is it you won’t address the question of public transport? Minister, what is the Victorian government’s commitment to public transport in Melbourne’s east? If you have been working on this issue for some time, surely you must have asked this question. Minister, isn’t it the case that you can use the Australian Land Transport Development Act to fund urban public transport? Why is it that you have not insisted, as a condition of the $220 million, that much needed public transport—and I will say it again: public transport—should be funded?

Senator IAN MACDONALD—Again I acknowledge Senator Allison’s interest in this matter. But, Senator, you would recall that as a result of some negotiations with your party at the time of the introduction of the new tax system we worked at a way to help public transport with concessions in fuel. So the federal government has indeed done that in conjunction with your party. But apart from that, Madam President, Senator Allison should know that public transport issues are matters for state governments.

Senator Knowles—You told her that yesterday.

Senator IAN MACDONALD—I did tell her that yesterday, and it does take some time to sink in, obviously. Senator, if you are proposing that we should do away with state governments and that the federal government should run everything, then that is perhaps another question. But while the Constitution is as it is, they are matters for state governments and I am really afraid, Senator, you will have to direct your questions in that regard to the Victorian government rather than the federal government. (Time expired)

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

G & K O’CONNOR MEATWORKS: DEPARTMENTAL FILES

Senator CARR (Victoria) (3.32 p.m.)—by leave—I wish to ask Senator Alston, the Minister representing the Minister for Employment, Workplace Relations and Small Business, about an undertaking last week.
Minister, I take it you are aware that your parliamentary secretary gave a statement on your behalf on Monday, 18 June concerning a return to order which the Senate had directed concerning the production of certain documents relating to an industrial dispute at the meat industry processing plant of G & K O’Connor in Victoria. At that time, the parliamentary secretary said that the government would give a response to the return to order at a later date. I ask: when will the minister give such a response?

Senator ALSTON (Victoria—Minister for Communications, Information Technology and the Arts) (3.33 p.m.)—I do not think I have anything to add to what has already been indicated by the parliamentary secretary. Obviously we will provide a response as soon as we are in a position to do so.

ANSWERS TO QUESTIONS ON NOTICE

Questions Nos 3136 and 3137

Senator V ANSTONE (South Australia—Minister for Family and Community Services and Minister Assisting the Prime Minister for the Status of Women) (3.33 p.m.)—Yesterday I indicated to Senator O’Brien that I would take up the matter of questions on notice Nos 3136 and 3137 to Dr Wooldridge, which had not yet been answered. I have done that, but have been unable to get a clear indication of when I can get the answer.

Senator O’Brien interjecting—

Senator V ANSTONE—I see the senator thinks this is amusing. Dr Wooldridge is in fact overseas and it is a little difficult to get people in relation to that. But I have got advice from his office that he will deal with the matter when he returns. I was simply wanting to indicate, prior to telling the senator that, why I could tell him no more than that, and that is because Dr Wooldridge is not there for me to discuss it with.

G & K O’CONNOR MEATWORKS: DEPARTMENTAL FILES

Senator CARR (Victoria) (3.34 p.m.)—by leave—I move:

That the Senate take note of the minister’s response.

I raise the question of the government’s response to this return to order on the basis that this is a very serious matter. I sought on 24 May, through this Senate order, for 820 folios to be tabled in the Senate concerning the activities of this government and an employer, G & K O’Connor Ltd in Victoria. I was advised by Senator Campbell last Monday that the government would give a due response to this matter after they had had time to consider a letter that had been sent by G & K O’Connor to the effect that—and I quote—that O’Connor were:

... seeking the assurance that no documents relating to G & K O’Connor Ltd will be disclosed by your department without G & K O’Connor Ltd being given a minimum of 10 business days notice in which to view the documents and to make appropriate submissions as to the potential for the contents of the documents to prejudice G & K O’Connor in ongoing litigation—and that a directions hearing was being scheduled for 29 June 2001.

These are matters that the Senate had given proper consideration to and on 24 May asked that certain documents be produced. On the relevant day the government said that they were not in a position to respond to the Senate’s return to order. It strikes me that this is a matter that does require a government response. It is not sufficient for the government to simply say, ‘Give us more time to consider these matters,’ without any date on that proposition, or any definite timetable to be established as to when the government will in fact respond to what is a very serious matter in regard to the use of this government department in what seems to me to be a prima-facie case of illegal activity. These are not simply issues that can be rejected or dismissed by way of executive fiat, by saying that we are waiting on a response at some other time in the future. I intend to pursue this matter. I think we are entitled to a proper response to the return to order. We have yet to have it, and I would seek that the government undertake that that actually be given.

Question resolved in the affirmative.

CENTENARY OF THE JOINT HOUSE DEPARTMENT

CENTENARY OF THE DEPARTMENT OF THE PARLIAMENTARY LIBRARY

The PRESIDENT (3.37 p.m.)—Senators are aware that the two chamber departments celebrated their centenary in Melbourne on 9 and 10 May. I want to refer briefly to two of
the other departments which have celebrated their centenary—the Joint House Department and the Department of the Parliamentary Library. On 26 June 1901, the Joint House Committee of the Commonwealth parliament gathered for its first meeting, and today therefore marks 100 years since that occasion. At that first meeting in 1901, it was resolved upon a motion by the Speaker that the President of the Senate should chair the Joint House Committee, and that arrangement continues today.

I attended a celebration this morning to mark the centenary at which more than 400 former and current members of staff of the Joint House Department were present. On behalf of senators, I thanked the people of the Joint House Department for their dedicated work to maintain and support services for generations of senators and members, firstly, in Melbourne, then in the provisional Parliament House and since 1988 in this magnificent building. In this the centenary year of our Federation, we acknowledge this special but often unseen contribution to making this building function for us and for the one million visitors who come here each year. We thank the officers past and present of the Joint House Department for their high quality and loyal service to us all.

The Parliamentary Library marked its centenary with a special staff dinner on 5 June 2001, and last week the Speaker and I opened a special exhibition in the Presiding Officers exhibition area which has been jointly mounted by the National Library and the Parliamentary Library. This collaboration in the exhibition is entirely appropriate, because the National Library and the Parliamentary Library were for a long time the same institution and the bonds which link the two professionally remain strong and mutually beneficial. If senators have not yet had the opportunity to visit the exhibition, I hope they will do so.

The Library is of course very important to all senators and members. It enables us to be much better informed and more erudite in the chambers, in committees and in our constituencies than we would otherwise be. As the joint head of the department, I know senators will join me in offering congratulations to the Parliamentary Library on its 100th birthday and for continuing to provide excellent professional support to us and to the institution of the Australian parliament.

ANSWERS TO QUESTIONS WITHOUT NOTICE

Aged Care Standards and Accreditation Agency: Appointments

Senator CHRIS EVANS (Western Australia) (3.40 p.m.)—I move:

That the Senate take note of the answers given by the Minister for Family and Community Services (Senator Vanstone) to questions without notice asked today.

In her answer to my question regarding the Aged Care Standards and Accreditation Agency, Senator Vanstone was not able to give a satisfactory explanation for the appointment of so many close associates and Liberal Party members to the board by the Minister for Aged Care, Bronwyn Bishop. Minister Vanstone and the Prime Minister have tried to deflect attention from this issue by saying that it is all about the Labor Party slurring the minister and slurring individuals. Quite frankly, that just proves that they are not in touch with the electorate.

There are a great deal of very serious issues at stake about aged care in this country, and there is a great deal of concern. A lot of that concern relates to the operation of the aged care agency. We have serious concerns about the seemingly favourable treatment of Millie Phillips’s nursing homes, Yagoona and the Ritz. We have agency staff allegedly saying to staff at nursing homes, ‘There’s no chance of you being shut down because we know Mrs Phillips has political connections.’ We have the industry—both the private, for-profit sector and the not-for-profit sector of the industry—calling for an inquiry into the agency’s handling of accreditation and expressing serious concern about what they see as political interference in the role of the agency. And we have the former chairperson of the agency, Dr Penny Flett, a highly respected geriatrician and executive of a large aged care facility, resigning her position as chairman of the board and expressing her concern at the political interference that was taking place in the role of the agency and the operations of its board.
So we have a very serious public issue at stake, and we have four or five reasons for serious concern. For Minister Vanstone and the Prime Minister to try to deflect those concerns by claiming that we are merely slurring people is quite unfair because, when you look at it, the agency board does look much more like a North Shore Liberal Party branch meeting than an agency charged with responsibility for aged care in this country and which is allegedly independent of the minister. The board was set up with the charter of being independent of government. What we now know is that the minister has appointed to that board the president of the Liberal Party Mackellar federal electorate council—which is in her electorate—who also is her campaign manager; we know that she has appointed a former Liberal state MP for Pittwater, which is a state seat inside her federal electorate; and we know that she has appointed as chair Mr Harrowell, whose claim to fame is that he is a close friend of the minister’s.

Senator Robert Ray—That makes him unique.

Senator CHRIS EVANS—As I say, the minister probably has a small circle from which to draw if she is appointing friends, but she has found three and she has put them on the board. Minister Vanstone, in her response today, said, ‘It’s all about diversity.’ It is funny that on this board it seems the best qualification is to be a friend of the minister, a member of the Liberal Party and a resident of the North Shore. It does not look like a very diverse board to me. I do not question that a number of the people on the board are competent in their field, but when Mr Harrowell was asked why he was appointed chair, he expressed the view that he had no experience in aged care, he had no interest in the subject and he accepted the job on the basis that the minister asked him. Why did she ask him? He is a friend, he used to be in her former husband’s law firm, he lives on the North Shore and he would make a good job of it.

Senator Robert Ray—How much does he earn on it?

Senator CHRIS EVANS—They all, of course, get honorariums, et cetera. But the real concern goes to the question of political interference. These are three people closely aligned to the minister who have been appointed to the board. If you are trying to ensure a perception of independence, clearly that is not possible when you have people so closely connected, both personally and politically, to the minister, particularly when there are complaints about another person who has similar qualifications—that is, one who has North Shore Liberal Party connections, runs nursing homes and is the subject of very serious concern about the standard of care provided at those nursing homes.

This is the public policy issue at stake. There is very serious concern about the lack of independence of the board. There is very serious concern about the treatment of complaints about the homes run by Millie Philips. We have the evidence of the former chair resigning and saying that she was concerned about political interference. But what really galls is that if you have a complaint about any of this, if you are really concerned about the treatment you have had from the agency, then you can take your complaint to the complaints commissioner, who just happens to be a Mr Rob Knowles, a former Victorian Liberal Party minister who was appointed in secret without any public selection criteria or selection process to an $80,000 a year part-time job as the complaints commissioner. So whichever way you turn in aged care, you run into political interference and you run into friends of the minister appointed because of their political connections, not because of their interests in aged care. (Time expired)

Senator EGGLESTON (Western Australia) (3.45 p.m.)—Senator Evans has tried very hard over there to make a case that, in some way, having people with some connection with the Liberal Party being involved in the management of aged care is bad and wrong and reprehensible and not to be entertained. But let us just think it through. Why would these people be appointed? They are appointed because—

Senator Robert Ray—Cronyism.

Senator EGGLESTON—No. They are appointed on the basis of their qualifications and their experience in management and ac-
counting and so on. The facts of the matter are that the aged care sector was mismanaged in a very dismal way by the Labor Party during its 13 grey years of government. What our government has done is to greatly improve aged care. It has done this by ensuring that the standards of aged care homes are improved. It has established an accreditation process so that aged care homes are no longer dank, dirty, horrible places where people go to die—where they are left, with bed sores, in beds that are soaked with urine; where there is overcrowding, toilets that do not work and no proper ventilation; and where insufficient arrangement has been made for people’s proper care, in terms of extinguishers, fire escapes and so on, should there be a fire. All of these things have been improved under the Howard government. So why shouldn’t the management of aged care homes be improved as well? What Minister Bishop has done is appoint people who are competent managers.

Senator Robert Ray—Cronyism.

Senator EGGLESTON—Not at all. Senator Evans said that one of these people conceded that they did not know a lot about aged care, as such. But what they do know about is management, and that is what this is about—managing aged care, ensuring that the dollars allocated give the maximum benefit to the people who are in these aged care homes, ensuring that proper—

Senator Robert Ray—Read out what the whip has given you.

Senator EGGLESTON—Not yet, I am not. These are just general comments about the improved quality of aged care under the coalition government.

Labor know how badly they managed the aged care sector. They know that they cut funding to it. They know that aged care was in a very dismal state. In fact, when the coalition came to office, 75 per cent of aged care homes did not meet building standards, 13 per cent did not meet fire safety standards and 11 per cent did not meet basic health standards. That is something which Labor should be terribly ashamed about. Throughout their lives, the aged people of our community have worked and paid their taxes—and the Labor Party just left them to live the last years of their lives in these terrible, degrading circumstances.

When the coalition came in, we saw aged care as a major issue that had to be addressed, and we set about doing so. The coalition believes that all Australians should have access to a high quality aged care system, and that is what we have sought to provide. The coalition is committed to a viable and universal publicly funded health system, through Medicare, and we believe that that will improve the care and health of aged people in particular. As part of the coalition’s belief in a strong private sector, we have set up arrangements to ensure that aged care homes in the private sector have better facilities and a stronger financial base than they ever had during the dismal years of the Labor government.

Senator Evans is taking a very, very narrow view. Minister Bishop’s appointments have been designed to improve management and to ensure that aged care facilities in Australia are properly run in the best interests of the people who are in them. To suggest anything else is just absolute nonsense.

Senator ROBERT RAY (Victoria) (3.50 p.m.)—I wish to note the issue of the indemnification of Minister Wooldridge for his costs in the upcoming defamation case with Dr Phelps. We saw again today Senator Vanstone take numerous questions on notice. In fact, I think she has taken more questions on notice than I have had hot dinners—and that is an awful lot. But I want to make this explicit from the outset: I strongly support the principle of governments covering the legal costs of their ministers when action is taken against those ministers whilst they are performing their public duties. Such support always has to be on a case-by-case basis and, in my view, should always be determined by cabinet, not just by the Attorney-General.

This should not be taken as carte blanche for any minister to cruise around the country defaming people at will. Indeed, there is no such behavioural pattern in this government or in any past government. But I am concerned at the public statements made early in this issue by Dr Wooldridge, and let me quote. He said that taxpayers would have to
‘foot the bill’ if the court found against him. He went on to say, ‘I’ll be indemnified by government so it’s pretty meaningless.’ These statements represent institutionalised arrogance by Dr Wooldridge. He should not be using the deep-pocket argument to defend himself from remarks that he has made in public.

It is quite clear that Dr Wooldridge’s characterisation of Dr Phelps will be very hard to defend in a court of law, and so it would serve everyone’s interest if this matter were settled. It would certainly allow Dr Wooldridge to get on and tackle the many tasks that face him in his ministerial portfolio. It would certainly help in terms of the relationship between the AMA and the government. Finally, and more importantly, it may well save the taxpayer a substantial sum of money.

What we had here today in Senator Vanstone’s performance was her trying to allege that the opposition was saying that this should be settled for money out of court. No such proposition was put forward. Such a misrepresentation of the opposition’s position is disgraceful, frankly. We all know this issue can be settled for no money and no legal costs. It is time for this matter to be settled.

Senator Hill—At the federal level.

Senator ROBERT RAY—Yes, at the federal level. What happens if costs and damages are not covered? It is going to be very hard to get people into public life, to go into the robust world of politics and ministerial life, with no protection at all. But, in this case, I do urge Dr Wooldridge to settle. On the other matter, we have the irony of Dr Wooldridge’s department paying his AMA fees year in and year out and also paying for an audio tape that attacks the AMA, all put together by the Liberal Party media training person whom they have used over time—Michael Schildberger. This must have been a deliberate attempt to attack the AMA. Michael Schildberger is quite a good bloke; he is experienced. He would have known what Dr Wooldridge had said. So we have this great irony: the department pays his AMA fees and pays him to put out audio tapes attacking the AMA. This is a case for the Prime Minister to intervene once again, to settle this particular case, to move it off the agenda and to move the agenda along. (Time expired)

Senator HERRON (Queensland) (3.55 p.m.)—I would like to take up where Senator Ray finished. I have been around a long time. Senator Ray—not as long as yourself—and I was around when the Labor health minister, Dr Blewett, sued the AMA. In fact, I was on the AMA Federal Council when that occurred. I think he got 60,000 bucks out of them, if my memory serves me right. This is not new. The Labor Party are attacking the Liberal Party and the government for a stoush between the President of the AMA and the government. What is new? This has been on from time immemorial. The reality is that there is always a conflict between the providers of health care and the government, on the other hand, which has to get the taxation out of the taxpayers to pay for health care. What did the Labor Party do when they were in power? They had 13 years. They had a deliberate attack on the profession in an attempt to socialise the profession; that is what it was. They had an attack on private health care so that people would not be able to afford private health insurance. The figures went down precipitously to below 30
per cent of people who were able to afford private health insurance in this country.

If there is one thing that Minister Wooldridge and the government have achieved in five years, it is to bring the percentage of people in this country who can afford private health care up to over 41 per cent. In fact, 3.2 million extra people can now afford private health insurance who could not under the Labor Party when they were in power. The reality is that that has relieved the pressure on the public hospital system. With the introduction of the new tax system, the GST is going to the states and no longer will they be able to say that it is the federal government’s fault that the public hospital system cannot cope with the number of people. The reality is that we are very proud of what we have achieved in five short years to bring up the number of people who can afford private health insurance because of the 30 per cent rebate so that we have an equitable system where people have freedom of choice. The Labor Party were rapidly heading to a fully socialised system which would be totally dependent on the public hospital systems of this country. With state Labor governments almost completely throughout this country, there will now be no further excuse, because the GST is going to the state governments. So they can no longer complain.

There is another matter that has been brought up—that is, the so-called politicisation of appointments. It is hypocrisy that the Labor Party should talk about politicisation of appointments when you look at what they did in the 13 years that they were in office. I would be very interested to go through and see who the appointments were to the boards and committees and everything that occurred during that period. There were some cases where Labor Party hacks were not appointed because there were none to appoint, because the reality is that the majority of my profession support the government.

Many advances have occurred over that period of time, in relation not only to the public hospital system but to the number of aged care places that have been available. The new system that this government brought in increased the number of aged care places available for older Australians. When we came to office in 1996, the Auditor-General found that there was a deficit of 10,000 aged care places left by the previous Labor government. In the last two approval rounds and in the 2001 round, over 31,000 new places will have been released to make up the deficit and to meet the need for growth. So not only have we advanced the opportunities for people to take up private health insurance and therefore access to the private hospital system; we have increased the number of aged care places that are available.

Let us talk about residential aged care. In 1995-96, the former Labor government spent $2.5 billion on residential aged care, and the outlay in the 2000-01 financial year is expected to be $3.9 billion—that is, there is a jump from $2.5 billion to $3.9 billion. The total income to providers of residential aged care during the five years following the reforms is projected to increase from some $4.2 billion in 1997-98 to $6 billion next year. That is an increase of some 41 per cent.

(Time expired)

Senator FORSHAW (New South Wales) (4.00 p.m.)—Minister Wooldridge is a minister out of control. We have in this government a minister for health who has lost control of his portfolio. It has got to the stage where he engages in the personal abuse of anyone who happens to disagree with him. Senator Ray has just referred to the situation where the head of the AMA, Dr Phelps, has launched defamation proceedings against Dr Wooldridge because of his attack upon her professional qualifications.

Senators will recall that, only a couple of years ago, Minister Wooldridge’s relations with all of the state health ministers in this country, many of whom were coalition representatives at that time, descended to such a level that the Prime Minister had to intervene in order to try to get a settlement on the issue of Medicare funding. Each of the state health ministers and premiers in this country, including Liberal Party and National Party ministers, had lost confidence in the Minister for Health and Aged Care, Dr Wooldridge, and they had to go to the Premiers Conference with the Prime Minister to endeavour to
get the issue sorted out. I recall being at a function of the pharmaceutical industry only a couple of months ago where Minister Wooldridge harangued and attacked the Senate because, in his view, it had the temerity to suggest some amendments to his legislation in respect of the Australia New Zealand Food Authority. And guess what? The overwhelming bulk of the state ministers agree with our amendments, and I predict that the government will come back and accept many of the amendments that were moved by the opposition in the Senate.

During question time, I asked the Minister representing the Minister for Health and Aged Care, Senator Vanstone, to tell us how much was contributed by the Department of Health and Aged Care and how much was contributed by the private health company Mayne Health to the production of the audio cassette tape that was sent to every doctor in this country. This audio cassette tape is of an interview by Michael Schildberger with the Minister for Health and Aged Care. Michael Schildberger, as Senator Ray has pointed out, does paid work for the Liberal Party in media training. This interview between Mr Schildberger and Dr Wooldridge has been sent to every doctor in this country. It is supposed to set out the government’s position on the federal budget 2001 in respect of health care. I invite Minister Vanstone to listen to it, because she obviously has not done so. It is an attack upon doctors and the AMA, and it has been funded by Minister Wooldridge’s own department in conjunction with another private company. Minister Vanstone cannot tell us how much was contributed by Mayne Health.

I want to read to the Senate the note on the cover sheet that comes with the cassette. First of all, it says:

Business Essentials for General Practitioners
Federal Budget 2001
Health Minister Dr Michael Wooldridge talks to Michael Schildberger.

On the inside cover, it says:

Business Essentials for General Practitioners
is brought to you with the support of:
Commonwealth Department of Health and Aged Care

Business Essentials Pty Ltd acknowledges the financial assistance provided by the Commonwealth Department of Health & Aged Care and Mayne Health.

Then there is an interesting point. It says:

Business Essentials Pty Ltd Michael Schildberger, the Commonwealth of Australia and other sponsors of the program accept no responsibility for the accuracy or completeness of any material presented in the Audiotape. It is the responsibility of the listener to make his or her own decisions about the accuracy, reliability and correctness of any information provided. The Commonwealth, Business Essentials Pty Ltd, Michael Schildberger, and other sponsors of the program do not accept any liability for any injury, loss or damage incurred by reliance on the information or advice provided in this Audiotape. Any reference to services sponsored by the Commonwealth, Business Essentials Pty Ltd, Michael Schildberger, or other sponsors does not constitute an endorsement or recommendation by any of them.

This audio cassette has been sent out by the minister to every doctor in the country, supposedly to inform them about the federal budget. But what does it say? It says that the minister, the Commonwealth and Mayne Health take absolutely no responsibility for the accuracy of the statements that have been made by this minister for any injury or damage caused. What an absolute disgrace!

(Time expired)

Question resolved in the affirmative.

Roads: Scoresby Freeway

Senator ALLISON (Victoria) (4.05 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.

The question was not really about the Scoresby Freeway so much as public transport. As we all know, the decision by the Commonwealth to award $220 million to Victoria for the Scoresby Freeway was driven by the fact that we have a by-election in Aston. First of all, as everybody knows, $220 million will not be enough to deliver a freeway in Scoresby. The Victorian state government has no money in its budget for the Scoresby Freeway, and the Common-
wealth government should have known that. No doubt it did know that. The cost of Scoresby will be around $1 billion, so $220 million, even if it is matched dollar for dollar with Commonwealth money, is insufficient to build this freeway.

The real point of my question was to ask about public transport and why the Commonwealth has not taken the time to look at the urgent need in this part of Melbourne for improvements not just in public transport but also in roads in the area, which are in desperate need of being fixed. The minister also ignored my question a couple of days ago on the matter of public transport. It is interesting that today the mayor of Knox came out and said that he can, under no circumstances, support the Scoresby Freeway because it does not have any element of support for public transport in it.

Back in the seventies, when the Eastern Freeway was constructed, Melburnians were promised that public transport would be upgraded. It has not happened, and it is not likely to happen with Scoresby either. The minister should have been working on the viability of this project. He says that the government—in particular, a number of members in the lower house—have been working on this issue for some time. If they had been working on it, they would have asked these questions: how viable is this freeway, how important is it, and is it wanted by the residents of Aston?

We need to bear in mind that Aston is a growth corridor in Melbourne. An integrated public transport solution is absolutely essential to the many young families in the Aston area. It would be an incentive for further growth in that area. As in any other part of Melbourne, in Aston there are many older Australians who receive social security and many students—people who do not have access to a car and who do not have somebody driving them around. These are the people who need public transport. Particularly, the 10 per cent of 16-year-olds to 21-year-olds in Melbourne’s east who are unemployed do not have access to private motor vehicles and, therefore, public transport is their only solution.

The minister says that he is not interested in what councils say. He says that that is a matter for the state governments. I would argue that it is Commonwealth funding being committed here and that the Commonwealth has a responsibility to make sure that this is not simply a political decision—that this is not simply a bit of money being thrown towards Victoria just because a by-election is on—and that this money is properly considered in the light of what is really needed in this part of the world. While we are on that subject, if the government is interested in Aston at the by-election of 14 July then it will pay a bit more attention to public education in the area. There are schools in the Aston electorate that desperately need more funding. This government is interested in handing out the dollars to the private sector only, and the Labor Party has supported that. A huge windfall to private schools went through at the end of last year, with the support of both major parties. In Aston, it is critical that we look at the issue of public education.

Beyond schools, we need to make sure the community support services can properly cope and assist young people. It is a disgrace that fantastic programs like the clean slate program, which operated out of the Dandenong Children’s Court, faltered because of a lack of funding. This program helped to rebuild the confidence, self-esteem and skills of young offenders with the aim of keeping them from being entrenched in the criminal justice system. It is also a disgrace that no such program operates out of the Ringwood Children’s Court. We know that the child protection system is in chaos. (Time expired)

Question resolved in the affirmative.

PERSONAL EXPLANATIONS

Senator GIBSON (Tasmania) (4.10 p.m.)—Madam Deputy President, I seek leave to make a personal explanation.

Leave granted.

Senator GIBSON—Yesterday, in the discussion about the tabling of the Economics References Committee report on mass marketed tax schemes, I spoke for several minutes, as did my colleague Senator Chapman. We were both signatories to the minority
report of that report. One minor sentence of mine could have been interpreted as being misleading. I commented on the following statement on page 32 of the majority report:

... the recommendation is that the ATO ‘draw a line in the sand’ and move forward.

Senator Chapman and I were working on an earlier draft of the majority report, and we have since found out that the majority report was altered in the two days prior to the finalising of the report on Wednesday, 20 June 2001. Unfortunately, we were not aware of that alteration, in which case the majority report was altered at paragraph 4.85 and qualified the earlier recommendation. I was not aware of that, and that was an error on my part. I communicated that to Senator Chapman; he was not aware of it either.

I apologise to the Senate if this has been misleading to the Senate and also to the senators involved. I note, though, that the majority report still sticks by the earlier recommendation on that page of drawing a line in the sand and then goes on to give the qualification on the next page, but the conclusions have not been altered. Senator Chapman and I stand by every word of the minority report we have written, and we support it. We believe that is a more balanced report. I believe the error I have made is, in context, a very minor one. I wanted to make sure, on my own behalf and on Senator Chapman’s, that the record was corrected.

NOTICES

Presentation

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

That the time for the presentation of reports of the Foreign Affairs, Defence and Trade References Committee be extended as follows:

(a) the second report on the examination of developments in contemporary Japan and the implications for Australia—to 23 August 2001; and
(b) the disposal of Defence properties—to 23 August 2001.

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

That the Senate—

(a) notes that:

(i) the week of 25 June to 29 June 2001 marks the inaugural Drug Action Week, organised by the Alcohol and Other Drugs Council of Australia,
(ii) events planned include open days, seminars, report launches, film nights and public meetings,
(iii) alcohol and tobacco remain the biggest sources of drug-related death and health problems in Australia,
(iv) around 3 600 Australians die each year due to the effects of alcohol, representing 16 per cent of all drug-related deaths and 2.8 per cent of all deaths in Australia,
(v) the cost to the community is estimated at $4.5 billion, and
(vi) in Australia there is a worrying trend to younger people initiating drug use;
(b) congratulates the Alcohol and Other Drugs Council of Australia and other government and non-government agencies for the outstanding work they do in raising awareness of the broad range of harms associated with the misuse of drugs, and in promoting public debate about good practice strategies for reducing drug-related harm; and
(c) acknowledges the launch of the National Indigenous Substance Misuse Council at Parliament House, Canberra on 28 June 2001.

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

That the Senate—

(a) notes the occurrence of Drug Action Week 2001, between 25 June and 29 June 2001;
(b) recognises and supports the excellent drug treatment, education and information services being delivered by a wide range of small and large community-based agencies across Australia;
(c) reaffirms the use of the harm minimisation model, in our nation’s attempts to reduce the adverse impact of drug misuse on our community;
(d) calls on the Federal Government to allocate further funding for treatment services in areas of high need, such as regional, rural, aboriginal and socio-economically disadvantaged communities; and
(e) calls on the Federal, state, territory and local governments to support, both financially and in-kind, the ongoing development of innovation in all drug harm minimisation activities, including the reduction of drug supply, the reduction in demand for drugs and a reduction in the adverse impacts of drug use.

Postponement

An item of business was postponed as follows:

General business notice of motion no. 926 standing in the name of Senator Murray for today, relating to the introduction of the Public Interest Disclosure Bill 2001, postponed till 27 June 2001.

COMMITTEES

Privileges Committee

Reference

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

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.

Legal and Constitutional References Committee

Reference

Motion (by Senator O’Brien, at the request of Senator Bolkus) agreed to:

That the following matters be referred to the Legal and Constitutional References Committee for inquiry and report by the last sitting day in December 2001:

(a) the processes involved in, and the consequences of, the outsourcing of the Australian Customs Service’s (ACS) information technology;
(b) the benefits and problems associated with the current and proposed ACS communications systems;
(c) the needs and capabilities of importers, exporters and service providers in relation to information technology and communications systems; and
(e) issues associated with the involvement of the ACS in e-commerce.

Regulations and Ordinances Committee

Meeting

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

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 a.m. to 11.15 a.m., with members of the Scrutiny of Legislation Committee of the Queensland Parliament in attendance.

Legal and Constitutional References Committee

Extension of Time

Motion (by Senator McKiernan) agreed to:

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.

Corporations and Securities Committee

Meeting

Motion (by Senator Calvert, at the request of Senator Chapman)—as amended, 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 on 27 June 2001, from 9.30 a.m. to 11.30 a.m. and 4.10 p.m. to 6.30 p.m., to take evidence for the committee’s inquiry into the provisions of the Financial Services Reform Bill 2001 and four related bills.

Economics References Committee

Extension of Time

Motion (by Senator O’Brien, at the request of Senator Murphy) agreed to:

That the time for the presentation of the report of the Economics References Committee on the framework for the market supervision of Austra-
lia’s stock exchanges be extended to 9 August 2001.

HUMAN RIGHTS REGISTER

Motion (by Senator Murray, at the request of Senator Ridgeway) agreed to:
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 cooperation with the United Nations treaty committee system to this end.

NOTICES

Postponement

Motion (by Senator Boswell) agreed to:
That government business notice of motion no. 1 standing in the name of the Parliamentary Secretary to the Minister for Health and Aged Care (Senator Tambling) for today, relating to the approval of works proposed in the Parliamentary Zone, be postponed till the next day of sitting.

CONSTITUTION ALTERATION (APPROPRIATIONS FOR THE ORDINARY ANNUAL SERVICES OF THE GOVERNMENT) 2001

First Reading

Motion (by Senator Murray and Senator Stott Despoja) agreed to:
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.

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

Bill read a first time.

Second Reading

Senator MURRAY (Western Australia) (4.18 p.m.)—I move:
That this bill be now read a second time.
I seek leave to have the second reading speech incorporated in Hansard.
Leave granted.
The speech read as follows—
The purpose of this bill is to provide a solution to the problem of 1975 while avoiding the pitfall of allowing a government to bypass the Senate and legislate by decree.

Ever since the events of 1975, in which a simple majority in the Senate declined to pass the annual appropriation bills until the then government submitted itself to an election, and the Governor-General intervened to change the government and thereby bring about a general election, a proposal has been mooted that the Constitution should be amended to “stop the Senate blocking supply”.

Although this proposal has been around over the intervening 25 years, explanation of what pre-
The objection to the Senate’s action in 1975 is to its purpose (to force the government to an election) rather than to the action itself. The rejection or delay of major financial legislation, including annual appropriation bills, by the Senate for other reasons has not attracted the same objection. The first two appropriation bills in 1901 were rejected by the Senate until amended to specify particular amounts and accurately reflect the relevant constitutional provisions. Other precedents followed; in 1970 the then Opposition party in the Senate came within one vote of rejecting the annual appropriation bills because of a general objection to government policies.

This bill provides a better method for avoiding a recurrence of the events of 1975, while not allowing the government to bypass the Senate with any legislation.

It would amend the Constitution to provide that, from the commencement of a financial year, until the Senate passes the annual appropriations for that year, the government could draw on appropriations up to the amount of those for the previous year, so that the failure of the Senate to pass the annual appropriation bills would not prevent the government functioning.

The bill would also restrict appropriation bills for the ordinary annual services of the government strictly to annual appropriations for that purpose, and allow the courts to declare void any appropriation bill which goes beyond that purpose.

This is necessary to make the proposal foolproof.

Currently section 54 of the Constitution restricts a bill appropriating money for the ordinary annual services of the government to appropriations for that purpose. There is no requirement, however, that a bill be restricted to appropriations for one year only; the government could put forward a bill appropriating money for the ordinary annual services for several years. The restriction on the content of the bill is also not justiciable; it relies on dealings between the Senate and the House of Representatives under section 53 of the Constitution for its interpretation. The only sanction against a government including other matters in the ordinary annual services bill is that the Senate could refuse to pass the bill until the extraneous matters were removed. This sanction would clearly be weakened if the government could draw on appropriations equal to those of the previous year while the Senate declined to pass the bill.

The bill would therefore make justiciable the prohibition in section 54 of the Constitution, so that the High Court could declare invalid any ordinary annual services bill which contained extraneous matters.
The meaning of “ordinary annual services of the government” has been fairly clearly explicated by dealings between the Senate and the government over the years, particularly in the agreement known as the Compact of 1965.

The ability of the High Court to declare completely void any bill which violated the constitutional restriction would provide an effective sanction against a government attempting to bypass the Senate by including other matters in the annual appropriation bills.

The proposals contained in this bill were also in a bill first introduced by Senator Macklin (Queensland, Australian Democrats) in 1987.

I commend the bill to the Senate.

Debate (on motion by Senator Calvert) adjourned.

DAIRY PRODUCE LEGISLATION AMENDMENT (SUPPLEMENTARY ASSISTANCE) BILL 2001

Report of Rural and Regional Affairs and Transport Legislation Committee

Senator CALVERT (Tasmania) (4.19 p.m.)—On behalf of Senator Crane, I present additional information received by the Rural and Regional Affairs and Transport Legislation Committee relating to the committee’s inquiry into the provisions of the Dairy Produce Legislation Amendment (Supplementary Assistance) Bill 2001.

COMMITTEES

Public Works Committee

Report

Senator CALVERT (Tasmania) (4.19 p.m.)—On behalf of the Parliamentary Standing Committee on Public Works, I present report No. 7 of 2001 entitled Fit-out of new central office building for the Department of Immigration and Multicultural Affairs at Belconnen, ACT. I seek leave to move a motion in relation to the report.

Leave granted.

Senator CALVERT—I move:

That the Senate take note of the report.

I seek leave to incorporate my tabling statement in Hansard.

Leave granted.

The statement read as follows—

Madam President, this report relates to the fit-out of new central office accommodation for the Department of Immigration and Multicultural Affairs.

The Central Office of the Department of Immigration and Multicultural Affairs has been accommodated in the Benjamin Offices in Belconnen, ACT, since the 1970s. In February 2000 the Commonwealth sold the Benjamin Offices to Benjamin Nominees Pty Ltd, which proposes to redevelop the complex. It is this redevelopment which gives rise to the fit-out proposal.

The need

At the time of sale the Department of Immigration and Multicultural Affairs held two separate leases in the Benjamin Office complex. Benjamin Nominees Pty Ltd advised the Department it would prefer the southern section of the complex be vacated when the lease expired in February 2002. If the Department wished to remain in the complex the rent would be increased to $235 per square metre per annum.

The Department considered this option to be unsatisfactory in view of the building’s age-related problems, energy and space utilisation inefficiencies, and high running costs.

As an alternative, Benjamin Nominees Pty Ltd offered the Department of Immigration and Multicultural Affairs the option of moving into a new purpose-built complex on the Benjamin Offices site. Building construction would commence in mid-2001 and be completed in mid-2004. The Department would fund and own the fit-out.

The attractiveness of this option was enhanced considerably by Benjamin Nominees’ offer of a $7.75 million cash incentive towards the cost of the fit-out.

Adding to the attractiveness of this option was a rental of less than $280 per square metre per annum. This rental compares favourably with the rates achieved by other government agencies for A-Grade premises in Canberra. A recent comparison indicated a range of between $305-405 per square metre per annum.

A third option considered by the Department of Immigration and Multicultural Affairs was to move to accommodation away from the Benjamin Offices site. This option proved unsatisfactory due to the lack of available properties meeting the Department’s needs with regard to timing and space requirements.

Project cost

Madam President I would like to make a few comments about the cost of the project.

The Department of Immigration and Multicultural Affairs has negotiated a Guaranteed Maximum Price for trade works with the project builder for
the integrated fit-out of a new commercial building to be constructed on the Benjamin North site. Any savings realised against the Guaranteed Maximum Price will be shared on a 50:50 basis between the Department of Immigration and Multicultural Affairs and the builder.

The total project cost for the Department of Immigration and Multicultural Affairs fit-out works is $23.97 million. When the fit-out incentive of $7.75 million is brought to account, the net fit-out cost is $16.22 million.

Advantages of New Building Option

The new building option offers a number of advantages in addition to those already mentioned. A cost benefit analysis prepared by an independent quantity surveyor established that over 13 years, the new building proposal was cost neutral. The additional rental costs of the new building would be offset by ongoing savings for fit-out and maintenance work for the older buildings.

The new building proposal also avoids costs payable if the Department of Immigration and Multicultural Affairs were to take up either of the other two options, for example, the payment of approximately $2 million in “make good” costs when the Department vacates the building. The new building option also avoids the “dead rent” payable if the Department were to terminate its second lease early, in order to move its Central Office operations to a new site. Knight Frank Price Waterhouse estimated this “dead rent” to be up to $10.7 million.

In addition, the new building development will provide further regeneration of the Belconnen Town Centre, creating short-term employment opportunities as well as boosting economic activity into the future.

Development approval

During the Inquiry the Committee became aware it was examining a proposal to fit-out a building that was yet to receive development approval. The Committee considers this situation to be less than satisfactory and has therefore recommended that in future, the referring agency obtain all necessary development approvals before referral to the Parliamentary Standing Committee on Public Works.

Disabled access

The Committee considers that every effort must be made to ensure suitable access for disabled staff and visitors to public buildings. The Committee therefore sought advice from the Department of Immigration and Multicultural Affairs regarding the provisions being made for disabled persons in the proposed fit-out.

The Department advised that its builder, through its architect, would provide expert advice on disabled access issues. In addition, an independent quantity surveyor would audit all development design solutions through the construction period against legislative requirements and standards.

Support for the proposed work

The cost and conditions proposed for the new building option make it a highly competitive commercial offer.

The new building will meet the Department of Immigration and Multicultural Affairs’ long term accommodation goals. It will deliver a modern A-Grade building complex that is:

- space and energy efficient;
- constructed with awareness of rapidly changing technologies; and
- equipped to meet government environmental targets and contemporary occupational health and safety standards.

The Committee recommends the proposed fit-out of a new Central Office building for the Department of Immigration and Multicultural Affairs at Belconnen, ACT, proceed at a net cost to the Commonwealth of $16.22 million.

I commend the Report to the Senate.

Question resolved in the affirmative.

DELEGATION REPORTS

Parliamentary Delegation to the 105th Inter-Parliamentary Union Conference and a Bilateral Visit to Mexico

Senator McKIERNAN (Western Australia) (4.19 p.m.)—by leave—I present the report of the Australian parliamentary delegation to the 105th Inter-Parliamentary Union Conference held at Havana, Cuba, from 1 to 7 April 2001, and a bilateral visit to Mexico from 8 to 15 April 2001. I seek leave to move a motion in relation to the report.

Leave granted.

Senator McKIERNAN—I move:

That the Senate take note of the report.

The 105th Inter-Parliamentary Union Conference debated and discussed a range of topics, including: securing observance of the principle of international law in the interests of world peace and security; education and culture as essential factors in promotion; the participation of men and women in political
life as prerequisites for the development of peoples; contribution of world parliaments to the struggle against terrorism; and international action to meet the emergency situation in Afghanistan, compounded by the recent destruction of cultural heritage by the Taliban. Once again, all members of the delegation played an active role throughout the entire conference, participating in all facets of the conference agenda.

I take the opportunity now on behalf of the delegation to recognise the work of the adviser to the delegation, Mr Phillip Allars from the Department of Foreign Affairs and Trade, who ensured that the delegation members were thoroughly briefed on all matters that were being debated before the conference. As the delegation leader, Mr Somlyay, said yesterday in the other place, it is often said that Australia fights above its weight at these conferences. In Havana we fought in all divisions and literally were the only ones left standing at 4.30 p.m. on the eighth and final day of the conference.

The leader, Mr Somlyay, chaired the drafting committee that debated the motion on terrorism. The member for Pearce, Mrs Moylan, chaired the drafting committee of the education and culture motion. The member for Prospect, Mrs Crosio, continued to play a very active role on the executive of the women’s committee. I, for my sins, was appointed rapporteur for the item on international law, and you will be pleased to know that I used my broadest Australian accent in presenting the report of the committee. I also had some work to do on the drafting of two publications for the IPU. They are a handbook for members of parliament on refugee law matters and a handbook for MPs on the worst forms of child labour. I got that additional task because of my role as senior vice-president of the second committee.

As Madam President and Mr Speaker would be aware, there are a number of concerns about how the IPU is operating. Those concerns were discussed at a special meeting of the Australian IPU group held in this house last week. Scrutiny, transparency and accountability are essential components of our Australian parliamentary system. Sadly, we are not seeing similar reflections from the IPU. It appears that many of the key decisions being adopted by the IPU are as a result of very limited consultation and debate. Equally disturbing is the realisation that many of the decisions are taken in apparent isolation from other decisions. There appears to be no overriding strategy; on the contrary, there appears to be a blind faith that, no matter what is decided, the IPU will have the resources to achieve these objectives.

I am sounding negative, and I do not necessarily want to sound negative, but the matters that are occurring within the IPU are of grave concern for this parliament and for many other democratic parliaments throughout the world. Not the least of what has happened has been the withdrawal from the IPU of the United States of America. Their contributions to the IPU represented some 15 per cent of the IPU budget. They have been gone from the IPU now for over three years. The IPU, within that period of time, have continued to spend as if the United States of America, with their 15 per cent of contributions, were still paying. Reserve funds have been depleted. There are proposals on the agenda within the IPU to move to new premises in Geneva. The budget for the new headquarters is of course blowing out and yet, when questions are asked within the council of the IPU, the answers that come back are certainly not satisfactory to the Australian delegation or to other delegations.

Compounding what is happening with the headquarters and with the expenditure of the reserves of the IPU is a proposal for even greater cooperation with the United Nations’ system. That sounds good in theory, but as we state in the report at 3.19 on page 17:

While most delegations see merit in developing a closer link with the UN, the actual procedures and authority for that closer link have not yet been fully costed, debated or approved. In particular, one of the concerns expressed by a number of delegations is the extent to which the IPU representative in New York can represent the views of member parliaments as opposed to the resolutions adopted by representatives from the respective parliaments. The other concern is the cost involved in order to achieve this closer relationship. Our concerns were raised, as I said earlier, at a meeting of the Australian IPU group here last week, which was attended by both the
President and the Speaker. We have decided to put to the IPU that the matters of the reform of the IPU be addressed at the 107th conference of the IPU in Marrakesh. These matters, whether they become an agenda item for Marrakesh or not, will be determined at the forthcoming conference in Ouagadougou, Burkina Faso, in September this year. I trust and hope that the matters will be resolved. I do believe that the IPU has an important role to play in the international world of parliaments, but the way it is going, unfortunately, it could come a major cropper on that.

I now turn to the bilateral visit to Mexico and I want to make a few very brief comments. The official program included meetings with the presiding officers, the Minister for the Economy, the Deputy Foreign Minister, representatives from the Australia-Mexico business group and parliamentarians from all major political parties. These meetings engaged the delegation to discuss a range of subjects, including the strength of the ever growing and ever increasing bilateral relationship between Australia and Mexico and the progress of economic reforms in Mexico—particularly tax reform, privatisation and indigenous issues. All of these caused some little consternation within the delegation, but of course we were there representing the parliament. This shows where the sensitivities of those earlier matters that I have referred to in regard to the IPU can come out. There was no fudging on the issues as to where the representatives of the different political parties stood when we were responding to questions from representatives of different political parties in Mexico.

Other issues discussed were: the opening up of the economy and foreign investment, in particular the relationship between Mexico and the United States; the migratory pressures brought about by rural poverty; the political tensions in the south-east involving the Zapatistas, who are seeking some greater power for their individual peoples; the evolving relationship between the Congress and the President; and the hosting of the APEC conference in 2002.

The discussions were both frank and informative and left the delegation with a very clear impression that Mexico was making steady progress and is prepared to undertake the necessary reforms to address many of its key concerns. The delegation concluded its visit in the historic city of Oaxaca, which was made all the more memorable as it coincided with Easter. All up, it was a very informative and rewarding visit. On behalf of the delegation, I acknowledge the dedication and professionalism of the delegation secretary, Mr Peter Keele, who accompanied us throughout the delegation’s visit. I commend the report to the Senate.

Question resolved in the affirmative.

NEW BUSINESS TAX SYSTEM (CAPITAL ALLOWANCES) BILL 2001

NEW BUSINESS TAX SYSTEM (CAPITAL ALLOWANCES—TRANSITIONAL AND CONSEQUENTIAL) BILL 2001

NEW BUSINESS TAX SYSTEM (SIMPLIFIED TAX SYSTEM) BILL 2000

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) (4.31 p.m.)—

I table revised explanatory memoranda relating to the bills and 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—

NEW BUSINESS TAX SYSTEM (CAPITAL ALLOWANCES) BILL 2001

I move that this bill be moved a second time. This bill, to take effect from 1 July 2001, further implements the Government’s wide-ranging re-
forms that give Australia a New Business Tax System by providing a Uniform Capital Allowance System (UCA). The bill delivers on the Government’s promise to provide value and efficiency for Australian business in taxation. It reflects the Government’s commitment to simplifying the tax law and streamlining the tax treatment of depreciable assets. The bill contains simplification benefits and improves neutrality.

The UCA applies to all taxpayers, except eligible small businesses that choose to participate in the Simplified Tax System. It is a set of common principles that consolidates and replaces at least 27 separate capital allowance regimes in the existing tax law. These principles allow taxpayers to calculate deductions for the decline in value of most depreciable assets that they hold. The common principles provide standardised rules for many disparate capital allowances. In addition, specific provisions maintain current rules for primary producers and for mining and quarrying exploration.

The UCA will continue to allow taxpayers to use either the Commissioner of Taxation’s effective life schedule or to self-assess the effective life of their assets. The legislation provides greater certainty for taxpayers relying on the effective lives of assets as determined by the Commissioner of Taxation.

From 1 July 2001 taxpayers can choose to allocate to a low-value pool all assets costing less than $1,000, as well as assets that have declined in value to less than $1,000 under the diminishing value method. These rules do not apply to small businesses that use the Simplified Tax System (STS). Where STS taxpayers are excluded from claiming capital allowances under the STS provisions for certain assets, these may then be allocated to the low-value pool. They can immediately deduct any asset costing less than $1,000, and have their own pooling for other assets.

In addition to low-value pools, a special pooling arrangement is available to taxpayers who incur expenditure for software development. Software development pools may be beneficial to those taxpayers who have many software development projects in train at any one time or whose software development has a risk of failure. In such situations, taxpayers can benefit by pooling the expenditure on these projects and writing off the pool, rather than dealing separately with pieces of software.

The UCA will allow certain capital expenditures not currently deductible to be written off over the life of the project to which the expenditure relates. These include feasibility study costs, site preparation costs and environmental assessment costs. The UCA also provides write off for a number of specific types of capital expenditure, such as the costs of raising equity, establishing or converting a business structure and defending against takeovers, which have not received relief in the tax system before.

There is also an immediate write off for depreciable assets costing no more than $300 used by taxpayers predominantly in deriving non-business income. This deduction will be made retrospective, with effect as from 1 July 2000. This will benefit many taxpayers as currently there is no immediate deduction for plant (except for STS taxpayers).

Specific provisions maintain current rules for deductions for the decline in value of capital expenditure on primary production depreciable assets that are water facilities, horticultural plants and grapevines. Furthermore, the current write-off for primary production capital expenditure incurred on landcare operations, electricity connections or telephone lines is maintained.

Under the UCA legislation, the existing immediate deduction for capital expenditure on exploration and prospecting, mining site rehabilitation, petroleum rent resource tax and environmental protection is retained.

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

NEW BUSINESS TAX SYSTEM (CAPITAL ALLOWANCES—TRANSITIONAL AND CONSEQUENTIAL) BILL 2001

This bill accompanies a New Business Tax System (Capital Allowances) Bill 2001, which simplifies the tax law and streamlines the tax treatment of depreciable assets. This is achieved by providing a set of common principles that consolidates and replaces at least 27 separate capital allowance regimes in the existing tax law.

This bill will ensure that assets and expenditures subject to the current law moves into the general capital allowance regime smoothly. This is required as existing regimes may be use differing terms and concepts. Further, various provisions of the income tax law as well as other Commonwealth legislation required amending so as to align the terminology used in the generalised regime with that used in these Acts.

Industry consultations refined the transitional rules for existing mining, quarrying and prospecting rights and information as future rights and information will be depreciable assets. The bill
ensures that mining, quarrying and prospecting
rights that a taxpayer held before 1 July 2001 will
remain subject to the capital gains tax provisions
instead of the uniform capital allowance system.
The transitional rules will also allow for the costs
associated with transitional mining, quarrying and
prospecting information that were previously
non-deductible to reduce amounts included on
realisation of that information in the assessable
income of the taxpayer.
Full details of the measures in the bill are con-
tained in the already presented explanatory
memorandum.
I commend the bill.

NEW BUSINESS TAX SYSTEM (SIMPLIFIED
TAX SYSTEM) BILL 2000
This bill inserts a new Division in the Income Tax
Assessment Act 1997 to introduce the Simplified
Tax System (STS).
The STS is an optional package for small busi-
nesses. It will deliver a number of benefits, re-
ducing the time and money that participating
small businesses need to spend on bookkeeping
and income tax compliance, as well as retaining
their access to generous rates of depreciation.
The STS is based on the recommendations of the
Review of Business Taxation. Consistent with
those recommendations, most businesses with an
average annual turnover of less than $1 million
will be eligible to join.
The STS has three key elements.
The first element is cash accounting. Under this
method of calculating taxable income businesses
will, in general, recognise income when it is re-
ceived and deductions when expenses are paid.
The second element is simplified depreciation.
Assets costing less than $1,000 are immediately
deductible. Assets costing $1,000 or more and
with effective lives of less than 25 years are
pooled and written off at 30 per cent per year.
Assets costing $1,000 or more and with effective
lives of 25 years or more are pooled and written
off at 5 per cent per year. The use of pools re-
moves the need to keep detailed asset schedules.
The third element is simplified trading stock.
Under the trading stock provisions STS taxpayers
will no longer have to account for changes in
trading stock of less than $5,000.
The bill also incorporates a new 12-month rule
for determining deductions in respect of prepaid
expenditure for STS taxpayers and individual
taxpayers incurring deductible non-business ex-
penditure.
Small business taxpayers who do not enter the
STS and non-individuals who incur deductible
non-business expenditure will apportion their
prepayment deductions over the eligible service
period. These taxpayers will have access to tran-
sitional provisions to phase in this apportionment
deductions over the period to 2002-03.
The STS and prepayments measures included in
this bill will apply to assessments for income
years commencing on or after 1 July 2001.
The Government has been consulting with small
business representatives since its announcement
of the STS on 21 September 1999. The Govern-
ment released the Exposure Draft legislation for
the STS in October this year for public comment.
As a result of further consultation and submis-
sions received in response to the Exposure Draft
legislation for the STS, the Government has de-
cided to improve certain provisions of the STS
Bill including:
• increasing the depreciating assets threshold
for eligible businesses from $2 million to $3
million;
• removing the requirement to account for the
change in value of trading stock on a cash
basis; and
• relaxing the control tests to avoid inadvertent
grouping.
The Government considers that the consultations
with small business representatives have been a
very positive and important part of the develop-
ment of the STS. I would like to thank those in-
volved in that process for their efforts.
The Government will soon be releasing for public
comment the Exposure Draft legislation for the
Uniform Capital Allowances system, which also
starts from 1 July 2001. It will contain some con-
cepts and definitions used in the STS.
Full details of the measures in the STS Bill are
provided in the Explanatory Memorandum.
I commend the bill.

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.
TAXATION LAWS AMENDMENT BILL (No. 2) 2001

HEALTH LEGISLATION AMENDMENT (MEDICAL PRACTITIONERS’ QUALIFICATIONS AND OTHER MEASURES) BILL 2001

First Reading

Bills received from the House of Representatives.

Senator IAN MACDONALD (Queensland—Minister for Regional Services, Territories and Local Government) (4.32 p.m.)—

I indicate to the Senate that those bills which have just been announced are being introduced together. After debate on the motion for the second reading has been adjourned, I will be moving a motion to have the bills listed separately on the Notice Paper. I move:

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

Question resolved in the affirmative.

Bills read a first time.

Second Reading

Senator IAN MACDONALD (Queensland—Minister for Regional Services, Territories and Local Government) (4.33 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—

TAXATION LAWS AMENDMENT BILL (No. 2) 2001

This bill makes amendments to the income tax law and other laws to give effect to the following measures:

Public transport provided free to police officers will be exempt from fringe benefits tax, in recognition of the advantages to public safety of a police presence on public transport.

States and Territories will have FBT treatment that is consistent with the treatment given to the Commonwealth. States and Territories will be allowed to devolve their FBT obligations to certain State and Territory bodies, which will be treated as employers for FBT purposes.

All resident companies, not only those falling within the scope of Schedule 5 of the Company Law Review Act 1998, will be allowed to transfer genuine share premiums and capital redemption reserves to their share capital account without tainting that account provided the relevant criteria are satisfied.

A loophole will be closed in the dividend imputation provisions applying to life assurance companies. This will be achieved by limiting the extent to which life assurance companies can apply a payment of franking deficit tax or deficit deferral tax to offset their income tax assessment liability.

There will be a transitional rule in relation to the dividend imputation measure that will provide an alternative treatment in certain circumstances where a liability for franking deficit tax or deficit deferral tax arose before 4 May 1999. The transitional rule overcomes concerns that the measures as originally announced have a retrospective impact.

Charitable institutions whose principal activity is promoting the prevention or control of disease in humans will be assured of access to income tax, sales tax and fringe benefits tax concessions. These amendments will be backdated to ensure that these charitable institutions are always entitled to these measures.

The bill makes technical corrections to the franking rebate rules so that complying superannuation funds, pooled superannuation trusts and life assurance companies continue to be entitled to the franking rebate, and refunds of excess imputation credits, for dividends and distributions that are exempt current pension income or certain other exempt income. A further correction will ensure that registered charities and gift-deductible organisations are eligible for refunds of imputation credits in respect of indirect distributions through a trust.

The bill also contains consequential amendments to the income tax law, arising from the reduction in personal income tax rates from 1 July 2000, and a technical correction.

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

HEALTH LEGISLATION AMENDMENT (MEDICAL PRACTITIONERS’ QUALIFICATIONS AND OTHER MEASURES) BILL 2001

The first part of the Health Legislation Amendment (Medical Practitioners’ Qualifications and Other Measures) Bill 2001 addresses the ar-
The amendments for the collection of pathology specimens for the performance of pathology services eligible for Medicare benefits. The present arrangements for the licensing of collection centres exclude the public sector, do not place sufficient emphasis on the quality of service and facilities at the centre and are generally unnecessarily cumbersome in operation. The proposed amendments address these issues to permit the introduction of a national approval system for specimen collection centres that is fair and open and emphasises quality. In addition, it uses the level of Medicare pathology activity of an approved pathology authority as the normal basis for determining the number of collection centres that can be operated in each year.

The bill introduces a simplified procedure whereby approved pathology authorities apply for approvals for specimen collection centres. This replaces the existing system involving the granting of units of entitlement. Approvals will be granted in respect of a financial year and the processes will be subject to approval principles determined as a disallowable instrument under the act. The approval principles will be able to deal with matters such as the method for determining the maximum number of approvals that can be granted to an approved pathology authority in respect of a financial year, compliance with quality guidelines, the duration of approvals and the review of decisions.

It is intended that the approval principles will prescribe a general method for the determination of maximum approvals in a financial year. This will be based on the experience of laboratories operated by an approved pathology authority over a specified 12-month period as reflected in Health Insurance Commission data. This is in contrast to the previous system of allocating units of entitlement by reference to a fixed pool.

A four-year phase-in period is proposed to allow the industry time to adjust to a less regulated environment. The present policy of allowing additional approvals where collection centres are located in designated rural and remote areas will be continued.

The amendments will apply to both the public and the private sectors from a date to be fixed by proclamation. An approved collection centre will be required to comply with the collection centre guidelines published by the National Pathology Accreditation Advisory Council and developed by the council and the Royal College of Pathologists of Australasia. With the inclusion of the public sector in the new arrangements, the amendments require the same level of quality for all pathology specimen collection centres at which collections are made for Medicare eligible services.

The design of the new arrangements, which will be administered by the Health Insurance Commission, has been jointly agreed with the Royal College of Pathologists of Australasia and the Australian Association of Pathology Practices and is based on the framework contained in the 1999 Pathology Quality and Outlays Agreement.

The bill also simplifies and clarifies the rules relating to temporary resident doctors and overseas trained doctors and the circumstances in which they can access Medicare. At present, temporary resident doctors are not medical practitioners for the purposes of the act and are therefore not entitled to provide services which attract Medicare unless they obtain an exemption. Overseas trained doctors with Australian citizenship or permanent residence are subject to a 10-year moratorium which restricts their access to Medicare benefits unless they are granted an exemption. However, the new legislation will reduce the inequities between the treatment of permanent and temporary resident doctors and streamlines the procedure to establish eligibility for Medicare benefits. The bill will also reduce complexity of regulation regarding access to Medicare.

In addition, the bill makes a number of technical amendments. These include amending the definition of ‘quality assurance activity’ to include a reference to the Health Care (Appropriation) Act 1998. The definition of professional services will be amended to clarify that a dental practitioner who is able to render a Medicare payable service in respect of oral and maxillofacial surgery must have been approved for this purpose by the minister in writing. The definition of ‘relevant offence’ will be broadened to include offences under sections 23DR and 23DS of the act, and an obsolete reference to section 21 of the Crimes Act 1914 will be deleted.

The last part of the bill I would like to discuss is an integral part of the measures that the coalition has put in place since 1996 to encourage more doctors into rural areas. Since its introduction in 1996, section 19AA of the act has required graduating doctors who wish to obtain access to Medicare rebates for work in private practice to meet a qualification requirement. They can do this by simply obtaining a general practice or specialist fellowship, by taking part in a postgraduate training program in order to get a fellowship or, in the short term, by participating in programs such as the Rural Locum Relief Program, which is confined, obviously, to rural areas.

The so-called provider number legislation was designed to work in conjunction with the other
major initiatives to address areas of doctor shortage and oversupply and to improve the training of doctors, thereby enhancing the quality of health care service delivery in Australia. Indeed, this provision is largely responsible for the 14 per cent increase in doctors in rural Australia that has occurred between 1995 and 2001. The sunset clause was originally inserted in the legislation to give us an opportunity to consider whether section 19AA was disadvantaging junior doctors. When the legislation was introduced, there were concerns that there would not be enough training places for doctors and that doctors would not be able to find work. Indeed, at the time, the Australian Medical Association was saying that 400 doctors a year would be unemployed. According to those figures, by now we should have 1,600 doctors out of work because of the operation of this legislation.

When this part of the act was reviewed by former New South Wales health minister Ron Phillips, he worked hard and could not find a single doctor anywhere in Australia out of work, the AMA’s claims of four years ago being merely scaremongering. We have worked hard to ensure there are plenty of opportunities for junior doctors, and I am pleased to be able to say that, after the independent review and success of annual reports on training, there are substantially more training positions each year than there are doctors graduating. So we now have a surplus of training positions, a growing number of well-trained doctors in general practice and in specialties, a high demand for Australian medical graduates to fill vacancies in public hospital systems and an emphasis on rural training and local experience. It would be a disaster if this sunset clause was not removed. It would be particularly hard on rural communities and the Rural Locum Relief Scheme would come to an end. Given these positive results, it is important that the sunset clause be removed as soon as possible.

Debate (on motion by Senator Denman) adjourned.

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

**ASSENT TO LAWS**

A message from His Excellency the Governor-General was reported informing the Senate that he had assented to the following laws:

Great Barrier Reef Marine Park Amendment Bill 2001

Prime Minister and Cabinet Legislation Amendment (Application of Criminal Code) Bill 2001

**DAIRY PRODUCE LEGISLATION AMENDMENT (SUPPLEMENTARY ASSISTANCE) BILL 2001**

In Committee

Consideration resumed from 25 June.

*(Quorum formed)*

The **TEMPORARY CHAIRMAN** (Senator Knowles)—The committee is considering the Dairy Produce Legislation Amendment (Supplementary Assistance) Bill 2001 and requests (6) to (9) on sheet 2244, moved by Senator Woodley. The question is that the requests be agreed to.

Senator HARRIS (Queensland) (4.36 p.m.)—In continuing the discussion relating to the lessor-lessee section of the industry, I would like to put some questions to Senator Ian Macdonald on the difference between the lessor-lessee and the sharefarmers. I would like to quote for the benefit of the committee a letter from J.A. and J.M. Mortyn of Mussel Roe Bay in Tasmania. They say in their correspondence:

> We would like to bring to your attention our dissatisfaction with the Dairy Deregulation. We leased our farm cattle and machinery to our son and a neighbour.

> The total deregulation was $160,791.00 of which the lessees and their farm hand received $142,495. We the lessors received $9,149.00 each.

> It was deemed that the lessees owned 25% of the cattle each.

> We cannot understand this decision as they were leasing the cattle from us.

> In this case where the lessees have leased the herd from the lessor, who made the decision that the lessee had ownership of—as it is quoted in the letter—25 per cent of the cattle, when I believe the ownership of that stock would rightfully remain with the lessor—in other words, the owner of the cattle? Is this a decision that is made by the department when appropriating the deregulation payments?
I am very happy to answer questions as best I am able in this committee stage of the debate on the Dairy Produce Legislation Amendment (Supplementary Assistance) Bill 2001. I do, however, indicate that we are in the last week of the sittings before we rise for the winter recess and there are a number of very important pieces of legislation that we have to try to deal with, including this one. So, without wanting to curtail the debate, I would urge all senators to be frugal with their contributions because there is a lot of work yet to be done.

Having said that, I am very happy to try to answer your questions although, in relation to specific elements of an individual’s personal situation, it does get a little difficult for me to answer and it is always inappropriate to try to give advice without knowing all of the circumstances. You have mentioned some paragraphs from a letter, but I would imagine that a proper assessment of this particular issue would require intimate knowledge of the arrangements, such as the terms of the lease and other financial arrangements between the lessor and the lessee. It is probably appropriate to say that, if any farmer or anyone in the industry feels aggrieved by some of the decisions that have been made under what I might call the original dairy readjustment package, there is an appeal mechanism that I would urge those people to pursue. The appeal is made in the first instance to the Dairy Adjustment Authority and in certain circumstances perhaps there may even be grounds for an appeal to the AAT, the Administrative Appeals Tribunal. So your constituents, your correspondents, should access those appeal avenues if they feel aggrieved by the way they have been treated. I will hope you will understand, Senator, that it is dangerous for me to try to give an opinion on the run when we are not aware of the full facts.

I might just reiterate for the benefit of those who might be listening to the debate for the first time that I indicated yesterday that this new bill we are dealing with today, which provides an additional $140 million of money to the scheme, has been proposed by the Commonwealth government because the states, particularly the quota states, have not really taken up their obligation, their duty, to compensate those who have suffered loss as a result of the deregulation by the states of the dairy industry. Because the states have failed to do that, the Commonwealth has proposed this new $140 million package to help look after those who, as has been shown in the fullness of time, were not properly compensated because the states have refused to contribute.

In relation to lessors, which you mentioned yesterday and which you are averting to again today, I mentioned yesterday that there are two groups of lessors that will be eligible. The first group is those lessors who can demonstrate that they suffered a significant event or crisis such as ill health or personal tragedy, which resulted in their temporary or unforeseen change in status from producer to lessor. If eligible, it is proposed that these individuals will be reassessed as owners/operators under the eligibility criteria of the dairy support adjustment package and will receive an equivalent entitlement. The second group is those lessors or owners of the land who have derived 50 per cent of more of their total income from the dairy enterprise lease and who can demonstrate—we think it is fair that they should be called upon to demonstrate—that their lease income has fallen by at least 20 per cent as a result of the state’s deregulation of the industry. That includes those lessors who have received lower lease payments in the current financial year because a lessee has left the dairy enterprise during the year.

I hope that answers the questions raised by Senator Harris. I reiterate that it is not appropriate that we should discuss specifics on individuals here or that we should give opinions without knowing the full facts. There are certainly appeal mechanisms available if people feel that they have been aggrieved.

I thank Senator Macdonald for his answer and I accept that there are difficulties in trying to determine distinct individual agreements. I raised that agreement to high-
light the fact that not all cases where a person leases their building and farm to a lessee for a fee are open and shut cases. Some cases are quite complex and we must try to establish a better understanding for the people who will administer the fund and for the dairy industry.

In his answer, Senator Macdonald mentioned that two types of lessor will be eligible for these additional funds; namely, lessors who have had to lease their properties because of illness, and lessors who can prove, under the hardship clause, that they have suffered a reduction in their income as a result of deregulation. I believe the bill is still flawed because it does not require a dairy owner with a sharefarm agreement to prove hardship. With regards to eligibility, why are we asking one group to prove hardship, because of a definition of the type of legal agreement they have, when the other group comprising the sharefarmer arrangement is not required to do that? I would appreciate clarification on that point from Senator Macdonald.

I would also like clarification on a point I put to Senator Macdonald yesterday. What is the possible legal situation that the Commonwealth will encounter if it continues to pay a benefit to a lessee who has defaulted on a lease agreement? I understand the necessity for a legal agreement so the government can appropriate a benefit. That is correct. However, I find it difficult to comprehend the Commonwealth’s position if payments are continued to be made based on a legally binding agreement in respect of which one party has defaulted. To simplify it, if they require a legal agreement to receive payment and if that legal agreement is voided and no longer has standing at law, they should not receive the benefits of having had that legal agreement. I would appreciate a response from Senator Macdonald on these two questions: first, why is there a difference between the hardship requirements for lessors and sharefarmers? Secondly, what is the Commonwealth’s position if payments are continued to be made to a lessee who is in default?

Senator IAN MACDONALD (Queensland—Minister for Regional Services, Territories and Local Government) (4.50 p.m.)—We went through these points yesterday, Senator Harris, and I thought I had explained them. However, very briefly, there seems to be some confusion about the standing of the lease agreement between the parties. The Commonwealth is not party to the lease agreement. The lessor has a contractual right to sue the lessee and to recover his rent. As I indicated yesterday, my advice is that most of the lessor-lessee arrangements are in Victoria where the industry is still quite buoyant and is proceeding well. The fact that a lessee might get some money from the Commonwealth and then breach his agreement with the lessor is not an issue for the Commonwealth; it is an issue for the lessor to take his legal rights to sue and recover from the lessee. In our system of society, laws and justice, it is not for the government to enforce private contracts between one party and another; it is for the parties themselves using the courts. Of course, you are aware of the separation of powers.

Senator Forshaw—Joh Bjelke-Petersen knew all of this!

Senator IAN MACDONALD—Senator Forshaw talks about a former revered Premier, one who the current Premier is a fan and follower of.

Senator Forshaw—He is learning.

Senator IAN MACDONALD—He is learning all right. He is operating the same way as Sir Joh Bjelke-Petersen used to—and without defaming Sir Joh; he was a great Queenslander—but Mr Beattie is almost following his electoral reforms in a similar way to Sir Joh. I urge Mr Beattie and his colleagues in this house not to pursue that path in the interests of democracy in Australia. But you divert me, and we should not be diverted—we have a lot of work to do.

It is up to the parties themselves to enforce their legal agreements through the courts of the land and through our justice system, which is fair and equitable, beyond reproach and the envy of the world. They can do that. The government deals with the parties. The fact that they might have breached a private contractual agreement between them-
selves is not a matter for the government, and it should not be.

In relation to the other matter, the difference between sharefarmers and the lessee-lessee relationship, as I indicated again yesterday, the reason why we include sharefarmers is that, generally speaking, in most sharefarming agreements the two parties share the proceeds. I gave the example that, if the proceeds are very low—say, $10,000 net profit—after all expenses and they are sharing them fifty-fifty, each gets $5,000, and each will be in a situation where they deserve support from this scheme. If the profit is $100,000 and they are sharing fifty-fifty, they both get $50,000, and perhaps under the scheme they will not be entitled to quite as much.

With the lessee-lessee situation, I am told that most leases are for a fixed sum. It does not matter whether the dairy producer is earning $10,000 or $100,000, he still pays the lease payment. I picked as an example $30,000 a year. He pays the $30,000 whether his profit is $100,000 or $10,000. The lessor gets a fixed return, which he is entitled to. We do not think that he is in a hardship situation. I mentioned yesterday that my advice is that the government is unaware of any substantial examples of where lessors have missed out. The government knows of a couple of examples where a lease was broken, but the lessor immediately leased the property to another lessee and did not lose any money. That is the rationale behind it.

There could be variations. Again, it depends how the lease is drawn, it depends how the sharefarming agreement is drawn, and each one is individual. But my advice is that that is how they operate. If a lease agreement has a percentage rental or a share of the profits as rental, my advice is that that might be classed as a sharefarming agreement, notwithstanding that the parties call it a lease. It would depend on the circumstances. Similarly, people might call it a sharefarming agreement, but if it is written in such a way that it really is not a sharefarming agreement but is in fact a lease payment, just because the parties call it sharefarming does not mean that it is. Those things would be looked at by the authority.

Senator, again, to come back to the basis of what this is all about, it is targeted assistance to those who are really in need as a result of the deregulation of the industry by the states. We do not want to help those who are well off; we do not want to give this money to those who are doing quite nicely and who have not suffered. We want to target it—and it is a limited amount of money; it is a finite sum—and we want to make sure that it goes to those who are struggling and who desperately need the assistance. We do not want to look after those who are doing quite nicely anyhow. Amongst those two extremes there are variations, but there are in place appeal mechanisms to try and catch those who fall between the cracks. The legislation we are dealing with today does provide for those discretionary payment rights, which, hopefully, will pick up all those who are in trouble as a result of the states’ deregulation and who are having difficulties. They are the ones we want to help. The discretionary payments rights and other parts of the legislation are intended to pick up those people so that they do not suffer unduly.

Senator WOODLEY (Queensland) (4.57 p.m.)—Hopefully, this will be my last contribution in terms of these requests—that is, requests (6) to (9)—that I have moved. I want to quote from the Labor Party’s supplementary comment in the Senate committee report on this legislation. I also want to draw the Senate’s attention to the fact that, in answering my question last night, the minister indicated that between 300 and 400 dairy farmers will possibly be recipients of the discretionary payments. Under the DSAP—that is, under the original legislation—there were 729 applications for determination, because those people were unable to access the full payment under the original scheme, but only 107 of them were granted. Under the anomalous circumstances provisions, there were 402 appeals, and of those only 36 were granted. Out of 1,131 applications and appeals, 143 were upheld—only 10 per cent of the original applications. If the same number of people appeal again—obviously, the majority of them are still concerned about this issue—we will have almost 1,000 farmers who were not helped under the DSAP and who had to appeal the decisions that were given. If the
government estimates that 300 or 400 people will be helped by the new legislation, we will still help fewer than half of those who had a complaint last time. That means that we have a problem.

I would point out also that in the committee’s report to the Senate this comment about appeal rights was made:

The Committee remains concerned about the nature and extent of current appeal rights. While there exists a right of appeal under the current Scheme and that such a right of appeal will also be available under the additional scheme, it appears difficult to establish a ground of appeal—in practical terms an appeal right may be limited.

I would go further and say it is severely limited, given the numbers which the government, in answer to my question last night, gave this committee. It is quite clear that the appeal rights are still going to be a problem—if fewer than half of those who appealed last time are going to be covered under this new legislation. We are looking at a very big problem. For that reason I am urging both the government and the Labor Party to accept either these amendments which I am moving or, if they fail to pass, some other amendments on the lessor/lessee issue so that we can make sure that the government’s rhetoric about the right of appeal and the provision of appeal processes will in fact be fulfilled.

The problem is that, because of the very limited and restricted guidelines which last time governed the Dairy Adjustment Authority in terms of its ability to hear and grant appeals, most of the appeals were dismissed. The minister may say, ‘Well, there is a process in place.’ That is true, but if there are no grounds on which those appeals can proceed then we have a problem. It is not much use having a process if the process itself is based on very limited grounds. It means that, as before, a person can go to the Dairy Adjustment Authority, be knocked back, and ask for a review by the Dairy Adjustment Authority. When that review is dismissed they can then go to the Administrative Appeals Tribunal, but I point out that it will cost them $500 just to get into the tribunal, with no hope of their appeal being upheld by that body either, because the same guidelines will apply. Despite having paid $500, it is virtually wasted because there are no grounds to proceed to an appeal because of the very limited and restricted basis on which the appeal can be granted.

The other issue is the issue of lessors taking lessees to court. Because the minister has been a solicitor I am sure he knows just how difficult it is for a landlord or anyone to whom rent is owed to actually recover it. I have had personal experience of going through a small claims court trying to collect rent, and it really is a futile exercise.

Senator Ian Macdonald—Collect it or pay it?

Senator WOODLEY—I paid as much money as I was owed and still got no result at the end. That is the problem. What the minister said is correct, but what I am pointing out is that there is a real difficulty in processing these kinds of appeals. And why would we want to put people through that kind of process when the government says it wants to help? It needs to simplify the process. It needs to make the guidelines very flexible. I am not sure that we actually have the guidelines yet, or the scheme that will apply. We have seen some draft guidelines. I am not sure that they are finalised. So in a sense we are working in the dark.

In concluding my remarks—and, hopefully, this will conclude what I want to say on these amendments—I think the Labor Party got it right in their supplementary comment on this legislation. It says:

The Opposition appreciates the situation that many lessors now find themselves in and is not satisfied that the additional package will address their concerns.

Further, it is now clear that one of the consequences of the Government’s first package has been to change fundamentally the balance of the relationship of lessors and lessees in the dairy industry.

The impact of the package in lessors and in some cases lessees clearly illustrates the Government’s lack of vision for the future of the dairy industry.

That might be a little harsh, but it is part of the debate and the government has to answer that accusation. To continue:
Rather than enhance the future prospects of the industry the Government’s package has, in fact, laid waste a number of productive dairy farms.

Really, it was deregulation rather than the government’s package. It is just that the government’s package proved to be inadequate in a number of cases. With those comments, I ask the Senate to support my amendments (6) to (9) because I believe they will meet the issue that we are debating here.

Senator HARRADINE (Tasmania) (5.06 p.m.)—I do not wish to canvass a number of things that I said last night, and in view of the minister’s comments to the committee this afternoon it would not be appropriate for me to raise a particular case. I can understand the reluctance of the minister to give an opinion in the Senate on a particular case on the run. Going to the current amendments that have been put forward by Senator Woodley, I wish to state that I will be supporting those amendments. I do not think there is anything more of use that I can add to the argument and all of the material that is currently before us. In view of the fact that we have a long list of legislation to get through by Friday night, I just indicate my support for Senator Woodley’s amendments.

Requests not agreed to.

Senator WOODLEY (Queensland) (5.07 p.m.)—by leave—In light of the failure of those requests, I now move what would be called a fall back position, that is, requests Nos 10 to 15 on sheet 2244:

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

(10) Schedule 1, item 10, page 10 (line 15), omit “both”, substitute “either”.
(11) Schedule 1, item 10, page 10 (line 16), omit “gross”, substitute “net”.
(12) Schedule 1, item 10, page 10 (line 18), omit “and”, substitute “or”.
(13) Schedule 1, item 10, page 10 (line 23), omit “both”, substitute “either”.
(14) Schedule 1, item 10, page 10 (line 24), omit “gross”, substitute “net”.
(15) Schedule 1, item 10, page 10 (line 26), omit “and”, substitute “or”.

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 will explain very quickly what these requests mean. They simply change the eligibility criteria for the lessors to receive the additional payment. The problem is that the government has put in place fairly restrictive thresholds for lessors to receive additional payments. One of the thresholds is that they have to have received at least 50 per cent of their gross income from dairying. The second threshold is that they have to have suffered a loss of 20 per cent in their income.

There needs to be a threshold; it is just that I believe those thresholds are too restrictive. What these requests do is change the first threshold from 50 per cent of gross income to 50 per cent of net income and change the second threshold so that the appellant has to pass one or other of those tests, not both. So instead of having to pass both thresholds, the appellant has to pass one of the thresholds, and in the first instance the
threshold is 50 per cent of net income rather than 50 per cent of gross income.

Senator IAN MACDONALD (Queensland—Minister for Regional Services, Territories and Local Government) (5.10 p.m.)— Whereas the government’s proposal is that the lessors have to derive 50 per cent or more of their total income from the dairy enterprise and they also have to demonstrate that their income has fallen by at least 20 per cent, as I understand your requests, your position is that either one of those will qualify the lessors. So you are saying that a lessor who derives only 10 per cent of his income but who can prove that that has fallen from 10 per cent to eight per cent should be entitled?

Senator WOODLEY (Queensland) (5.11 p.m.)—No. I have not touched the 50 per cent or the 20 per cent, but I have said that, in the first instance, the 50 per cent should be 50 per cent of net income, and in the second instance, which is the 20 per cent drop in income that they have suffered, they should have to pass one or other of those thresholds, not both. I have not touched the 50 per cent or the 20 per cent, except to make it net income rather than gross income for the 50 per cent.

Senator IAN MACDONALD (Queensland—Minister for Regional Services, Territories and Local Government) (5.11 p.m.)—So you are still saying they have to pass both tests; it has to be 50 per cent of their income at least, and they have to show as well that there is a 20 per cent reduction? I am sorry, but I am not following you terribly clearly.

Senator Woodley—Instead of asking an appellant to pass both tests, my requests would mean that they have to pass one or other of those tests. It makes it easier for them to be eligible.

Senator IAN MACDONALD—I am sure it does make it easier—considerably easier. But what you are saying is that, if they derive 50 per cent of their total income from a dairy enterprise but they have suffered no loss at all, they are still entitled to this. If either of them are the trigger for qualifications, as long as he derives more than 50 per cent, even though his income has not fallen at all, you are still saying that he is eligible for assistance under this grant. That seems silly. Looking at it the other way, you are saying that if he can show that his income has fallen by 20 per cent but he only derives 10 per cent of his total income from the dairy enterprise—if he is a Collins Street farmer who gets 90 per cent of his income from share investments or something but has 10 per cent of income from the dairy enterprise which he can show has fallen by at least 20 per cent, which, as I was saying, means it falls from 10 per cent to eight per cent, which is one-fifth—then he is eligible for entitlements.

If I am not maligning your interpretation and if that is what you are saying, those two, I concede, somewhat extreme examples do show why from the government’s point of view it has to be both—that is, the lessor has to show that he is substantially dependent upon his income from the dairy enterprise and that as a result of the state’s deregulation his income has fallen by at least 20 per cent, thus disadvantaging him, and, because he is then disadvantaged the same as others, he becomes eligible provided other criteria are appropriate. Certainly, the government will not be accepting an either/or. We think both of those are quite fair. I repeat that we are in this legislation not to target those who are not disadvantaged; we really want to focus our rescue package, our support package, on those who are severely disadvantaged by this legislation. We want to target it to them and not to other people. So we will not be supporting your requests.

Senator WOODLEY (Queensland) (5.15 p.m.)—Very briefly, in reply to the minister: in all of this debate, the problem is that we have not asked any other applicant for DSAP payments to prove that they have had a drop in income; it was based on their production at a certain time. All other applicants simply had to prove that they were engaged in the dairy industry and they had a certain production figure. That is why I am saying that to require these particular applicants to prove a number of things is, in fact, out of sync with the intention of the rest of the legislation. My preference was for the original amendments that were defeated, which I think were much
clearer in their intent. But, as they were not acceptable—they were defeated—I am seeking another way of fulfilling the thrust of the original legislation as to its treatment of people who have been disadvantaged. I would remind you, Minister, that the major disadvantage in Victoria for lessors has been the exit of their lessees. There is documented evidence that over 70 per cent of lessees took the money, the major part of the package, and simply disappeared, which has left those lessors in a very difficult position. So I grant the argument that you are making. I am making a parallel argument, and I will simply leave it up to the chamber to decide.

Senator HARRIS (Queensland) (5.17 p.m.)—I support the essence of what Senator Woodley is attempting to do here, but I believe that it does not achieve what needs to be amended in this bill. I will be moving at a later date an amendment which I believe is superior to the Democrats amendment in that it will achieve the desired outcome—and this is the important part—which is that it is the members who remain actively working in the dairy industry whom, in our framing of this legislation, we need to assist—not the Pitt Street or Collins Street farmers, as Senator Macdonald has made mention of.

Senator Woodley—Not many of them are dairy farmers.

Senator HARRIS—No, not too many of them are dairy farmers. But I also believe that, if they do fall within that category, they should not be disadvantaged, just as any other Australian has the right not to be disadvantaged. In concluding, I just indicate that I will not be supporting the Democrats amendments at this stage, because I do not believe they go far enough or achieve the issues that we need to achieve in this bill.

Senator FORSHAW (New South Wales) (5.19 p.m.)—On behalf of the opposition, I indicate that we will not be supporting the amendments moved by Senator Woodley. I believe that I outlined fully the position of the opposition on this issue in the debate last night, and I do not think I need to add anything more at this stage.

Requests not agreed to.

Senator WOODLEY (Queensland) (5.19 p.m.)—I now move amendment No. 1 on sheet 2261:

(1) Schedule 1, item 10, page 9 (after line 20), at the end of clause 37H, add:

(3) It is a policy objective that a dairy farm enterprise is not to be disadvantaged, for the purposes of satisfying this clause, by any regional variations in the definition of market milk.

This addresses an issue that has cropped up in a number of different places in Australia—and, for constitutional reasons, such entities are not to be mentioned or are not to be seen to be receiving a specific advantage over other dairy farmers. At least two examples of the problem are the Capel Dairy suppliers in Western Australia and those dairy suppliers in the south-east region of South Australia. At the public hearing held into this legislation, Capel Dairy suppliers gave evidence that they were disadvantaged as a result of the definition of ‘market milk’ for the purposes of determining eligibility under the package. The farmers in that region of Western Australia are requesting that their assessment of their circumstances be a consideration in determination of eligibility for the supplementary payment.

The problem lies with the way in which ‘market milk’ was defined. In a way, it was defined artificially rather than in reality—or at least that is the result of the way in which the DSAP was applied. It is to do with the definition of ‘market milk’, which is what received the premium payment. I will leave it at that, rather than going into a long debate. In terms of the dairy farmers in the south-east region of South Australia, I will read into the record this comment by the committee:

DSAP Scheme payments to South East South Australia dairy farmers have been reduced significantly arising from an anomaly in the definition of market milk for SA Equalisation and the DSAP Scheme. A submission from the SE Dairy Farmers’ Action Group argued that South East dairy farmers should be eligible for a discretionary payment right pursuant to the proposed SDA Scheme under the Bill, given that there has been a significant (24% reduction in DSAP Scheme payments) loss as a result of the anomaly.

It continues:
The claimed anomaly arises from the claim of exclusion of UHT and flavoured milk from the definition of market milk under the SA Equalisation Scheme. The submission further argues that, because of the difference in the definition of market milk between the SA Equalisation and the DSAP scheme, the SE dairy farmers market milk share will not qualify them for assistance. The net effect appears to be that SE dairy farmers are deemed to have produced less market milk than is actually the case, meaning those farmers received lower DSAP Scheme payments than other dairy farmers in South Australia, possibly by as much as $40,000.

My appeal is for those dairy farmers who, because of the way in which market milk was defined under the Dairy Structural Adjustment Program, were disadvantaged. This amendment seeks to simply declare that that disadvantage should not be carried on under this legislation but that any regional variations in the definition of market milk should be disregarded for the purposes of the Dairy Produce Legislation Amendment (Supplementary Assistance) Bill 2001. That is the case that I put. It seeks to overcome what I believe to be an artificial application of a definition. Obviously, they cannot access any further money under the DSAP, but I believe that under this new package we should be able to take account of that anomaly, to fix it up, and I believe that this amendment does just that.

Senator IAN MACDONALD (Queensland—Minister for Regional Services, Territories and Local Government) (5.24 p.m.)—The dairy support adjustment package entitlements are based on the volumes of market milk on which the domestic market support levy was paid or the domestic market support payments received for manufacturing milk. The additional market milk payment is based on the same principle. This remains the basis for determining the payment entitlements across and within all states, and it does reflect the arrangements producers operated against prior to deregulation. These definitions of market and manufacturing milk had the full support of the industry, which fully appreciated the need for a robust definition of the entitlements in light of the many different regulatory regimes that were in place in the various states.

With regard to Tasmania—and I understand that this is the specific point that Senator Woodley is raising—the pooling arrangements administered by the Tasmanian Dairy Industry Authority were set up to provide an equitable share to dairy farmers from the market milk trade. Under the pooling arrangements operated by the Tasmanian Dairy Industry Authority, all Tasmanian dairy farmers had the same percentage of their production classed as market milk. Payments under the supplementary measures are targeted. Any change to this approach would be inconsistent with the basic rationale underlying both the existing package and the new scheme, which is to provide higher payments to producers of market milk who face by far the greater adjustment pressure from deregulation. On that basis, we would not be supporting the amendment.

Senator WOODLEY (Queensland) (5.26 p.m.)—Very briefly, no, it is not the Tasmanian situation that I am concerned about; it is the situation of the Capel Dairy milk suppliers in Western Australia and those suppliers in the south-east region of South Australia. The problem was not the volume. If their entitlement had been based on the actual volume of market milk which they delivered, there would not have been any problem. The problem was—and I am not sure whether the minister and his advisers are actually hearing me—that the definition of market milk was based on a levy; it was a problem for those who paid the levy under the domestic market support scheme. The definition of market milk was based on that particular levy, not on the actual volume or percentage of market milk which was delivered, particularly by those farmers in the south-east region of South Australia.

I understand the government’s difficulty, but I have to say that this is a genuine anomaly and a real problem. I am seeking to make it possible for that anomaly at least to be addressed by the Dairy Adjustment Authority if those farmers can present a case which the authority deems to be valid. It is still up to those farmers to go through that process. But I want to make sure that we do not simply knock them out by what has ended up being an artificial barrier to their ability to access
this additional payment. It is an artificial barrier because of the definition which was based on who did or did not pay a levy rather than on the actual percentage of market milk which they delivered. That is the problem.

Senator IAN MACDONALD (Queensland—Minister for Regional Services, Territories and Local Government) (5.28 p.m.)—Senator Woodley, I concede that it is not only Tasmania but also South Australia, and it was Western Australia. If they did not pay the levy on it, it was not market milk. It was outside the then existing schemes, and the approach is that they then cannot come in at the last minute and be part of this new scheme. I am also advised that it really is an anomaly in the state arrangements, as you are aware, and that as such it really is a matter for the state governments to address.

Senator Woodley interjecting—

Senator IAN MACDONALD—I am advised that in Western Australia they actually did. I am told that the Western Australian coalition government—if I can be slightly political—did make assistance available to Capel and, as I understand it, that has addressed that problem in Western Australia. Perhaps it has not addressed it to the entire satisfaction of the people involved, but it was addressed by the Western Australian government, as it should be, because it is a matter for the state governments. It addresses an anomaly. Again, it is the industry approach in Tasmania and South Australia. Those governments should deal with the anomaly by coming to some arrangement or arranging some satisfactory proposal with the parties involved. It is not thought that that is part of the principles of this act. Whilst I understand your argument and I understand that you have put it very well on behalf of those who are directly affected, it does not meet with the approval of the industry and therefore does not meet with the approval of the government.

Senator HARRIS (Queensland) (5.31 p.m.)—I speak in support of the Democrats amendment. It addresses all the levels of the anomalies that exist in the way in which market milk is defined. I ask Senator Macdonald to clarify why pasteurised milk that is delivered for domestic consumption has two different definitions. One is the portion of market milk that is turned into flavoured milk, and the other is UHT milk. I believe that is part of the problem that the suppliers in the south-east corner of South Australia are facing. It is not that they did not supply market milk; it is the fact that, under the definition of market milk, UHT volumes and flavoured milk volumes do not become part of their market milk volume. I would like Senator Macdonald to elaborate on why that definition exists and why there is no support for Senator Woodley’s amendment. We recognise that some of these are state processes, but I do not believe it is beyond the capacity of the federal legislation to make allowances for that.

I also ask Senator Macdonald whether he would consider the anomaly we raised yesterday with regard to the Tasmanian producers and accept an amendment that would set the production level of the Tasmanian processors who supplied market milk nominally at 25 per cent. That would bring them into the process. The amendment that the Labor Party has moved in the committee stage would get them that minimum payment. I believe that would be one way in which the federal government could actually assist those Tasmanian producers and take into account that anomaly. So there are two issues. The first is the definition of market milk and the reasons why the definition excludes UHT and flavoured milk and why the Commonwealth finds it cannot accept this amendment, which would change that. The other issue is whether Senator Macdonald would accept a nominal rate of 25 per cent of market milk being applied to Tasmanian producers as well.

Senator IAN MACDONALD (Queensland—Minister for Regional Services, Territories and Local Government) (5.35 p.m.)—Our position is, as I mentioned to Senator Woodley, that the state market milk regulatory arrangements in the south-east of South Australia, in Tasmania and in Capel in Western Australia allowed commercial sales, which I think you have acknowledged, which were not subject to regulated prices. They did not pay the levy, and they were not recognised under the DSAP. The basis of the
DSAP entitlement for market milk was the state arrangements and whether they paid or received the domestic market support levy. That is the arrangement we have put in place in consultation with the industry. Some producers in these areas sold under commercial contracts. They received higher prices but they did not pay the levy, so they were not really part of the scheme then. The majority, if not all, did not pay for quotas, and therefore they have less financial exposure after deregulation. For those reasons, we will maintain our position in consultation with the industry, and we will not support this amendment or any other amendment which you may have flagged.

Senator FORSHAW (New South Wales) (5.36 p.m.)—I indicate on behalf of the opposition that we will not be supporting the amendment moved by Senator Woodley.

Amendment not agreed to.

Senator HARRIS (Queensland) (5.37 p.m.)—by leave—I amend request (5) on page 2262, and move the amended request:

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

Schedule 1, item 10, page 10 (lines 13 to 31), omit subclause (4), substitute:

(4) For the purposes of this clause, an entity passes the lease income test if the eligible lease net income derived by the entity in the 2000-2001 financial year is at least 20% less than the average of the eligible lease net income derived by the entity in the 1999-2000, 1998-1999 and 1997-1998 financial years.

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 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 indicated earlier that I did not support the Democrats amendment, because I believed that it did not go far enough. It is not that I do not support the intent of what Senator Woodley set out to do. It would have gone part of the way to removing the anomaly under which the dairy producers are required to indicate hardship.

As I said before when questioning Senator Macdonald, through the chair, on other amendments, there is an anomaly between those who are operating under a sharefarmer process and those who are operating under a lease agreement. As Senator Woodley indicated earlier, there is also an anomaly in the fact that none of the producers who received a benefit under the Dairy Industry Adjustment Bill 2000 were required to actually prove they met hardship criteria. Therefore, it is unjust that anybody who is applying for this additional supplementary assistance should be required to go through an additional phase.

This Pauline Hanson’s One Nation amendment deletes from the bill the references to an entity passing the income test. If their net income is lower than the average over the preceding three financial years then they are eligible for the additional supplementary assistance. Senator Macdonald mentioned earlier that some larger producers would then be eligible for this further assistance. These larger producers are suffering the same costs on all of their production, over and above the volume that the $80,000 cut-off would afford them. If it is the government’s intention to exclude those larger
producers, they are doing it at the cost of the smaller family dairy entities. I focus on the purpose of this bill—that is, to assist those dairy farmers to stay in the industry. By removing the hardship criteria from the bill, this amendment puts them on the same footing as anybody who has received an adjustment payment under the original bill.

I seek clarification of the supplementary assistance bill from Senator Macdonald. Is it a requirement of this bill that, to receive a benefit, an entity would have had to have made an application under the original bill—that is, the Dairy Industry Adjustment Bill? Or can anybody in the industry who was an operator during the period of the criteria for the original bill, if they did not apply under that bill, now make an application for this supplementary assistance?

Senator IAN MACDONALD (Queensland—Minister for Regional Services, Territories and Local Government) (5.44 p.m.)—In answer to the second question, the discretionary element of this bill means that applicants will be eligible, even if they did not apply, if the circumstances of the criteria are met. But my advice is that the government anticipate that few would fit the situation.

We do not support your comments on the amendment. We have looked into this very carefully in the preparation of the government’s package. We have actually responded to the concerns of the lessors, and we have provided a fairly generous package to assist those who are genuinely disadvantaged. Those lessors who oppose the lease income test are actually acknowledging that they are not heavily reliant upon the lease income and that they are therefore not suffering following the deregulation. I repeat: these payments are targeted to those who are disadvantaged by the states’ deregulation. It is entirely reasonable for the lessors to be required to demonstrate, if they are going to receive assistance under the discretionary payments, that they have actually been disadvantaged by the deregulation impacts. We think that your test would not allow them to show that.

The more money you give to those who are not disadvantaged, the less you give to those who are genuinely and in many cases severely disadvantaged. You have to have a cut-off point somewhere. Our cut-off point has been to try and target our assistance to those who are genuinely disadvantaged by the states’ deregulation of the industry. That is the approach we have adopted. We have considered the matters you raised, but we will not be supporting them. We will be maintaining our approach to the bill as it is before us.

Senator WOODLEY (Queensland) (5.46 p.m.)—I will not hold up the committee other than to indicate that the Democrats will support this amendment. I fear that it will suffer the same fate as other amendments. The amendment is trying to point out to the government that the rhetoric—and I hear what Senator Macdonald is saying—which surrounded this supplementary assistance bill, I fear, will not be fulfilled by this current legislation. There is still going to be a significant pool of people disadvantaged and a significant pool of people suffering an injustice because of these anomalies.

It may be that the amendments we have tried to move are not perfect, but I would like to have seen the government itself respond more clearly to the Senate committee’s report, which pointed out all the anomalies which we have been debating, and perhaps come up with some amendments. That has not occurred, so we have sought to help the government, but I fear that the government has rejected our help in this case. There may be some criticisms from people because of that. We note that the Labor Party supported at least one of the amendments, and we trust that that amendment which was passed by the Senate will in fact survive when it goes to the other place. That is the next debate, I guess. If it does not, it means that the legislation, I presume, will stand as it is. There are significant groups of people who will still not be able to access the discretionary payments, but it may be the government is correct. If so, I am prepared to eat my words. But I suspect that there will still be a significant group of people outside the supplementary assistance which the government really does intend should be applied.

Senator FORSHAW (New South Wales) (5.49 p.m.)—I indicate on behalf of the opposition that we cannot support this amendment
moved by Senator Harris. I reiterate—as I said yesterday and on a number of occasions in the committee proceedings—that we understand the issues and the problems that have occurred with respect to the lessors. As I have also said, the problem that has arisen with respect to the lessors has not arisen as a result of the substantial fall in milk prices that affected the farmers and producers who were in receipt of the assistance package. The government have brought forward, in acknowledgment of their earlier failure, a package directed at supplementing, through additional payments, the assistance to those producers who were not assisted sufficiently with the initial package because of the greater than expected fall in milk prices. That is the genesis of this package; that is the target group it is designed to assist.

That is why we moved our amendment earlier which has been carried by the Senate. I agree—and I hope Senator Woodley is correct—that the government should pick it up, because it is targeted at those milk producers who are still in the industry but who have suffered, notwithstanding the package they got, because of the greater than anticipated fall in milk prices. That is the thrust of this legislation. Whilst we have sympathy with the position of those lessors who were affected because of flow-on or consequential problems that have arisen, they do not relate to the purpose of this legislation. We do not believe that you can address their problems—and there are a myriad of situations, from those who may have suffered substantially to those who probably have not necessarily suffered at all—by trying to graft amendments to this legislation. While Senator Harris and Senator Woodley have tried to do that—and I think Senator Woodley said it himself just a moment ago—you cannot solve the problem completely. He acknowledged the difficulties he had in drafting the amendments. It is for that reason I reluctantly say that we cannot support this amendment.

Senator HARRIS (Queensland) (5.52 p.m.)—I would like to speak very briefly to Senator Forshaw’s closing comment that we cannot solve the problem. I disagree. If there was the will to support the amendments that have obviously come from the industry then the outcome would be achieved. I make one final plea to the minister and to the opposition, and it is this: the purpose of this request is to remove the hardship test that these producers have found themselves under. They are required to comply with a condition that insists on basing the assistance on their gross income. I believe that that is incorrect because of the following reason: a person’s ability to continue in the industry is not as a result of their gross income but is in actuality totally reliant on their net income after they pay their costs.

For Senator Macdonald’s knowledge, I would like to convey one issue that really highlights the necessity for this test—if it has to be there—to be based on the net income: there are producers out there who have had to go out and earn additional income to be able to pay the members of their own family to stay on the farm to keep the farm going. We are including the money that they have been forced to go out and earn to be able to continue their operation in the test that makes them eligible for this supplementary assistance that is there to actually assist them. Because they have to go out and earn extra money to stay within the industry, we are penalising them by saying they cannot have the supplementary assistance. The supplementary assistance has to be derived on their net income, because that is the only thing that will sustain them in the industry. I implore the government and the opposition to listen to the pleas of the people who the government and the opposition are saying they want to assist.

Request not agreed to.

Senator HARRIS (Queensland) (5.56 p.m.)—I move amendment (1) on sheet 2257:

(1) Page 2, after line 2, after clause 3, insert:

4 Review of operation of Act

(1) The Minister must cause a review of the operation of the Supplementary Dairy Assistance scheme to be undertaken as soon as practicable after 1 January 2003.

(2) A person who undertakes such a review must give the Minister a written report of the review.
The Minister must cause a copy of the review to be laid before each House of the Parliament within 15 sitting days of that House after the Minister receives it.

The purpose of this amendment is to bring into the bill the requirement for this bill to be reviewed. There have been substantial issues raised and all senators, with the possible exception of the government senators, have alluded to the haste in which this bill is being pushed through. I recognise that it is necessary to pass this legislation to help the people that we are trying to assist. But, as has been very eloquently said previously, each time this has happened, the result has been quite different from the original intent with which the government has brought the bill in. I believe the bill would be substantially improved if there was a defined review process within the bill itself.

In my closing remarks, I would like to ask one or two questions of Senator Macdonald in relation to the bill. Can Senator Macdonald assist the committee by explaining to us what the reference is to fees that is on page 14 of the bill, lines 17 to 20—section 37S, under the heading of ‘Fees’. Subsection (1) states:
The SDA scheme may provide for fees.
Subsection (2) states:
The amount of a fee under the SDA scheme must not be such as to amount to taxation.
Can Senator Macdonald for the benefit of the chamber expand on what the intent of that section of the bill is?

Senator FORSHAW (New South Wales) (6.00 p.m.)—I just indicate that we will not be supporting this amendment. That is not to say we do not support a review of the operation of the scheme. I think this scheme has been under constant review since it was introduced. In fact, it was under detailed review even before it was introduced because, as I said yesterday in my speech during the second reading debate, the Senate Rural and Regional Affairs and Transport References Committee had the opportunity to examine the issue of deregulation and the package that was being proposed at the time when it undertook its very extensive public hearings across Australia. It then brought down that extensive report.

Since then, legislation has been introduced. The first legislation was subject to examination and report by the Senate committee. I know that senators in the chamber, including Senator Harris, have had the opportunity at estimates committees and in question time to continue to examine the application of the scheme and the problems that have arisen since the scheme came into operation in July last year. It has been through that process that this legislation has come about. There has been a lot of scrutiny of the scheme. There has been constant interest shown by senators from the committee, by other senators and by members in their electorates—particularly if they happen to represent electorates with dairying communities. I believe that interest prompted the government to belatedly acknowledge that it had to increase the payments and the assistance under the package.

Our view is that you do not really need to establish or lay down in this legislation the necessity for review after 1 January 2003. That is 18 months away. I can assure you that we in the opposition—and in six months time I envisage we will be in government—will be monitoring and reviewing this scheme on an ongoing basis. We do not intend to just lose interest. We intend to continue to ensure that dairy farmers throughout the country are afforded the opportunities and assistance they are entitled to.

There is a range of other issues that we have not really had an opportunity to debate—for instance, the application of the Dairy RAP scheme, some of the changes that have been made and the way in which that scheme has been managed to date. All senators would be aware that we have also taken up those issues in the Senate estimates proceedings. We have taken them up not just in the rural and regional affairs committee but also in other Senate committees, because that scheme is administered by another department.

Whilst we understand the proposition you have put, Senator Harris, and do not object to it in principle, we do not really see that it is necessary, for the reasons I have just outlined. I also think there is a danger that, if you lock in a specific review in this legisla-
tion in the year 2003 and a problem arises or continues to occur that you want to raise between now and when we get elected, you are going to get this response from this government: ‘Wait till the review in 2003.’ My proposition is simple. Firstly, do not give the government the opportunity to get off the hook. Secondly, wait until we are in government—be patient. I am sure you will get a better response; you know you will. I know my good friend and colleague Senator Woodley will not be averted his eyes from this issue after this legislation is dealt with.

Senator Woodley—That is true.

Senator FORSHAW—I do, however, ask the government to accept our amendment which was carried earlier in the debate.

Senator IAN MACDONALD (Queensland—Minister for Regional Services, Territories and Local Government) (6.05 p.m.)—I am just going to say to honourable senators that they should not follow any urgings to wait until the Labor Party get into government because we will all be dead of old age by then.

Senator O’Brien—I did not know you were that old.

Senator IAN MACDONALD—I have a 20-year life expectancy from now, according to all the tables. It would be beyond that. Senator Harris, as Senator Forshaw has well explained, the Dairy Adjustment Authority are already required to have a major review of the levy arrangements undertaken by the end of June 2003. They are also obliged to provide annual reports to parliament. As Senator Forshaw has said, those annual reports are fully reviewable by the estimates committees. I might say those committees seem to go on ad infinitum, so I urge you not to come along and do that. They are long enough as it is without having others there.

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Senator Forshaw—You were not even there for this one.

Senator IAN MACDONALD—Sometimes I am. It is Senator Alston’s area, of course. But the ability is there, so for that reason we will not be supporting this amendment. We think the provisions already in place for the Dairy Adjustment Authority do provide for that major review by June 2003—just six months after your proposal—so we think that will cover that. But, as I say, in the mean time annual reports can be thoroughly investigated in the Senate estimates committee process.

Senator West interjecting—

Senator IAN MACDONALD—Senator, don’t be nasty to me.

Senator West—We will hold you to that.

Senator IAN MACDONALD—Whatever other faults Senator O’Brien might have, he would have to concede that my part in the last estimates committees was minimal.

Senator West—I just remember Defence; that is all.

Senator IAN MACDONALD—Again, that was not my area. The fact that your leader is told something once and then asks the same questions five times subsequently and is given the same answer. I know he is slow—

The TEMPORARY CHAIRMAN (Senator Murphy)—Order! Minister, it might be useful if we actually did begin to deal with the amendment, and I would urge you, Minister, to comment on the amendment. Then we might get this dealt with more quickly and in a more suitable time for your government.

Senator IAN MACDONALD—Thank you for your protection, Mr Temporary Chairman. I note that you have severely reprimanded those who are interjecting and distracting me from this important matter at hand. In fact, I have dealt with the amendment.

I will now deal with the other question that Senator Harris raised on just what section 37S subtitled ‘Fees’ means. It is a fairly typical clause that is in most legislation these days. It simply amounts to a cost recovery where the authority is put to some cost in order to provide some documents or to do something that would not otherwise be expected. The example that I am able to give is that if someone has lost their documentation but needs to show the bank their documentation, they can go back to the authority and say, ‘Can we have copies of our application
or our documents,’ whatever it is. The authority says, ‘Yes, but we will have to photocopy them. We will have to pull them out of our files. That costs some money; so, yes, we will give them to you but it will cost you $10 for the photocopying charge.’ I am told that is a fairly common arrangement in all Commonwealth legislation and section 37S simply applies to that. It is not intended to require fees for any application or anything substantive. You will see that the provision makes it quite clear that it does not amount to a taxation; it is actually a cost recovery fee. I hope that has clarified that.

In conclusion, I indicate that we are very keen to get this bill into operation before the end of this week, because at the end of this week the parliament rises until mid August, and the government would be very disappointed if the bill is not passed through the parliament by Thursday evening. If the bill is not passed through the parliament, then this $140 million will not be available to the dairy industry and it will not be able to be targeted to those people who history and practice have shown were disadvantaged. Our original legislation did not cover those issues. We have learnt from experience that the prices for market milk have not been as high as anticipated and that there have been people who have been more severely disadvantaged than we anticipated.

The Bureau of Transport Economics has done a study and has shown that to the government. As a result of that, the government has come back and said, ‘We acknowledge that more assistance is required.’ As I indicated yesterday, the principal reason why more assistance is required is that we originally anticipated that the states, being the cause of the deregulation and being the ones that manipulated and controlled the quota, would have come in with some compensation on their own. They have not; they have completely walked away from this. It has been left to the federal government, in conjunction with the industry, to come in with a package. Our package is there to pick up the shortfall when the states did not enter into the spirit of it. We are desperate to get that out to those people who are desperate and who do need the assistance. We are very keen to do that.

We have gone through this matter in very close detail; we have looked at all of the submissions that have been made; and, in one way or other, we have considered the various amendments that all of the parties have raised. But after considering all of those very carefully, both before we got here and even since last night, the government feels that it is not in a position to amend the proposal that it has put forward. We would all like to give everybody every bit of money that everybody wants right across the board—I am not talking to dairy farmers here; I am talking generally—but there is a cost to that.

You have to balance what you can give with where you get the money from to give it. It is always a fine dividing line: perhaps we are a little high in some areas; perhaps we are a little low in others. But the government, with the support of the industry and in conjunction with the industry, has tried to find that dividing line. I accept there will be some people who do not like where we have drawn the dividing line and I can appreciate that. That does not mean to say that they are not genuine people who might believe that they are entitled to something more. But you have to draw a line somewhere. It does not matter where you draw it, you will always find there will be some people outside the line and those people will be disappointed. That is human nature, and I accept that. But governments have to draw a line. We have to balance the needs of targeting those who are really disadvantaged against the cost of the scheme, the cost of the interest on the way through—and the cost is substantial, the levies that have to be imposed upon the processors and importantly the consumers.

We think we have the support of the Australian public in putting this package together. But, again, there is a line beyond which you start to lose support. We very carefully looked at the whole proposal and, for all of those reasons, this is the conclusion the government has come to. I know that there is no senator here who would not want some benefit to go through to those who are disadvantaged, and I know all senators will
want that to go through at the earliest possible time. That is why it is essential that we try and conclude the bill. Obviously, it has to go back to the House of Representatives. What happens there is a matter for Mr Truss, but I understand that all these issues have been looked at previously and the government has come to a conclusion. I understand that the government will stand by its position so the matter will come back, hopefully before next Thursday night, because we want both houses of parliament to deal with this issue. While in some quarters there are perceived deficiencies, although that is not the government’s view, we believe that the government’s attempt is a huge step in the right direction to try to help those who are genuinely disadvantaged. I commend the original bill to the Senate. Hopefully, when it comes back to this chamber at a later stage, it can be dealt with expeditiously so that this benefit can get out to those disadvantaged farmers at the earliest possible time.

The TEMPORARY CHAIRMAN (Senator Murphy)—Senator Woodley, for the purposes of expediting this process a little, do you want to speak to the amendment or do you want to make some general comments? We have another motion with regard to the bill being agreed to. If you have some general comments, it might be more appropriate to deal with the amendment now, get it out of the way, and then, if you want to, you can make general comments in the final motion.

Senator WOODLEY (Queensland) (6.16 p.m.)—I wish to speak to the amendment. I may make some general comments, but that will be my last contribution, unless I am provoked—but I do not expect to be. Let me respond to the minister. I realise that the clock is ticking away and we need to finish by 6.30 p.m. and get this through and I am committed to that. However, the minister has started off another debate by his contribution.

I want to make one comment on the minister’s contribution. At the end of the day, despite the fact that everyone keeps saying that the consumers are paying and the processors are paying, because of the drop in income to farmers, it is the farmers who are paying for the adjustment package. The drop in income is much more than the 11c per litre levy. In real terms, at the end of the day, the farmers are paying for the money which they are being refunded through the dairy structural adjustment program and through this bill. We need to put that on the record.

The second thing I wanted to say is that we will support the amendment. I am disappointed in Senator Forshaw. I thought he would have leapt at the opportunity to support the amendment because he made several contributions which suggested that he was not really sure that this was going to deliver, but he said that he would wait and see, and would look at—


Senator WOODLEY—Senator Forshaw should not interject too much because I want to get through pretty quickly. I am sure he will make another contribution anyway.

Of course we will continue to monitor this legislation. I think that it is useful to have a formal date and a formal review by the government so that we can get all the facts. We have debated this issue twice in this chamber and we did not have all the information on either occasion. That is the problem. Through the review, we need full reporting by the government on the operation of this legislation so we can know whether I am right, whether the opposition is right or whether the government is right in terms of what the legislation has delivered.

We are prepared to support the amendment. I know it will not get up, but I think it is worth supporting. It signals to the government, whoever will be in government at that particular point in time—and I would not dare to predict the outcome of the election—that they will be required to formally deliver to us the information that we need.

Senator HARRIS (Queensland) (6.20 p.m.)—Briefly in conclusion, I commend the amendment to the chamber. I will also make these my concluding comments. I commend the six senators who are here in the chamber. That means that 70 senators are absent from this debate. I commend the senators who are present for their participation. I think every-
one in this chamber would relate to the words ‘deja vu.’ This bill affects the same people; we have gone over the same subjects and we have the same results. Sadly, I believe that we will continue to see the same sad devastation.

Senator FORSHAW (New South Wales) (6.21 p.m.)—As everybody is making their concluding remarks as though this was the debate on the third reading, I will also make my concluding remarks. I want to indicate to Senator Macdonald that the ball is firmly in the government’s court now. We have cooperated to the fullest extent possible to expedite this legislation through the committee processes, where we brought on public hearings at short notice a couple of weeks ago, and we have expedited this matter as much as possible.

I remind the government that the problems that this legislation seeks to deal with were made known in the second half of last year. We warned the government about these issues in our initial report in October 1999. We told you about the likelihood of these problems arising when we debated the first legislation. The government acknowledges that the problems have come about because of falling milk prices. ABARE told the government that that would happen, but the government ignored that advice. The ABARE report on the current situation came out in January this year. The government had ample time, if it wanted to get the legislation through by the end of this week, to make sure that it was on the Notice Paper, before the committee and before parliament much earlier than this week. We have done our level best to get it expedited. We have moved an amendment that the government should accept. If you do accept it, you will do justice to dairy farmers.

I make one correction to a comment I made earlier. Yesterday, in the second reading debate on the Dairy Produce Legislation Amendment (Supplementary Assistance) Bill 2001 I referred to an announcement by the Prime Minister regarding a meatworks that received $1.5 million under the Dairy RAP scheme. I mistakenly said that that meatworks was in the electorate of the minister for agriculture. The meatworks I was referring to is not in that electorate; it is in Gympie—it is in the marginal electorate of Mr Somlyay, which I understand is the electorate of Fairfax. But the electorate of Wide Bay, the minister’s own electorate, has received substantial payments under the Dairy RAP scheme and under the Regional Solutions scheme.

Senator Ian Macdonald—That is because it is a dairying area.

Senator FORSHAW—I appreciate that it is a dairying electorate, but I wished to correct the record.

Amendment not agreed to.

Bill agreed to, subject to a request.

Bill reported with a request; report adopted.

Sitting suspended from 6.25 p.m. to 7.30 p.m.

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

APPROPRIATION BILL (No. 1) 2001-2002

APPROPRIATION BILL (No. 2) 2001-2002

Second Reading

Debate resumed from 25 June, on motion by Senator Ian Macdonald:

That these bills be now read a second time.

Senator CONROY (Victoria) (7.30 p.m.)—I rise to speak on the Appropriation Bill (No. 1) 1999-2000. That bill outlines the government’s budget for 2001-02 and the forward years. A good budget should outline the government’s strategy for the coming years and identify the priorities the government wishes to pursue. We knew we were in for a big night when the Treasurer delivered the last budget because when it came to vision and the big picture we were into talking about, in the second line of the bill, foot-and-mouth disease. It was going to be a visionary budget! What this demonstrated was that this government has no agenda—no agenda at all, no plan of action.

Senator Heffernan—Foot-and-mouth is a big issue.

Senator CONROY—It might be a big issue in England but it is not that big in Aus-
And it had to be the second line of your budget speech! You have lost the plot. This government has prided itself on its economic management. This budget demonstrates that this government has no credibility as an economic manager—none whatsoever. The Howard-Costello government has been on a spending spree, but one based on political imperatives rather than economic investments. In 1997-98 an $11 billion surplus was forecast for this year. It has become just $2.3 billion. The $15 billion surplus forecast for next year has become just $1.5 billion. The 2001 budget forecasts surpluses of $1.5 billion, $1.1 billion and $4.1 billion respectively for the next three financial years. In last year’s budget, the surpluses projected for those three years were $3.2 billion, $8.8 billion and $14.4 billion respectively. This budget has therefore shaved almost $20 billion off those projected surpluses. Over 90 per cent of that deterioration occurred in the last six months and over 80 per cent of the fiscal deterioration is due to policy decisions, that is, the deterioration cannot be attributed to the downturn in the economy or the inevitable changes in parameters that that produces—the increase in welfare payments or the reduction in taxation receipts. The decision to run down the surplus was a deliberate policy decision. For example, we have witnessed the government backflip on petrol excise and its backdown on entity taxation, which will impact significantly on future revenue collections.

This government has also shown an appetite for fiddling the figures, just like last year. And just like last year you have been sprung again. While the Treasurer’s budget speech was devoid of policy innovation, his spending spree has unleashed a rash of creative budget accounting. This has not gone unnoticed by market economists, who point out that the 2001 surplus of a meagre $1.5 billion is built on deliberate reshuffling of asset sales and squeezing additional dividends from the Reserve Bank of Australia, a $2.8 billion grab. The dividend payment attributable to the Reserve Bank is from profits made from trading in the Australian dollar. In other words, had it not been for the collapse in the Australian dollar in recent times the budget clearly would have been very substantially in deficit.

We have also seen the bringing forward and holding back of Defence property sales. Defence property sales worth about $360 million that were due to occur in this financial year have been held back to next financial year and Defence property sales worth about $200 million that were due to occur in the forthcoming financial years beyond 2001-02 have been brought forward. So $560 million worth of Defence property sales that were not scheduled to occur in the forthcoming financial year have been put into that year just to prop up the surplus. The fiddling by the government is confirmed by the ANZ in its ANZ budget report 2001-01 where it said:

Moreover, without a marked increase in the RBA dividend next year and substantial non-financial asset sales, the 2001-02 underlying budget position would be in substantial deficit. I repeat: substantial deficit. This year’s budget confirms Mr Costello as the highest taxing Treasurer in 10 years. As Max Walsh reported in the Bulletin on 5 June in an article entitled ‘The Lords of Misrule’:

Prime Minister John Howard claims to be a conservative leader intent on restraining the growth of government. He rejects claims his is the biggest taxing government in Australia’s history, even though the budget papers confirm this point. The government sector in Australia has never been bigger than in 2000-01. Since the election of the Howard government in 1996, outlays have risen by 3.2 percentage points of GDP to a substantial 37 per cent. As Stephen Koukoulas from the Financial Review said in his commentary on the budget—and you should pay attention to this, Senator McGauran:

Even when the Keating Government was striving to dig Australia out of the early 1990s recession, general government outlays peaked at 34.4 per cent of GDP.

He went on to say:

… not only is the government sector spending money at a rate that would make Gough Whitlam blush, but its tax take and other revenue has bloomed to levels never seen in Australia.

There you are, in the Financial Review: you lot would make Gough Whitlam blush. As
the *Herald Sun* has revealed, in 1995 the average wage earner was paying 24.1 per cent of their salary in personal income tax. After six years under Prime Minister John Howard and supposedly the biggest tax cuts in history, the average wage earner is now paying 23.4 per cent in personal income tax and rising. Not much change, except now they have also got the GST.

In 1996, the Prime Minister promised no new taxes and no increases in existing taxes. According to advice from the Clerk of the Senate, the Prime Minister broke that promise 63 times in the first term, and that was before he introduced the $24 billion tax he said he would never, ever introduce. The tax tally now, Senator McGauran—just to save you taking your shoes and socks off to count it—is 114 increases. There has been one tax cut in five years and 114 increases. Like his broken tax promises, the Prime Minister’s approach to the budget is deceptive. The Prime Minister would have you believe the tax to GDP figure is actually quite low. What he will not tell you is that he is not counting the $24 billion GST. Apparently the government does not believe the GST is a Commonwealth tax.

**Senator McGauran**—It’s not. It’s a state tax.

**Senator CONROY**—However, at estimates two weeks ago, it was again made quite clear by the Australian Bureau of Statistics that the GST is a Commonwealth tax. Straight from the horse’s mouth, the Australian Bureau of Statistics classified this as a Commonwealth tax—no ifs, no buts. Senator McGauran says, ‘Well, this is a state tax.’ Senator McGauran, it is a simple question: if the state government passes a motion in the state parliament to increase the level of GST, is it valid? No, it is not valid. If one state government tries to pass this, is it valid? No. It has been introduced by the Howard government, but now they are too embarrassed to admit to its ownership. That is the truth.

There is no doubt that this is an election year budget. Mr Howard and Mr Costello have both been criticised for isolating the very people who vote for them. The now infamous ‘mean and tricky’ memo, leaked by Senator Heffernan on behalf of Shane Stone, the Liberal Party Federal President, said in part:

Perhaps the most telling and recurring comments centred on the view that we had gone out of our way to “get” the very people who put us up there. The self-funded retirees, the small-business sector, self-employed professionals, farmers—all middle Australia.

**Senator Heffernan**—Did he say I leaked it? Settle down.

**Senator CONROY**—Only Senator Heffernan would be stupid enough to leak a memo like this. This budget was about responding to that memo.

**Senator Heffernan**—Ha, ha!

**Senator CONROY**—Listen to the embarrassed laugh over there: sprung. The Prime Minister promised pensioners and other retirees that they would be better off under the GST. They are not, and they know it. The budget contains a $300 one-off payment to pensioners. Senator Heffernan was just a bit jealous that Peter Costello was getting a bit too much publicity instead of his man. During the election year campaign, the Prime Minister told all Australians over 60 years that they would get a $1,000 payment to compensate for the GST—no qualifications, everyone would get it. Yet it turns out that 40 per cent of Australians over the age of 60 were paid nothing, and a further 10 per cent were paid less than $50. Now the Prime Minister wants these Australians to believe they should be satisfied when they get $300. This is the extent to which the government thinks it can buy off people by promising them one thing and delivering substantially less or breaking that promise. And then it thinks it can ease the pain again just before an election comes along. The public will not be fooled again. They are sick of the deceit from this government.

This budget was also sold as providing a self-funded retiree earning $80,000 with a tax cut of $2,844 per year ongoing. But when the fine print was read, the self-funded retirees have realised they have been yet again conned by this government—Shane Stone’s memo comes true again: ‘mean and tricky’. The Treasurer’s promise on budget night that the tax threshold for self-funded retirees would be significantly eased did not include
self-funded retirees in the 55- to 65-year-old age group. The government has done a very grave injustice to those aged between 55 and 65 who are funding their own retirements.

This budget also ignores the concerns of small business, who are drowning in a sea of BAS and being king-hit by a cash flow crisis. This is the assessment of the Certified Practising Accountants of Australia, who have said:

... this budget does nothing to allay the compliance costs and stresses of the new tax measures introduced over the past 12 months.

That was from the Certified Practising Accountants, who are usually the lap dogs for this government.

We must do everything we can to remove the GST-BAS nightmare from the shoulders of small business. It can no longer be disputed that the GST has crippled the economy and has imposed an incredible burden on small business. The Dun and Bradstreet data released recently showed that the average number of bankruptcies in the first quarter of this year jumped by 32.9 per cent compared with the same time last year—and I would like Hansard to record that Senator Heffernan was yawning when we were discussing small business bankruptcies.

**Senator Mackay**—He doesn’t care.

**Senator CONROY**—He does not care; that is right, Senator Mackay. The data from Dun and Bradstreet also clearly shows that cash flow has been affected in other ways, with the number of days taken to pay creditors having blown out to a 24-month high of 66 days, yet the budget pretends it has solved the real problems facing many small businesses. The cost of implementing the GST was not negligible, nor has business cash flow been unaffected.

**Senator McGauran interjecting**—

**Senator CONROY**—The Prime Minister’s puppet whose wife works in the PM’s office—now there is a credible independent commentator!

This budget shows a government that lacks vision. This budget has been introduced at a time when business and consumer confidence are at all-time lows. Even Senator Heffernan is not dumb enough to try out the Chris Murphy line. The GST has mugged the economy. Growth in the Australian economy has halved. Three quarters after the GST was introduced, the economy has only grown by 0.9 per cent. Moreover, that growth has been on the back of government spending and household consumption. Government spending is now rising at its fastest quarterly rate under this government. That is an unsustainable position.

The latest national accounts figures also showed that the rate of household savings has plummeted to a record low. When Labor left office, people were saving $5 in every $100. Today they are saving 70c. Debt levels are also at record highs. The level of household debt has increased at an alarming rate in recent years, and we have a record high household debt ratio and record high credit card debt. Credit card debt in particular has grown rapidly under this government. Australia’s total credit card debt stands at $17.8 billion, almost tripling the debt of $6.6 billion the country had in 1996 when Labor was in government. The consumption that this government is relying on to drive growth is driven by debt. People are being forced to borrow more and go further into debt simply to survive under the weight of the GST. Senator McGauran, we can debate it any time on any street corner in Benalla. Growth in the Australian economy is unbalanced and the government is failing in its management of the economy.

**Senator McGauran**—Can I bring Sophie along?

**Senator CONROY**—It would take two of you and it still wouldn’t be a contest. The engines of real growth remain weak. Noel Crichton-Browne is driving her around at the moment, isn’t he? Investment levels have fallen—so much so that in the budget the Treasurer has revised down business investment in machinery and equipment from five per cent to three per cent in 2001-02. Isn’t she the Liberal candidate, Senator McGauran? What happened to the National Party candidate? Don’t you want to bring the National Party candidate to the debate? I will take the three of you on.

Further private new capital expenditure data released recently revealed a 2.1 per cent
fall during the March quarter—are you embarrassed about the National Party candidate?—and a 9.6 per cent fall over the past 12 months. What is his name, Senator McGauran? We have seen the surplus blown in an attempt to buy this government’s way back into office, but it is absent a commitment to investment and export growth that we need to achieve an economy that is placed to prosper into the future.

The Labor market is also weak. The budget papers state that unemployment will increase to seven per cent in the coming year. There is already evidence from the ANZ job series of weakness in the labour market. The ANZ job advertisement series reveals that the number of job advertisements in major metropolitan newspapers fell by a seasonally adjusted 3.2 per cent in April to an average of 19,388 per week, the lowest level since March 1997. The decline in April comes on the heels of a 7.9 per cent fall in March and a 10 per cent fall in February. April’s level of newspaper job advertising was 36.5 per cent below the most recent peak, in May last year, and 34.3 per cent below the level of April last year. This is the largest year-on-year decline since July 1991.

Bankruptcies have also risen. Australian foreign debt is also at record levels. Its net foreign debt now stands at a record level of $317 billion, or 48 per cent of GDP. Senator McGauran, the debt truck, the street corner in Benalla: I will see you there; pick the day. It is worth remembering the comment of the Treasurer back in 1996 when he was shadow Treasurer. He stated that a rise in net foreign debt to $180 billion, or 39 per cent of GDP, was the ‘final indictment of Keating’s economic mismanagement’. The exchange rate now is hanging by a thread above 50c. It has not had a ‘6’ in front of it since 30 June last year, the last day before the GST came in.

What we need now is a plan, a vision to remedy these ills. This year’s budget fails miserably. To quote from an editorial in the Australian Financial Review on the day after the budget:

The Financial Review editorial: they are on to you, Senator McGauran and Senator Hefernan.

The government may crow about how this budget will enhance research and development. However, it is clear that the Howard government has been unable to grasp the importance of R&D to the economy. Business investment in research and development has fallen in every year of the Howard government, compared with rises in every one of the 13 years of the last Labor government. The ABS has been measuring private investment in research and development for 20 years, and the last two years are the only ones on record when private R&D in Australia has actually declined. An indication of the poor performance of the Howard government can also be seen from the fact that, since coming to office, this government has cut spending on universities and R&D by $5 billion. In 1995-96 Commonwealth support for science and innovation was 0.75 per cent of GDP; in the coming year it has been estimated to fall to 0.65 per cent of GDP. The R&D tax concession in Labor’s last year of office was worth $800 million to industry; next year it will only be $470 million.

The budget also lacks any plan to develop the Australian economy in the long run. This is a government in policy panic and without vision. Mr Costello’s statement offered very few initiatives to increase investment and encourage growth. This is a budget long on politics and short on economics. The measures it does introduce are borrowed—rather inexpertly—from Labor. The enrolment benchmark adjustment is Labor’s policy. The learning gateway is Labor’s policy. Medicare After Hours is Labor’s policy. Medicare Online is also Labor’s policy. The reduction in petrol excise to account for GST is Labor’s policy. The BAS simplification is Labor’s policy. The liquid assets test for over-55s that we heard the Treasurer talk about: that was a Labor policy that the government abolished when it first came in. (Time expired)

Senator GIBBS (Queensland) (7.50 p.m.)—I rise to speak on a number of matters relating to the appropriation bills before the Senate today. I am concerned that these appropriation bills—like the Howard govern-
ment’s recent budget announcement—are devoid of any real effort to address key areas of great importance not only for people in my home state of Queensland but for all Australians generally.

It must be said that the fifth Howard-Costello budget, handed down in May, has quite a few holes in it. We know that this budget has been used by the government in an attempt to buy the votes of elderly Australians, but we see little or nothing in it to help others climb out of their struggling predicament at the hands of this government’s mean and tricky policies and economic mismanagement. There is nothing in this budget for families, there is nothing in this budget for small business and there is nothing in this budget for young people—particularly those who are desperately looking for a job and want real training opportunities. This budget, like the Howard government’s vision for Australia, is much ado about nothing.

The coalition has plundered the surplus. In 1998-99 the Treasurer, Mr Costello, forecast a budget surplus for 2001-02 of $14.56 billion, yet the budget papers note that the 2001-02 budget surplus will fall to just $1.5 billion—a $13 billion turnaround. By anyone’s standards, this is a disgraceful example of the Howard government’s economic mismanagement and recklessness with Australia’s future for its own short-term gain. But, as it tries to buy its way back into office, the government has added insult to injury by wasting hundreds of millions more on political advertising and consultancies. This should have been funded by the Liberal and National parties, not the taxpayer, as noted by Mr Mark Ludlow in the Sunday Telegraph on the weekend:

The Federal Government has spent a record $1.5 billion on consultants and advertising since Prime Minister John Howard came to power five years ago. Almost $1 billion has been paid to consultants and $540 million spent advertising policies such as the unpopular GST.

That is exactly why this government have spent such an extraordinary sum of taxpayers’ money on advertising. Their unpopular policies—like the GST, like the complicated BAS, and the list goes on—are not being well received in the Australian community. So what do they do? They spend millions trying to convince us all that they are good policies, that they are not really unpopular. The fact is that the government are policy lazy. Labor have over 70 policies publicly available, and the Australian public know exactly what Kim Beazley’s plan for our country is. Yet, in contrast, the wheels of the Howard government are falling off. They offer no direction; they have no plan to lead Australia through the next decade, let alone the next 12 months. All they have to show is a tax—a huge tax that has dogged the economy and placed a heavy burden on families and small businesses. The budget demonstrates this point. To make up for their policy laziness, the coalition are spending hundreds of millions of taxpayers’ dollars on politically motivated advertising to gloss over what they seriously lack in policy direction, as reported by the Sunday Telegraph:

Advertising spending will peak this year when $20 million a month is expected to be spent by the Government trying to convince voters to give Mr Howard a third term.

... Mr Howard’s Government spent an average $327 million a year on consultants over the past three financial years and employed 12,454 consultants at a cost of $983 million.

That is $20 million a month on advertising alone. One can only imagine how many new hospital beds and important medical services could be made available if that money were
better spent. Just think how much our children in public schools or the leaders of tomorrow in our universities across this country would benefit if this money were better spent—if it were spent on the things which matter most to Australians such as health, education, and better living standards, and not on glossy television and newspaper advertisements aimed at winning their vote.

The fact is that these advertising campaigns are costing up to $500,000 a night—a frightening figure when you consider how some of our essential services have been neglected and run down by the Howard government. As Labor leader Kim Beazley has stated, it is a ‘wholesale looting of the public purse’. Labor has already provided fully costed details on how it will cut back on this wasteful advertising and funnel it into the areas which matter most to average Australians.

In simple terms, the Howard government has little to offer Australia but record taxation and record spending. The government has not been spending on the important areas like health and education, communications or regional services; it has been spending on political advertising and thousands of consultants. But why should we be surprised? ‘Tax and spend’ is, after all, the Howard way. After promising that ‘no way, never ever’ would the coalition implement the GST, we now know that the Liberal-National coalition, with the support of the Democrats here in the Senate, burdened Australia with the GST. The government has since spent hundreds of millions of dollars telling the Australian people how lucky they are to be paying this tax. Tax and spend is the Howard way.

I made mention of some key areas of concern arising out of these bills and, indeed, the government’s budget strategy as a whole. Of particular concern for people from my home state of Queensland, which these bills will do little to address, is education funding. It is evidently clear that the Howard government places a very low priority on education and education funding in this country. You only need to look at the mean and tricky policies that have been directed towards public schools by this government.

Last year the coalition provided a massive funding increase for wealthy private schools, but there was no corresponding increase for public schools. Under this government’s shameful system, schools such as King’s School—with its 15 cricket fields, 50-metre swimming pool and indoor rifle range—would receive an extra $4 million by 2004. Other wealthy category 1 schools like Geelong Grammar will receive an extra $4.3 million. There is an extra $7.8 million for Trinity Grammar, $9.2 million for Caulfield Grammar and $10.4 million for Wesley College.

In contrast, what do the thousands of kids who attend public schools get? Surely the government would recognise, as we do, that Australian children have the right to, and should be afforded, a high standard of education in public schools around the country. Unfortunately, the answer is no, it does not recognise that. The Prime Minister and his education minister, Dr Kemp, seem to think that a good education is something you can only buy at a price—and a very high price at that. When you take the fudging and fiddling out of the figures in this budget and account for the abolition of the shonky enrolment benchmark adjustment, the Howard government has provided public schools with a measly $33 million extra over four years. Disgracefully, that works out to be less than $4 per student, when category 1 private schools are receiving over $1,000 extra per student. Even at Dr Kemp’s old school, Melbourne’s Scotch College, an extra $576 per student has been allocated. Parents who send their kids to public schools must be asking: why is this so, Minister? Why are wealthy southern schools like Dr Kemp’s old school almost 150 times more deserving than public schools in Queensland and, indeed, in other states around Australia?

Unfortunately, this is the reality, but it does not have to stay this way. All Australians have the right to a quality education. As we have stated on many occasions, a Beazley Labor government will reinvest in our public schools by redirecting the money that Mr Howard and the coalition want to give to wealthy private schools. Indeed, Labor have already detailed fully costed proposals on how we will stop these increases and redirect
education funding to where it can and will achieve so much more. Labor will provide $100 million in capital improvements for public schools. That means better classrooms, libraries and laboratories for all our children. Labor will also establish 1,000 scholarships each year to attract the best and brightest students into a teaching career, and we will offer 10,000 professional development courses for existing teachers to keep them informed. We will give our kids the best chance yet to succeed, and we will work hard to close the gap between those in wealthy private schools and those in our public schools.

However, the fight does not stop there. Tertiary students and researchers in our universities have also paid a high price under this government. Since 1996, the Howard government has certainly left its mark on tertiary education in this country. The coalition has reduced government funding to universities by $3 billion, which has had a savage impact on teaching and research. At the same time, the government has tried to introduce voluntary student unionism, VSU, which would have threatened the ongoing provision of essential student services and facilities. This includes services like child care, counselling and health and recreation, to name just a few. Worse still, despite failed attempts, Minister Kemp undoubtedly still wants to introduce $100,000 degrees with full fees and real interest rate loans.

The Howard government has introduced the GST on students’ clothes, food, bills, transport and computer software. It has doubled HECS for most students and forced students to repay HECS faster by slashing the repayment threshold. Of course, the latest HECS fiasco represents only more pain for past and present university students. The one million or so Australians who currently have a HECS debt would have received their HECS information statement last week. Judging by the deluge of calls, emails and letters to my office and to the offices of many of my colleagues, most people have been shocked to find that their HECS debts have been increased by a whopping 5.3 per cent in indexation. The indexation rate is of course based on the rate of inflation, which the government says is 3.25 per cent after taking out the GST. In simple terms, this means that the GST has added around two per cent to the HECS debts of Australians. This GST spike amounts to a $120 million rip-off from students going into the government’s coffers. So much for Mr Howard’s pledge that education would be GST free!

As millions of Australians now know, this promise, like most of the government’s promises on the GST, is a hollow one. It is another GST lie that will add to the struggle of many Australians hit by the GST slug and is a clear indication that the coalition cares little about making Australia a knowledge nation, in contrast to Labor’s ambition for our country. Labor’s vision for Australia’s future is one of a knowledge nation. We will increase investment in universities and establish the University of Australia Online, providing 100,000 new tertiary education places. Labor will double the number of research fellowships, support student associations and never allow $100,000 degrees. We will stop wealthy students buying university places to jump the queue, and we will roll back the GST to make it fairer and simpler.

This contrasts with the performance of a government which has cut university and R&D funding, cut TAFE and VET funding, attacked public schools and savaged funding for regional universities by more than $200 million. What does this say about the Howard government’s record? Frankly, it is a terrible reflection on the government’s commitment to education and the priority it gives to a better future for our kids.

All Australian parents want to give their children the very best in educational opportunities available. However, the majority of parents cannot afford to send their children to private schools—nor should they have to. The realisation of the hopes and dreams we have for our children should not be confined to the rich and affluent. Yet the Howard government seeks to achieve exactly that by taking money from public schools and giving it to the ultra-rich category 1 private schools. It is perhaps the Prime Minister’s desired version of the story of Robin Hood: take from the poor and give to the rich.
It does not stop there. The government is also seeking to further the divide by increasing HECS fees and GST induced indexation hikes for university students. It has also slashed vital research funding, particularly in regional universities such as James Cook University and the University of Southern Queensland. Government measures in education must not exacerbate the class divide in our community. A good education is a universal right in this country. You only have to look at systems in places like the United States to see what a move towards a user-pays regime will result in—that is, systems where you can get the best education money can buy only if you can afford it.

In Australia, we are lucky that this system is not yet entrenched. The Howard government has nevertheless demonstrated its willingness to establish such a system here. Its attempts to introduce full up-front fees for universities and its continued push towards greater funding of wealthy private schools at the expense of public schools is irrefutable evidence of that. The Australian public, in their collective outrage, signalled their absolute opposition to the government’s plans. Despite what the government may now think, the Australian people are not so naive that they would allow the government to have another go at it. Quality education gives our kids the best chance to succeed in life, regardless of their background, and it will help build the strong and prosperous knowledge nation that we in the Labor Party seek to foster.

Senator CARR (Victoria) (8.10 p.m.)—I too wish to discuss the question of education in the debate on the Appropriation Bill (No. 1) 2001-2002, the Appropriation Bill (No. 2) 2001-2002 and the Appropriation (Parliamentary Departments) Bill (No. 1) 2001-2002. What does one do with public administrators who lose sight of their civic responsibilities? What does one do when a public institution, in defiance of its own commitments, systematically uses public assets to bolster failing private ventures? These are just a couple of the questions that have been thrown up as a result of the widespread concern over the activities of Melbourne Uni-

versity Private. That has recently attracted some attention in the media.

It is undeniable that the short-sighted and vindictive actions of Dr Kemp have caused long-term damage to our tertiary education sector. As the evidence provided by DETYA has demonstrated, the number of Australians enrolled in public tertiary education has begun to fall for the first time in a decade. This follows the six per cent real cut in funding for public expenditure on universities in the period from 1996 to 2001. It follows the rise in staff-student ratios from 16:1 in 1996 to about 18.8:1 in recent years. These are figures confirmed by DETYA officials yesterday.

This government has taken $5 billion from the research and education sectors, yet it recently announced in its so-called Innovation Statement and in Backing Australia’s Ability that it intends to replace that $5 billion with $3 billion. It is important to note that the bulk of that $3 billion will be expended at the very end of the forward estimates period. The overwhelming bulk of it occurs not before this election but after the next and the one after that. So we are looking at expenditure commitments claimed by this government to be made over the life of three parliaments.

Questions have arisen about quality assurance, the declining standards in undergraduate teaching, soft marking in pursuit of satisfying full fee paying students’ demands and the senseless neglect of regional universities. These are part of the litany of genuine complaints and grievances that have been made about this pettifogging education minister. There is national concern at some of the side effects of the universities’ rush to embrace private ventures, which has seen not just a myopic obsession with private funding but long-term damage in the sector. The overwhelming weight of the evidence that has been presented to the current Senate inquiry into higher education underscores both the extent and the gravity of the problem that our educational institutions now face. We have heard from witnesses—from vice-chancellors to members of the public—that there is deep concern in our community about the state of our universities.
The chairman of the Australian Vice-Chancellors Committee referred to the crisis within Australian universities. Grave concern has been expressed about the financial pressure facing our universities, greater than they have ever faced before. This financial pressure has led to overcrowding and allegations of a decline in standards. We have seen corners cut in quality assurance, fewer resources available to support greater student numbers, falling morale and a perceived preference for full fee paying students over HECS paying students.

The submission to the Senate inquiry from Professor John Quiggan is particularly illuminating in this regard. Professor Quiggan’s summary encapsulates the dilemmas being faced by the entire sector. The arguments he has presented to us are essentially that Australian universities are facing a crisis of resources and morale and that the damage done by cuts in public funding has been exacerbated by pressure to adopt a market style orientation of teaching and research and by pressure to adopt a managerialist style of governance within our universities. He argues that the standard of teaching has declined as a result of reduced resources and pressures to attract and retain students at all costs. The claims that market forces, such as the desire for reputation, would prevent this have of course proven to be mistaken. The commercialisation of research has been demanded by the policy makers, with no understanding of the role of the public good research and with an inadequate awareness of the financial and other dangers associated with inappropriate approaches to commercialisation itself.

The story of Melbourne University Private provides an insight into the health of our tertiary education system and assists in identifying the most effective means by which our universities can recover from the disasters that have been imposed by Dr Kemp’s policies. Unfortunately, Melbourne University is not isolated as an example. One only has to think of Unisearch Ltd—a wholly owned subsidiary of the University of New South Wales, which just a year or so ago required a $10 million bailout—or the equivalent ventures at Macquarie University, Newcastle University and the University of Western Sydney, all of which have been splattered with red ink.

The University of Melbourne is one of our oldest, wealthiest and most prestigious universities. Public facilities built up over decades of public investment, combined with the talents and the dedication of staff, have given thousands of Australians, including me, the opportunities that otherwise would not have been available to them. It has been said that where Melbourne leads, others follow. The University of Melbourne’s influence and prestige lie at the heart of the current conundrum. In the current climate, some of the universities have come to believe that reliance on public funding and adherence to public responsibility will inevitably compromise standards. One is struck by the very real suspicion that many senior administrators actually believe that there is no longer a need for commitment to the principles of public education.

The University of Melbourne has become one of the flagships in the privatised armada of Dr Kemp. He has sought to create the impression that Melbourne University Private will of course provide an alternative to public education in this country. In this, I am afraid that Dr Kemp is joined by Jeff Kennett, who praised the establishment of Melbourne University Private. At the time of its birth, it was hailed as a window to the future of tertiary education in Australia. Now what have we got? We have seen in recent times Professor Gilbert admit, and I quote from the Age of 18 May 2001, that this is ‘the most disappointing of an array of strategies’ initiated by the university.

I should be clear at this point: I am not much interested in gratuitous attacks on universities or senior administrators. We have to acknowledge that there have been enormous challenges faced by senior management within universities in recent years. We have seen various strategies being developed to protect and defend public tertiary education, which must be recognised and supported. I want to concentrate on the actions of those who have collaborated with the government in its regressive policies on education. In the course of developing what they saw as a
new, profitable, government pleasing strategy, they have instead jeopardised the reputations of a number of our leading universities. They have supervised de facto the privatisation of public assets. They have wasted public moneys on speculative commercial ventures, and at the end of the day attempts to obtain further public bailouts because of their short-sighted policies and their incompetence should not be condoned.

Melbourne University stands as a case study of what one ought not do to augment public education funding through private efforts. Its origins, I am sure senators will recall, lay in the privatisation of Melbourne’s power industry, which was supposed to provide rich pickings for training, consultancies and commercial advice. It was also said that this private centre was there to be exploited, for developments would soon blossom with the idea of the full privatisation of the public university itself. It would be a vehicle by which university administrators could free themselves of public constraints and accountabilities. It was argued that expensive awards and non-award education could be provided to select clientele drawn from the private sector and the upper echelons of government. It was argued that this would be a safety net that the university would be able to draw upon should there be further withdrawal of public support by government.

Professor Alan Gilbert, the university’s vice-chancellor and one of the most articulate advocates for this proposal, saw this as an opportunity to extract private benefit from the public profile and reputation of Melbourne University itself. He wanted to exploit Melbourne University’s brand name. Three critical issues were faced by Professor Gilbert in his attempts to pursue this objective. Firstly, he needed to find a legitimate use of the term ‘university’; secondly, he needed to be able to argue that there would be finance for such a project, that it would prove profitable to the university; and, thirdly, he needed to find a site for the new university. Professor Gilbert solved all of these problems by combining them in a grand plan, which he submitted to the education minister in Victoria, Mr Phillip Honeywood, who in a fast-tracked approval process asked few questions, sought few real explanations and provided no accountability requirements within these approval processes to demonstrate that the public assets of the university would be quarantined from loss by this speculative venture.

If you compare the 12-week process that was undertaken to provide the authorisation for the establishment of Melbourne University Private, you can see that it is in sharp contrast to the process that was undertaken for the establishment of the Australian Catholic University or the rigorous process that was imposed on this government by way of its approach to Greenwich University, which is now under some duress. We ultimately found how useless an organisation that was and how totally inappropriate an organisation of that type was to the Australian university scene. We have seen in the subsequent history of Melbourne University Private that the claims made by the university itself in its briefings and submissions to government were totally unsubstantiated.

For instance, it was said that there would be a separate parcel of investment by superannuation funds, banks and other commercial interests through the separate business vehicle—promises, of course, that have been made for a sum of $200 million. It was said that the university would commit $25 million towards the project, in parcels of $10 million and $15 million later on.

Corporate Australia voted with its feet. Not only did the university not provide the $25 million that it had argued it would from its own source but no money was found from the private sector of the $200 million that was originally identified. The university found, some eight months prior to the drafting of its submission to government, that the Boston Consulting Group had made an initial review of the private university proposal and said:

Commitment at this point in time to significant, purpose-built facilities represents a high risk... a high risk—

... to the University of Melbourne as the shape, size and form of the final schools are not clear. The sourcing of benefaction and soft equity to fund any such development will need to be pursued as an essential precursor—
I repeat: as an essential precursor—to the establishment of Melbourne University. None of those things were done. The cautions expressed by the Boston Consulting Group were not followed through. There was a sorry episode of botched planning and impossible promises. Nonetheless, the Victorian government signed up to this whole adventure.

A review committee was established that argued, in terms of academic issues, that it required Melbourne University to develop its own independent research profile and meet a number of other Australian Vice Chancellor Committee criteria. It remains a matter of credulity that the rudimentary nature of this university submission was never fulfilled. One now looks back at these matters with some disbelief that the government could have at any point accepted the commitments that had been made. Nonetheless, commitments were made and the commitments were accepted by the Kennett government in Victoria.

Private investment in Melbourne University has been conspicuous by its absence, so students have not come, investment has not come, the programs have been substantially changed and the public reputation of Melbourne University has been seriously damaged by this proposal. In recent times we have seen the various consultancy reports to the university actually raise the serious issue of the insolvency of the project itself.

By the end of 2000, Melbourne University Private was in desperate straits. Not only had its enrolment and financial projections proved wildly inaccurate; it had also lost moneys cumulatively in 1999-2000 of $3.5 million, its capital reserves barely exceeded $4 million and Professor Barry Sheehan, the Chief Executive Officer of Melbourne University Private, had foreshadowed losses of more than $7 million this year and $8 million in 2002. And there is an immediate danger of insolvency. These issues were only resolved by the forced amalgamation of Melbourne University Private with another Melbourne University private arm, Melbourne Enterprises International—a wholly owned private entity used by the university to develop international networks of language colleges and which had retained $29 million from the highly controversial 1999 float of Melbourne University IT.

This entire episode demonstrates—and if one looks at it in retrospect one can see that it does assume the proportions of a French farce—that public administrators were playing, unsuccessfully, at being businessmen and cutting corners in the process; the private sector directors of university subsidiaries were actually the ones calling for administrators to be accountable in the name of probity and public accountability, and that is an irony in itself; Professor Gilbert was making quite wild claims to the press about ‘business as usual’ at Melbourne University Private in a desperate attempt to rein in a situation that was increasingly out of control; and government staff and the students at the universities were being told nothing at all.

In recent months we have seen a whole series of conflicting legal advice commissioned by the university and various dissidents within the MEI directors, which has found that the various business plans proposed by Melbourne University Private have not been accepted within the board itself and that the claims being made cannot be sustained on any close examination. Furthermore, Melbourne University Private, so uncritically promoted by senior administrators in this country, by senior government figures—both within the Commonwealth Liberal government and within the state Liberal government—has demonstrated that they were wrong. The university is now being brought into question and, as a result, that has raised serious questions as to the appropriateness of this sort of model being pursued as an alternative education policy.

Four points need to be made about this whole exercise. Firstly, Melbourne University Private was conceived and operated as a commercial venture, which has failed. Under such circumstances, it is appropriate that the University of Melbourne should now produce a full balance sheet for its operations between 1998 and 2001, which would call into true account all the costs associated with its operations—its course development, as well as property development and the fit-outs commissioned on its behalf. It is no longer
good enough for the administration at Melbourne University to take refuge in the semantic difference between ‘public funds’ and ‘taxpayer funds’. The Victorian Auditor-General has shown that there is no such distinction: in fact all funds under the control of the university are deemed to be public assets.

Secondly—and I refer back to the Boston Consulting Group’s recent warnings about the unattainability of the revenues and gross margins that have been proposed in this venture—the current business plan proposed by the consultancy group canvassed a number of financial scenarios, all of which demonstrate the irrelevance not just of Melbourne University Private but also of the investment strategy for the new entity that is being established to try to prevent or stave off insolvency.

What is of extreme concern, though, is the number of caveats and qualifications that have been presented as part of these analyses undertaken by these financial experts. This is clearly an issue which does require considerable public debate. It ought to be the case, as the Victorian Auditor-General has recently issued similar warnings, that there be much thorough examination of the propositions entered into by universities as they seek to compensate for Dr Kemp’s policies. We clearly cannot have people essentially misusing the term ‘university’ and bringing into disrepute all universities in this country in their drive to attract private moneys in a bid to make up for what has been a disastrous policy—pursued from Canberra and directed by Canberra—which clearly undermines what we might regard properly as the civic responsibilities of our universities to ensure that all Australians have access to high quality educational services and to protect academic freedom. (Time expired)

**Senator O’BRIEN (Tasmania) (8.30 p.m.)**—I rise to speak on the Appropriation Bill (No. 1) 2001-2002 and related bills. It is certainly interesting to note that we have just been through a budget from this government. The annual budget is perhaps the most important economic, political and social document prepared and issued by the government. A budget brought down in what must be an election year is an even more important document. But if the government is in political trouble—or, in the case of the Howard government, in big political trouble—there is a temptation to abandon proper financial rigour and proper administrative process and spend large amounts of money. That is exactly what this government has been doing. In a matter of months it has committed not millions but billions of dollars.

The key feature of this last Costello budget—and I know it is something that a lot of people do laugh about and that has put some people to sleep—is that it reflects the key policy failures of the Howard government and the mounting problems for many elderly Australians that have built up as a result. This budget amounts to a concession that the previous four years of the Howard government have been policy failures. This budget is a confession that the GST has had a severe effect on older Australians, including pensioners and self-funded retirees. Many people in these two groups have received little or nothing from this government and this budget. While there has been an attempt to at least try and ease the burden imposed by the GST on the elderly, there has not been much of an attempt to help families, nor is there any joy for the small business sector. Mr Howard inflicted the GST on families and he has inflicted the GST on small business. It appears that they have received little or nothing in return. He has offered them nothing more than more GST.

In this budget the Howard government added insult to injury by giving some older Australians a one-off grant of $300 after promising $1,000 to everyone. It is interesting to note that over 730,000 Australians aged 55 and over will not be receiving the $300. Included in this group of 730,000 are people on disability support pensions, carer payment recipients and all self-funded retirees under the pension age. Self-funded retirees who have attained the pensionable age and who have a single income of more than $20,000, or a joint income of more than $32,612, will also get nothing. In addition, hundreds of thousands of people on low incomes who are under the age of 55 and who are struggling to make ends meet as a result
of the GST also get nothing except more GST.

It is clear that this government has learned nothing since the Prime Minister announced the $1,000 savings bonus. The Prime Minister promised everyone $1,000 just before the last election. That was a very public commitment. It was on national radio.

Senator Calvert—It was qualified.

Senator O’BRIEN—The fact of the matter is—

Senator Calvert—It was exactly the same as the $300.

Senator O’BRIEN—It was exactly the same as the $300, was it, Senator Calvert? That is very interesting. If it was exactly the same as the $300, then it is hard to explain why some people got fractions of the $1,000 and some people got nothing. This very public commitment was made on national radio. I do not believe that the Prime Minister would make a careless statement on national radio. There is not any doubt that the intention was to have people believe that they would receive $1,000, but many people found subsequently that they were not eligible for anything. Many others discovered that they were only entitled to a paltry amount. In fact, around 40 percent of people over 60 years of age received precisely nothing and 160,613 people received between $1 and $50. That is a long way short of $1,000. That is bad enough but, to make matters worse, the Howard government then claimed it had overpaid 1,800 people and is demanding that they repay various sums, totalling $2,308,909. That is mean and tricky in the extreme. The whole bonus payment program has turned out to be a poorly orchestrated hoax.

I want to touch on the issue of taxation. Mr Howard claims taxation reform is a central plank of his government’s policy, if not the central plank. Tax reform, frankly, has been the reason for being for this government. Before the 1996 election, Mr Howard promised the Australian people that he would not introduce any new taxes and would not increase any existing taxes. That promise, of course, was abandoned in the most spectacular style with Mr Howard’s plan to put a 10 per cent tax on just about everything. But who can forget the ‘never ever’ commitment on the GST—the GST which was tinkered with by the Democrats, but only a little. This is a tax which, far from being simple, remains complex; this is a tax which was described as fair but remains grossly unfair; and this is a tax which can only be described as regressive. It does not matter whether you are earning $1 million a week, $1 million a year or $100 a week, you still pay the same rate of tax. This is a tax which goes up and up and up, in the sense that a 10 per cent rise in prices reaps ever increasing revenue for the government. This is a tax which was always going to be a growth tax—a growth of revenue for government—from which the government, without adjusting the rate, can reap higher and higher financial returns from the public. But, of course, no-one believes the rate will remain the same. Everyone believes that the rate will go up.

But a closer look exposes a much broader and far more comprehensive breach of that initial tax promise made by Mr Howard. Let us remember that promise that he would not introduce any new taxes and he would not increase any existing taxes. Since Mr Howard won office, his government has introduced legislation for 113—yes, that is 113—new taxes and tax increases. Mr Howard was at it again as recently as last month when, on 25 May, he was on his regular spot on radio 3AW talking tax. He said:

We are not going to increase any taxes.

Obviously he was talking about his possible next term after the next election. But, by the Sunday after that, the mobile Howard government tax plan was on the move again. Mr Howard was at it again as recently as last month when, on 25 May, he was on his regular spot on radio 3AW talking tax. He said:

We are not going to increase any taxes.

Obviously he was talking about his possible next term after the next election. But, by the Sunday after that, the mobile Howard government tax plan was on the move again. Mr Howard told viewers of the Meet the Press program:

We do not intend to increase any taxes in our next term.

So it did not take long for the Prime Minister to start to step away from the absolute to a statement which allows a future Howard government, if any, to find ways to say, ‘We didn’t actually say we weren’t going to increase taxes. We just didn’t intended to increase them then but we will now.’ So be-
tween a Friday and a Sunday we had<br>Mr Howard changing from saying no tax<br>increases to having no intention to have tax<br>increases.

Unlike Mr Howard, Labor’s position on<br>tax is quite clear: we will not increase per-
sonal income tax; we will not increase capi-
tal gains tax, and I might admit that we voted<br>for a cut in the capital gains tax in 1999.

Senator Calvert interjecting—

Senator O’BRIEN—We will come to the<br>money issue, Senator Calvert, shortly. Labor<br>will also roll back the GST to make it sim-
pler and fairer, because we are about reduc-
ing, not increasing, the tax burden on Aus-
tralian families. That is what roll-back<br>means. In fact, let us face it: this government<br>has been forced to do a little rolling back<br>itself on the GST, but there is a long way to<br>go. As I referred to earlier, unlike Labor,<br>Mr Howard is leaving his options wide open<br>when it comes to further tax increases. There<br>is absolutely no guarantee that the Howard<br>government will not increase the GST tax<br>rate or extend its coverage.

Despite all the rhetoric from Mr Howard,<br>his is the biggest taxing, biggest spending<br>federal government in living history. There is<br>ample evidence for all to see on that point: a<br>massive boost in the tax burden on ordinary<br>Australians through the GST; no less than<br>113 new taxes or tax increases introduced<br>since Mr Howard took office; and a mas-
sive $20 billion—that is right, $20 billion—<br>cut from the forward estimates of budget sur-
pluses between May last year and May this<br>year. What a spending spree! One commen-
tator is reported to have said that there is no<br>question as to whether the government is<br>doing it; the only question is which wall they<br>are doing it against.

As I said earlier, there is nothing in this<br>budget to help ordinary Australian families<br>in the cities and certainly not in the country.<br>There is little relief from the GST for any-
one. In fact, if anything, this budget opens up<br>a bigger divide between the rich and the poor<br>and between the cities and the country. Un-
der Mr Howard’s government, the fortunes<br>of regional Australia continue to slide. Mr<br>Howard’s plan is to sell Telstra and its<br>intention, though it currently denies it—GST<br>style, I might say—is to sell Australia Post.<br>That will drive prospects for people living in<br>regional Australia even lower.

There is no doubt that the Howard gov-
ernment plans to sell Telstra and there is no<br>doubt about the impact that the sale would<br>have on regional telecommunications. The<br>sale of the balance of the public ownership<br>of Telstra is factored into the budget—it is<br>undeniable that that is the intention of the<br>government—and with it would go regional<br>jobs, and if it occurs regional services will<br>decline.

The reality is that some of the measures<br>that the government put into place to make<br>the bitter pill of the sale of part of Telstra<br>easier to swallow were proof of the value of<br>the public ownership of Telstra. For example,<br>in respect of Broadband e-Lab in the City of<br>Launceston, an amount of money was com-
mitted to a project which I do not have time<br>to describe at the moment. However, a sig-
nificant amount of money was committed by<br>Telstra to that project, provided it was<br>matched by the Commonwealth. I think it<br>was clear to everyone that were it not for<br>government pressure, this experiment would<br>not have been taking place in regional Aus-
tralia.

When you looked at the equation, it was<br>interesting to note that the amount of money<br>that Telstra put up had to be matched by the<br>Commonwealth for the simple reason that<br>Telstra was putting up an amount of money<br>to match the Commonwealth’s ownership of<br>Telstra, and the Commonwealth was putting<br>up an amount of money to match private<br>ownership. In other words, it was doing that<br>to say, ‘You don’t actually have to balance<br>off the private investment; we’ll cover that<br>part of the investment. You put up money to<br>cover our part of the share.’ That is what Tel-
stra did. The reality is that nothing would<br>have happened. There would have been no<br>Broadband e-Lab in Launceston if there had<br>not been part public ownership of Telstra.<br>

A majority of Telstra must remain in pub-
lic hands because only then can people living<br>outside the major population centres have<br>some confidence that they will have ongoing<br>access to modern telecommunications. As I
The Howard government has only two big ideas—and they are both very bad ones, I might say. The first was the GST and the second is the full sale of Telstra. It has managed to put the first one in place. I do not believe that it will succeed to put the second one in place. (Time expired)

Senator DENMAN (Tasmania) (8.50 p.m.)—I rise to speak on the Appropriation (Parliamentary Departments) Bill (No. 1) 2000-2001 and associated bills. In 1845, Benjamin Disraeli spoke of the rich and the poor, describing them as:

Two nations; between whom there is no discourse and no sympathy; who are as ignorant of each others habits, thoughts, and feeling, as if they were dwellers in different zones, or inhabitants of different planets ... are fed by a different food, are ordered by different manners, and are not governed by the same laws.

That quote was used in May 2001 in the St Vincent de Paul report entitled Two Australians which addressed inequality and poverty. What a tragedy that, over a century and a half later, this term is still needed.

For a while in this country, we have been sold deception. We were sold a story that unfettered markets would be in the interests of the common good. Finally, the deceptiveness of this is becoming apparent. Part of the problem has always been in the fallibility of economics as a predictive tool. Even physics is not an exact science in the true, philosophical meaning of predictive fact, yet the economists of the last 20 years have laid it down as a commandment in stone about how the future should be. Anyone who challenged their models or status was seen as a Marxist or a Luddite holding back progress.

In a recent St Vincent de Paul Society report, many of these untruths were exposed. In section 2 of its report entitled The Unconscionable Gap Between Rich and Poor, it highlighted the self-evident chaos that has resulted from the unfettered market. It states:

While GDP has grown by leaps and bounds in the last 20 years, it is patently obvious to even the most casual observer that not everyone has benefited. While the top quintile of households in the 1990s enjoyed around 50% of Australia’s gross
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weekly incomes, the bottom 20% of Australians received less than 4%.

Is it any wonder that the social problems faced by the community are increasing? The Howard government keep on having inquiries—we rarely see the results of them—yet they do little about the structural and legal inequalities of our society. They prefer to keep driving down the road as if they do not know where else to go. In some ways, it reminds me of Bryce Courtenay’s book The Power of One, which I paraphrase: they run here, they run there, because they are afraid. They are afraid of going to an election when everyone in the country wants one. That is not just my opinion.

An acquaintance of mine recently visited the northern areas of New South Wales—the towns of Tenterfield and Glen Innes. They are in trouble and they want an election, as the youth of their towns are forced away by a lack of economic critical mass. That in turn leaves the elderly more reliant on government services, as the economic and social impact of distance tyranny compounds the problems of some of the elderly in our small regional centres. I see that all the time in the area where I live—the north-west coast of Tasmania. The young are leaving the area, and the elderly are becoming more isolated, particularly from their families, and they are having to move away from their regional communities to go into care because there are not enough care places in small communities.

As Mike Steketee highlighted in the Australian of 30 May, in an aptly titled article ‘Out of work, out of hope’, the budget ignores the long-term jobless. There is no hope for the young in regional Australia, there is no hope for three generations of unemployed in the most depressed areas of Tasmania, and there is no hope and no answers from this government. Work for the Dole is not the answer. There is no point in being job ready when there are no jobs. The answer does not lie in paying people a pittance for a structural economic problem. Again, that was aptly highlighted by the St Vincent de Paul Society on page 3 of section 2 of its report. It states:

Since some of the reasons for the increasing gap are endemic, to current economic arrangements for wealth creation ... some fundamental changes are required.

Thus the myth of unemployment is exposed quite simply. It is largely not their fault; you cannot cattle prod the unemployed into non-existent work by threats of poverty when there are no jobs. The St Vincent de Paul Society report also points out:

How can 600,000 or more unemployed all find work if there are less than 100,000 real jobs available?

Yet, if you listen to this government’s social policy think tank, our country is a mess because of the poor—the ones without power or influence—and, for a tidy fee, the banks are the good guys.

Governments may not be able to control world commodity prices, currency fluctuations or GDP growth; however, the ability to redistribute the wealth and power of their own countries is still within their legitimate domain. In other words, we may have no control over the macro world we find ourselves in, but we can control the micro world and how we redistribute wealth and power. That is not to say that we have a flat earth policy as far as equality and power are concerned. Rather, we should address the ever widening gap between the haves and the have-nots, again as noted in the St Vincent de Paul Society report, which states:

... we will co-operate in developing a just and compassionate Australia.

If we as a nation were to take a small leap along that road, the children of our nation will sing our praises in a hundred years from now.

As many of you know, I live in rural Tasmania. Many rural areas have been doing it tough, in some ways as a direct result of the concentration on market fundamentals to the exclusion of social ones. Our unemployment figure is higher, our poverty is more extreme, our opportunities are shrinking, and so the list goes on. As illustrated before, we are not alone in this occurrence—many other small towns are not doing well. As a National Economics report The State of Regions 2000 highlights, the gap is not just between the rich and the poor; rather, it is reflected in, for example, ‘global Sydney’ and rural and regional areas, and it will continue to grow
unless structural reforms are made, as cited in section 2 of the St Vincent de Paul Society report.

Thus, in some ways, we find ourselves at a crossroad of how we, as people of a sovereign nation, want to structure our economy within the confines of global vagaries. Ironically, as we head for overcrowded cities where the poor and the rich become further and further separated from life’s experiences, history teaches that the greatest threat to the rich is the extreme alienation between those who have and those who have not. If we have courage as an inclusive nation, we can play our part in shaping the surroundings that we live in. Humane agency can help shape the world we live in and thus feed back into how we feel about ourselves, both as a collective and as individuals.

In the last two decades, we seem to have relinquished the belief that the market is a tool we should manipulate. Rather, we have allowed ourselves to be deluded into handing over complete servitude to it. A report titled *Hearing the Voices (Calling for Change)* put out by Anglicare Tasmania in cooperation with the Poverty Coalition and TasCOSS in January 2001 speaks of the need for concession schemes. It reminds me of rationing booklets during the war. As a recent Anzac said, there is no glory in war—they were doing a job they simply had to do. I am sure that the charity organisations would rather not have to produce reports on what amounts to war on the poor and disenfranchised. I am sure they would love to write reports on the social justice of our nation. The need for concession schemes arises as a result of an inability to pay power bills. In Tasmania—to paraphrase a line from good King Wenceslas—the winter nights are cruel and, unlike the women in the hymn, gathering fuel is not an option these days: neighbours get upset if you pinch their fence palings. If you cannot pay your power bill you cannot sit around an open oven door in sleeping bags, as some of the younger people in Tasmania do when they run out of firewood. You can always tell when you knock on the door, as you hear them bouncing up the hall in their sleeping bags, with their teeth chattering as they let you in.

**Senator Boswell interjecting—**

**Senator DENMAN—** Senator Boswell, these quotes are from this report *Hearing the Voices (Calling for Change).* If you would like to borrow it later, it is here. It is produced in Tasmania. These anecdotes are backed up by Anglicare’s report *Paying the family bills.* Page 23 of this report reads:

... the urgent need for electricity concessions to be extended equitably to all low income people. The current situation is so urgent and unsustainable that community organisations are increasingly having to use scarce emergency relief money to pay arrears, effectively subsidising electricity bills.

This situation should make all Australians feel a great sense of shame. Decent people have to swallow their pride or—as one of our past prime ministers aptly suggested in relation to another matter of individual sovereignty—doff their cap or, in a Dickens sense, ask, ‘Please, sir, can I have some more?’ Unless the inequality is adequately addressed they will have to keep on doing it, begging for help as the layers of shame after shame build up until they feel nothing at all. With no hope of getting a job, through no fault of their own, and no hope of getting out of the economic situation they find themselves in, they are becoming more and more alienated from mainstream society into—as the French Sociologist Durkheim so rightly termed it in his study on suicide over a century ago—anomie. Anyone familiar with Durkheim’s work will understand he was referring to the conflict that arises between the expectations you have been socialised to achieve and your inability to achieve them. As an aside, Durkheim was a deeply spiritual man, writing many comments on the nature of comparative religion, exploring totems in a similar way to Jung, who explored archetypes years later. One would suggest that he would not have envisaged an end to church based charity but would have realised that if the superstructures are not balanced in equitable ways we will reach a crisis in our social organisation, one of the systemic symptoms of which is an increase in suicide, particularly amongst men. Often our response has been to employ more professionals to counsel, either spiritually or psychologically, those with suicidal thoughts or to employ
pharmacological help. Both these methods have their place. The danger surely lies in the Sorbent Green response of Huxley’s *Brave New World* that seeks to medicate or pacify disquiet, rather than acknowledge the symptoms of social discord.

I noticed an article in the *Age* on Sunday about people that work in disability. I know some people that work in that field in Tasmania. Recently I heard a story from a woman who had worked 64 hours in a week. For 32 of those hours she received the sum of $80. This has to do with a thing called ‘sleep overs’. That means that they stay overnight on the premises. If you sleep as a residential carer overnight, you do not have to do anything, thus you only receive $20 for the sleep over. This practice is not just confined to disability. It ignores the fact that you are away from your home and your family and friends. It also ignores the dedication of the staff. Talking to these workers, the toll of sleep overs is certainly worth more than $20 a night. It is worth an hourly rate at normal hourly wages, as the work demands you are away from your place of residence.

On Saturday, TasCROSS released a report entitled *Dead men’s shoes*. It refers to the plight of the long-term unemployed forced to wear the shoes of people that have died. Though I congratulate TasCROSS on the direction of the report, I feel it is unfair to concentrate exclusively on our state government as the source of blame. Tasmania has a small economy and thus has less resilience in the economic gales that blow from overseas and the mainland. I am not trying to absolve my state colleagues entirely. The state government in itself can achieve an impact that cannot be denied. I am merely suggesting that without adequate federal motivation to seriously address the human tragedy of long-term unemployment—one of the real tragedies of the modern world—and without a national focus on unemployment and wealth differentials, we can achieve very little.

From that report, I just want to read very quickly a couple of interviews with people from all over Tasmania. This one comes from somebody at Georgetown:

It is really debilitating to rely on other people to get you through. I do not know what I would do without mum and dad. I just would not survive without them. I hate being called the ‘poor rellie’, I really do.

And another one from Hobart:

My girlfriend earns more than me. Centrelink benefits were reduced because my girlfriend had earned money and she had to give me an allowance.

And another:

They won’t tell you about the jobs you are applying for. I applied for a job and it turned out that I didn’t hear. I am a 16-year-old with McDonald’s. Another time I applied for a store security position and later found that they wanted a female for a lingerie department, but they would not tell me.

That was also somebody from Hobart.

**Senator McGauran**—That is not the government’s fault. You are blaming the government for that?

**Senator DENMAN**—Yes, Centrelink are responsible.

**The ACTING DEPUTY PRESIDENT** *(Senator Ferguson)—Senator McGauran, you should be sitting in your seat.*

**Senator McGauran interjecting**—

**Senator DENMAN**—No, it is a job advertised, Senator McGauran.

**Senator McGauran interjecting**—

**The ACTING DEPUTY PRESIDENT**—Senator McGauran, I’m asking you to sit in your proper seat.

**Senator McGauran interjecting**—

**Senator DENMAN**—Yes.

**Senator McGauran interjecting**—

**The ACTING DEPUTY PRESIDENT**—Order! Senator Denman, please continue.

**Senator DENMAN**—To continue:

My job network provider gave me those forms to fill in. If you were good at reading and writing it would have been okay. There was a bloke there that could do it pretty fast, but it would take me hours. You were given a stack of cards this thick. If the woman stayed with me and explained the questions, I could answer, but then she would go and I could not understand the next question. You have to be a genius to be good for that job. It is not going to get me a truck-driving job.
And that was from someone at Georgetown in Tasmania. I will leave it there, but there are a whole stack of examples in Dead Men’s Shoes by the unemployed in Tasmania.

Senator CROSSIN (Northern Territory) (9.09 p.m.)—I rise this evening to give my contribution to the appropriations debate. I will give an interpretation from the Northern Territory and describe the impact of this budget on the Northern Territory. Let me begin by saying that we all know that the Howard government has lacked any vision for Australia’s future. We would have hoped that the first budget for the new millennium would be used to present exciting ideas for Australia’s future. But this is not the case, and was never going to be the case. This is a budget framed by panic that has used the surpluses to cover up the damage done by the GST. The measures in this budget all reflect the true and growing cost of the GST and the desperation of this government to shore up support from those voters it has put offside over the last five years.

Having no vision, the Howard government has had to steal Labor’s policies. It has watered them down and then tried to pass them off as its own creative masterpiece. Let me list some of them: the removal of the enrolment benchmark adjustment; the learning gateway; Medicare After Hours; Medicare Online; the petrol excise backdown; the BAS backdown; the beer backdown; and the training credit for the unemployed—all policies which Labor has released and which are out there for comment. There are 74 of them on the web site, like sitting ducks in cyberspace, that this government wants to snatch, copy and recycle as its own.

The budget also confirms that the government is keen to copy policy initiatives of the Labor Party, as I detailed earlier, such as our plans to abolish the enrolment benchmark adjustment in the education sector. The unfair enrolment benchmark adjustment takes money away from public schools if the percentage of students attending government schools declines. The Howard government is now saying it will agree to give back the money that it was taking away from state and territory departments of education on the condition that they submit a plan to improve the teaching of sciences and information technology in government schools.

The budget also included a cheap imitation of Labor’s learning gateway unveiled in July last year. Labor’s plan is for the learning gateway to provide better access to high quality, online content to help students in Australian schools. Also in the budget papers, the government announced an increase in funding of $230 million for vocational education and training, but that is after it cut $240 million from VET over the last five years. This does not even replace what the government cut from VET in the 1996 and 1997 budgets.

The Howard government, in education, proposes to increase funding to elite category 1 private schools by an extra $105 million over the next three years. Under the government scheme, Geelong Grammar, for example, will receive an extra $4.3 million; Trinity Grammar will get an extra $7.8 million; Caulfield Grammar gets an extra $9.2 million and Wesley College gets an extra $10.4 million. Unlike this government, the Labor Party believes that there should be support for non-government schools and for parental choice in schooling. Continued government funding to private schools should be on the basis of need. Category 1 schools should not be the highest priority for extra government help. Other schools, we believe, have greater needs. Category 1 schools will continue to receive annual indexation increases in line with the average government school’s recurrent cost. And while Labor will continue to fund them at the year 2000 level, indexed for inflation, we will redirect funding from category 1 private schools to the public school
system, where it is much more urgently needed. This will free up $105 million that we will spend to improve our public schools through extra capital works and to also improve the quality of teaching in both government and non-government schools.

The Labor Party will spend half of the $105 million on improving the quality of our public schools by increasing the investment in capital works. We will fund 1,000 new teacher scholarships each year to encourage more of our best year 12 students to consider a vocation in teaching. We will also use that money to fund 10,000 extra professional development training courses for existing teachers. So unlike this government, Labor will use the money to assist public schools and to support those people at the chalkface by offering to improve their skills and knowledge base to achieve a high quality outcome for all students.

In passing, I want to comment on claims by this government that it is a low taxing government. What a myth. Since 1996 the Howard government has brought in legislation to increase taxes and to introduce new taxes 121 times—63 times in its first term. Tax cuts were supposed to sufficiently compensate Australians for the increase in the cost of living as a result of the GST. That compensation in the form of tax cuts has by no means been adequate to make up for the increase in the cost of living as a result of the introduction of the GST. In the Northern Territory, we are only too aware of the inadequacies of those tax cuts.

As the Senate well knows, Territorians did not want the GST; they voted against it at the last election. They knew what would happen. Before the introduction of the GST, Territorians were already paying some of the highest prices for goods and services in Australia. Territorians knew that a 10 per cent flat tax on their already high priced goods and services would mean that they would be paying proportionately more tax than people down south. They knew that the already high cost of living in the Northern Territory would increase further, with the token compensation afforded in no way making up for their extra costs.
The GST induced slump in the economy has hit Territory businesses particularly hard, most notably in the construction sector. Numerous building companies have gone out of business or into receivership since the introduction of the GST. While nationally there was a decline of about 40 per cent in new private sector housing, in the Northern Territory ABS figures for the March quarter show construction on private sector housing fell by a massive 80.3 per cent, the worst figures for many, many years. As predicted, the GST has also hurt the Territory’s tourism economy. Tourism figures for the March quarter show a drop of 5.5 per cent in room nights compared with the March quarter of last year.

The reality is that this budget does very little for the Northern Territory. For example, there is nothing in this budget that addresses the high cost of fuel for Territorians, the needs of our public education system, the future of the Northern Territory University, the problems faced by the Australian Defence Force personnel, the increased costs of running a small business under the new tax system, the need for additional CDEP places in the bush, the need for better roads for the Territory and the need for more aged care facilities.

The Northern Territory is facing an immense crisis in the aged care area. We have families that have to drive their ageing parents over 5,000 kilometres to Perth to find them an aged care bed, yet where was the help in this budget for those families? Where was the capital works funding to ensure that allocated beds are taken up by service providers? The Northern Territory already has a waiting list for aged care beds which is nearly double that of the rest of the country. While the national average waiting time for an aged care nursing bed is 35 days, in the Northern Territory it is a staggering 104 days. We have since been told there is no guarantee that the Territory will receive any additional capital works funding in the next 12 months. Well, that is not good enough. Territorians need that funding now.

There is another good reason why older Territorians are cranky with the Howard government. They remember the Prime Minister telling them on numerous occasions during the GST campaign that everyone over the age of 60 would get a $1,000 saving rebate—everyone. Now he wants older Australians to be happy if they are lucky enough to get a $300 payment.

For indigenous Territorians, there was nothing in this budget to get excited about. No additional funding was allocated to indigenous youth programs, or to land or heritage management. It was very disappointing to note that there was also no significant funding for indigenous sport in this year’s program. Out of an allocation of $161 million over four years for a more active Australia, only $1.5 million has been allocated for indigenous sports programs. The Territory’s indigenous communities are crying out for funding for organised sporting and recreational programs. Sporting programs for indigenous youth would help reduce antisocial behaviour in communities, at a time when much attention is being paid to problems such as suicide of indigenous youth, petrol sniffing and alcohol abuse—which lead, of course, to the national cry of ‘mandatory sentencing’. Much of this antisocial behaviour has boredom as a central component. I am continuously being told that a whole range of antisocial behaviours is dramatically reduced when sporting programs are in operation. The suicide rates, petrol sniffing and alcohol abuse all drop considerably when people have other things to do with their time. Funding for indigenous sports programs, therefore, should be seen as a preventative health community development measure, not simply a sports activity—but it is a measure that this government has chosen to ignore in this budget.

Another area I want to mention tonight is the problems faced by our Australian Defence Force members in the Territory. As we know, a large proportion of our ADF capacity is now based in the Territory, with the Air Force in Tindall and the naval base in Darwin. We have about 30 different ADF units covering all three services. Members of the ADF and their families are valued members of the Territory community. When this government came to office, the ADF had about 58,000 full-time members. Under the De-
fence Force reform program, the government intended to run down the ADF to about 42,500. However, after East Timor, the government signed off on 55,000 full-time personnel. We know that the ADF is finding it difficult to recruit and maintain the personnel necessary to reach that figure. During 1999 and 2000, the ADF recruited 4,043 members, but in the same year 6,467 members left. That highlights the crisis facing our Australian Defence Force.

And it is no secret that our ADF is suffering from very low morale. The Defence Force community does not believe that it has been treated fairly by this government. The Howard government must deal with the issues affecting ADF personnel if it is to retain and attract the personnel necessary for Australia’s defence needs. Look at the issue of fringe benefits tax and the remote locality leave travel allowance. While the government backed down on most of the FBT changes, it has not resolved the remote locality leave travel allowance—and this is unfair. Given the nature of service in the ADF, many ADF members are separated from their families for lengthy periods of time.

Many members cannot afford to pay the difference between the remote locality leave travel entitlement and the cost of airfares to destinations such as Melbourne or Sydney, meaning that visits to their families become less regular or the ADF member decides to leave the Defence Force altogether. And why shouldn’t they? Until this federal government chooses to deal with the concerns affecting ADF personnel if it is to retain and attract the personnel necessary for Australia’s defence needs. Look at the issue of fringe benefits tax and the remote locality leave travel allowance—and this is unfair. Given the nature of service in the ADF, many ADF members are separated from their families for lengthy periods of time.

Over the coming months, we in the Labor Party will continually remind the people in Solomon of that statement. We will make sure that they are aware that, if they vote for David Tollner, they will be sending a man to Canberra who wants to increase the GST compliance and wants to make their cost of living even more difficult than it is now. Come election time, I feel very confident in the fact that Territorians will not vote for this person and will not re-elect this government—because this is a government that has ignored the concerns of Territorians over the last five years.

Senator MACKAY (Tasmania) (9.29 p.m.)—Tonight I would have liked to talk about all the initiatives for regional Australia that are in the budget. I would have liked to talk about the millions of dollars that are being spent on regional Australians and the
huge number of initiatives for regional Australians that are in the budget. Unfortunately, there is nothing to talk about. In fact, it was confirmed at estimates by officers from the Department of Transport and Regional Services, particularly the regional services division, that there were no new initiatives in regional services in this budget. At the time a number of us wondered why that was so—because this is a pre-election budget. It occurred to me that perhaps there might be an announcement or a package in relation to regional Australia—and, lo and behold, we had statements by Minister Anderson at the New South Wales National Party conference about a billion dollars worth of funding for a package for regional Australia.

I noticed Minister Anderson was asked today in the other place where the billion dollars was going to come from and was unable to indicate where the money was going to come from. So I guess we wait and we live in hope. Secondly, I noticed in the papers today that Minister Anderson had a bit of torrid time attempting to get key elements of the regional package through cabinet. Mr Costello's attitude towards those people who live in regional Australia comes as no surprise to those of us in regional Australia—and I include senators opposite who come from regional Australia.

People in regional Australia have quite a wry wit. Once when I was in northern New South Wales walking down the street with Senator Forshaw, somebody who recognised Senator Forshaw came rushing up to me. Senator Forshaw introduced me to them.

Senator Boswell interjecting—

Senator MACKAY—It was Senator Forshaw's duty electorate. The person said to me, 'I hope you have not brought that Peter Costello with you.' I said, 'Well, no, we have not.' I cannot actually say what the person said. Suffice it to say that the way in which he described Mr Peter Costello was a play on the term the 'bush Tucker man', and he was extremely relieved that we had not brought Mr Peter Costello with us. That is what Peter Costello thinks of regional Australia.

There is not much to talk about, so I thought I would talk instead about Senate estimates. I thought I would talk about the cult following that I understand the Regional Services, Territories and Local Government estimates have got from some people around this place—particularly the clerks. I thought I would take the opportunity to take the Senate on a journey with Senator Ian Macdonald through estimates.

Opposition senators—No!

Senator MACKAY—Yes. I am sorry, colleagues, but I believe this has to go on the public record. If I have time, which I do not think I have but will over the next few days—

Senator Crossin interjecting—

Senator MACKAY—Nobody expected the Spanish inquisition when they came to this debate. In the next couple of days I will be able to describe the process by which we managed to get Senator Ian Macdonald to honour a commitment that the government gave that the estimates would go on. But that is another story. I will give an edited list of highlights of the experience of being in Senate estimates with Senator Ian Macdonald. I have to say that Senator Ian Macdonald has a reputation for probably being the rudest minister in the government, closely followed by Senator Alston—but at least you can have a bit of a laugh with Senator Alston, despite his being mentioned at great length in the Shane Stone memo. I understand that the term 'doing an Alston' is very close to becoming as much a part of the vernacular as 'never, ever GST' and 'core and non-core promises'.

Senator Macdonald treats estimates with absolute contempt. Along with most of my colleagues, I have been to virtually every Senate estimates committee with every minister and have had no problems at all, except with him. I suspect that we are not the only people who have problems; there are a number of people on the other side who have problems with him as well. I believe that contributes to the fact that he is facetiously known around the chamber, particularly on the other side, as the 'popular minister for regional services'. That is a bit akin to Australians with red hair being called 'Bluey'. Senator Kemp, who is quite amusing—he is
a bit underestimated—makes a great play of talking about ‘the popular minister for regional services’.

Before I get into the substance, I would like to relate an anecdote about Senate estimates that unfortunately did not appear in the Hansard. At one stage in the very tortuous rural and regional Senate estimates, Senator Macdonald moved all of his public servants from one side of the table to the other side of the table—from one side of him to the other side of him. A number of us who were sitting there—Senator O’Brien might have been there—were thinking: ‘Why on earth would anybody want to do that?’ But that sort of aberrant behaviour is pretty much par for the course. We scratched our heads a bit, we did not worry about it, and off we went.

When we resumed on Tuesday of last week, Senator Macdonald made a statement to the estimates committee that he was concerned that Labor Party staffers were sitting close to him, listening to his conversations between his public servants and himself, and that, if members of the committee were aware of any Labor Party staffers, they should be moved. This caused great consternation to my staffer, who fortunately was sitting right up the back, at the other side. I thought this was very strange behaviour, and one may be entitled to regard it as a touch paranoid—just a touch!

Senator Crossin interjecting—

Senator MACKAY—Just slightly—that is right. Let me now take the Senate on a journey through estimates with Senator Ian Macdonald. We start off with a series of questions that the opposition wished to ask in relation to floods. The floods programs, which I know Senator Boswell is very much aware of, are jointly administered between AFFA and the Department of Transport and Regional Services. It is in the AFFA PBS; it is also in the regional services PBS. We organised, with the permission of the committee, to have an officer from AFFA there when we were questioning them in relation to the flood packages. I think the officer was Dr Samson. I will read the following interchange. Dr Samson did the right thing: he gave up his evening to come along to assist the committee in relation to a series of questions on floods. I will read from the Hansard:

Senator MACKAY—I have a number of questions in relation to floods. I wonder if the appropriate AFFA officer could come to the table. Thank you, Dr Samson—Bear in mind that this had already been cleared with the committee, et cetera:

Senator Ian Macdonald—Is this regional services estimates or AFFA estimates?

The Acting Chair was Senator Ferris:

ACTING CHAIR—Regional services, I am informed.

Senator Ian Macdonald—Who is the minister for regional services?

He thundered. I suspect he actually meant, ‘Who is the minister for AFFA?’ Anyway, he goes on:

What are AFFA people doing here?

Senator MACKAY—being reasonable as always—

A number of the programs are joint. Senator Ian Macdonald—No disrespect to the officer, with whom I would love to spend some hours. Poor officer, I say. It went on:

ACTING CHAIR—I am informed, Minister, that this particular program for question is administered under a dual arrangement between AFFA and regional services. That is quite right. It went on:

Senator Ian Macdonald—if it is a justice portfolio, you ask the justice minister; if it is a regional services portfolio you ask this minister.

Senator O’Brien—The answers were not able to be extended into this area’s portfolio. It is a matter of having the ability to answer the questions together, I would have thought.

He was pithy as always. It went on:

Senator Ian Macdonald—if it is a justice portfolio, you ask the justice minister; if it is a regional services portfolio you ask this minister.

Senator O’Brien—The committee has agreed with it.

Senator Ian Macdonald—you just do not bring estimates committee witnesses from wherever you feel like bringing them.
Senator O'BRIEN—My understanding is that the committee has agreed with it.

Senator Ian Macdonald—somewhat redundantly—

Your understanding is that the committee has agreed to it?

Senator O'BRIEN—Yes.

Senator Ian Macdonald—Well, has anybody told me about it?

Senator MACKAY—It is not our job.

I read that for a reason. Dr Samson, who was sitting at the front of the estimates table, was sent to the back of the room by Senator Ian Macdonald. I want to apologise on behalf of the Senate to Dr Samson. I intend to send him a copy of this *Hansard*. It was easily one of the most embarrassing things I have ever seen, and I have to say that, as committee members, we were all totally mortified. Poor Dr Samson went bright red and slunk to the back of the estimates, having given up his evening to come and help us. And there are heaps of other examples.

One feature of this budget was that $9 million was taken out of rural transaction centres and put into the government's response to the Besley report.

Opposition senators interjecting—

Senator MACKAY—Yes, that is right.

That struck me at the time as a bit odd, so in Senate estimates I followed a line of questioning to find out whether this was in conformity with rural transaction centre guidelines. We asked the department whether this was in conformity and so on. Senator Macdonald jumped to the defence of the government in terms of the $9 million that had been nicked from RTCs by Minister Alston and given to his department for Besley. The *Hansard* says:

Senator Ian Macdonald—I will do better than that—

he meant he would do better than explain it to me—

I will refer you to the Telstra (Further Dilution of Public Ownership) Act 1999, which you voted against.

It is quite right that we did vote against it. It goes on:

Senator MACKAY—Yes.

Senator Ian Macdonald—it is the one setting up rural transaction centres. It has all the details in there as to what the money can and cannot be used for. I will refer you to section 48.

Senator MACKAY—What does section 48 say?

Gracious as ever, Senator Macdonald said:

You can read it, Senator. I am not here, and neither is this estimates, to read out to you bits of acts.

I actually went to the section of the act the minister referred me to, which he would not read out. This was supposed to be the section of the act on rural transaction centres. It says:

After subsection 36(3) Insert:

(3A) However, the rule in subsection (3) does not prevent the members of the Board from appointing another person or firm to be an additional auditor of Telstra.

Senator MACKAY—What does section 48 say?

Senator Conroy interjecting—

Senator MACKAY—I note the presence of my colleague Senator Conroy. I asked another question of Senator Ian Macdonald:

Senator MACKAY—Has the government considered a regional banking policy yet?

Senator Ian Macdonald—What do you mean by ‘a regional banking policy’?

Senator MACKAY—A banking policy for regions.

Senator Macdonald was clearly taken aback by the conciseness of my response.

Senator Conroy—By the tricky question you had asked him.

Senator MACKAY—That is right. He said:

We consider all sorts of policies all of the time, Senator.

I also asked a number of questions in relation to enterprise zones. I note that Senator Boswell is here. I know he is interested in enterprise zones. We were pretty keen to find out whether the government was interested in enterprise zones. Certainly we think it is a
good concept. The report *Enterprise zones* is an excellent report. I am sure many people here have read it. It was prepared by the Australian Chamber of Commerce and Industry and the New South Wales Local Government and Shires Association. It got a great deal of media attention at the time. I understand the National Party are seriously considering it, and that is terrific. In relation to this report, which got huge media coverage at the time, Senator Ian Macdonald said:

Senator Ian Macdonald—Which report is this?

Senator MACKAY—The one on enterprise zones.

Senator Ian Macdonald—Has that been identified before, or have I missed it? Who is the author of the report, and what is the name of the report?

Senator MACKAY—Enterprise zones.

Senator Ian Macdonald—By?

Senator MACKAY—The Institute of Chartered Accountants and the Local Government and Shires Association of New South Wales.

Senator Ian Macdonald—Oh, that one!

That was the extent of Senator Macdonald’s interest and understanding in relation to that. Now I come to the issue of a certain trip to Christmas Island—

Senator Crossin interjecting—

Senator MACKAY—I note the presence of my colleague Senator Crossin. Let me reiterate what happened. Senator Macdonald offered the CLP candidate for Lingiari, Mr Ron Kelly, a trip up to Christmas Island and the Cocos Islands with Senator Tambling on a RAAF flight in May 2001. This caused a bit of consternation. The addition of Mr Kelly to Senator Macdonald’s entourage caused an additional trip between the Cocos Islands and Christmas Island, because a RAAF staffer had to remain behind on the Cocos Islands while the entourage flew to Christmas Island. The plane then had to go back to the Cocos Islands to pick up the staff member and take him to Christmas Island. The RAAF flights are costed at approximately $3,000 per hour, so the cost to the taxpayer of this extra leg—giving Ron Kelly a bit of a leg-up in Lingiari—was in the vicinity of $12,000, and the whole trip has been estimated conservatively at about $20,000. We thought we would ask Senator Macdonald what happened in relation to this trip. The *Hansard* says:

Senator MACKAY—I will cut to the chase here, Minister. The only one I had really went to territories. It was unclear to me how many times you had actually been to the Christmas and Cocos Island. Do you know how many times you have been in the last three years?

Senator Ian Macdonald—In the last three years?

Senator MACKAY—Since you have been a minister.

Senator Ian Macdonald—No, many times, Senator.

Senator MACKAY—In the last three years how many times have you been to Christmas and Cocos Island?

Senator Ian Macdonald—Four or five or six.

Senator Ian Macdonald could not even remember how many times he had been to Christmas Island.

Senator Conroy—It was late at night; be fair.

Senator MACKAY—It was after lunch, actually. I asked Senator Macdonald whether he had seen Mr Ron Kelly wandering around, given that he had got a lift with him and so on. I am advised by my colleague Senator Crossin that the plane lands on West Island in the Cocos Islands, which has a population of around 50. I continue to quote the *Hansard*:

Senator Ian Macdonald—... If you knew Cocos Island, you would understand it is a very small place.

He is probably right there. It continues:

Senator MACKAY—If it is very small, did you happen to see Mr Kelly wandering around in any of the meetings?

Senator Ian Macdonald—... If you knew Cocos Island, you would understand it is a very small place.

Senator MACKAY—I am sure I saw him a number of times.

Senator MACKAY—Did you see him on five, six or seven occasions?

Senator Ian Macdonald—Senator, I was not looking out for him.

Senator MACKAY—Weren’t you? But Cocos is very small. It would be hard to miss one person, wouldn’t it—particularly West Island, which is where the plane landed. It continues:
Senator Ian Macdonald—If you are looking out for someone, but I cannot tell you how many times I saw Senator Tambling either.

Senator MACKAY—You saw him on the plane.

Senator Ian Macdonald—Yes, I certainly did, but I cannot tell you how many times I saw Senator Tambling, because I do not go around—

Senator MACKAY—You do not notice who is travelling with you?

This is absolutely bizarre. It went on and on. We then asked a question about the national competition policy. It is probably the last anecdote I am going to be able to tell. This minister gave a speech to the LGAQ at the Gold Coast on 30 August last year, in which he indicated in response to a question on national competition policy from a councillor from Mount Isa, inter alia:

... there are also exceptions to National Competition Policy ... which you’d be aware of. There can be applications made to be exemptified—

I think he means ‘exempted’. It continues:

There are in fact, in place already a number of avenues where Local Governments can avoid this ... But can work within the rule books to overcome some of the more draconian impacts of the National Competition Policy. So we’ll continue to do that ... I do also support as a general policy, National Competition Policy.

I then asked the minister what the avenues were, and he had to take it on notice. He did not know what the answers were.

Finally, Senator Macdonald in the Senate yesterday indicated that I asked a very stupid question at estimates. He said that I had asked how much flood recovery money had gone to Minister Anderson’s seat and Mr St Clair’s seat. Senator Macdonald then went on to say that the bureaucrat was very embarrassed and said something like, ‘Well, it’s where the floods were.’ I never asked that question. That is the reality. The question we asked was about the interstate distribution of flood relief.

In conclusion, it is no wonder that, when the Prime Minister was trawling around the Queensland Liberal Party, trying to find somebody good enough to put in cabinet, he overlooked poor old Senator Macdonald. The second most disappointed person in Australia was me. The Labor Party would have been absolutely delighted to have a minister of this level of competence in a coalition cabinet. I urge you, Senator Boswell, to try and get the Prime Minister to reconsider this decision and to give Minister Macdonald the leg-up that he deserves.

Senator COONAN (New South Wales) (9.49 p.m.)—I rise to speak on the Appropriation Bill (No. 1) 2001-2002 and related bills. The Howard government’s budget delivered in May is the result of five years of this government’s responsible economic management. It is a budget that builds a stronger Australia. It begins the largest defence modernisation and upgrade program in more than 25 years, which is long overdue, it strengthens our borders in the fight against plant and animal disease and it overhauls the operation of our social welfare system, also long overdue. It invests in our health system, in our natural environment and in our most important resource of all, our people. One of the budget’s greatest features is the measures to benefit older Australians, the people who have contributed over time to the many benefits that every Australian today enjoys. Sixty billion dollars worth of Labor’s $80 billion legacy of debt has been repaid, and this has created interest repayment savings of more than $4 billion a year. This is a very significant achievement and one which has become the hallmark of the responsible financial management of this government.

Tonight, I would like to focus attention on a successful initiative which will continue to be funded in the Howard government’s fifth budget, and that is diversionary schemes put in place in the Northern Territory designed to steer young people away from crime. The issue of diversionary schemes came to the fore during the deliberations about mandatory sentencing laws in the Northern Territory and in Western Australia. It stands to reason that mandatory sentencing has the potential for very disproportionate outcomes for offenders. While there may be some instances where very trivial cases may have been inappropriately punished, evidence given to last year’s Senate inquiry showed the contrary in many of the cases that came before the Western Australian and Northern Territory courts.
The evidence showed that a first time offender in the Northern Territory is charged with an average of five property offences, and a second time offender on a sentencing occasion is charged with an average of eight property offences. It may happen, albeit perhaps rarely, that someone who appears to be charged with something very trivial has no other antecedents in their background and is really a genuine first time offender.

The human face of mandatory sentencing came to the fore following the much publicised and tragic death of the young Aboriginal Johnno in the Don Dale Detention Centre. While this young boy was in the Don Dale Detention Centre, he found himself alone and without any family support at all. He was an orphan, and any connection he had to anyone close to him had evaporated with the death of an aunt at the time the boy was in the centre. Something to note, however, is that the community in which this boy lived had preferred the charges against him, and he in fact had a number of charges against him at the time he was sentenced. There was a report that the boy was a repeat offender, having had some 20 or more brushes with the law at the time of the sentencing. The saddest thing of all is that the record shows that, when the magistrate was about to sentence Johnno, he asked whether there was anyone who could vouch for the boy’s character or anyone into whose care the boy could be committed, and there was no-one. This boy was about as alone as you could be.

A diversionary program for such an individual would be very difficult to put in place, but what is a community to do with an habitual offender who is really not much older than a boy? At the time there was a lot of criticism about mandatory sentencing and precious little about how there could be better programs and better ways to stop kids getting on the treadmill that would lead to life of crime and a life in jail. It is a very serious issue. What are other citizens and communities to do if they have someone running amok in their community? What are the alternatives? The government’s response at the height of the mandatory sentencing debate was to promptly assess diversionary programs, properly resource them and look at models that might be more effective in dealing with this very difficult problem.

We cannot afford to have a poverty of ideas in dealing with indigenous issues such as the impact of mandatory sentencing laws, in particular in the Northern Territory. We should not discount for one moment the ability of indigenous communities to identify their own problems and come up with their own solutions if given the right assistance. Diversionary programs are right at the coal-face of juvenile justice systems in most rehabilitative models, and it is important that these diversionary programs be put in place and that they be allowed to both develop and prosper. They play a very important role in ensuring that young offenders do not get irrevocably locked into the court system and that better options can be canvassed on their behalf.

The Commonwealth last year provided $20 million over four years to the Northern Territory to divert juveniles from the criminal justice system and to jointly fund an Aboriginal interpreter service. Both aspects of the program are having a marked impact on young people apprehended for offending and on Aboriginal people’s contact with legal and health services. This is an example of the dedicated effort towards enhancing and improving the scope and outcome of diversionary programs, particularly in the Northern Territory. During consideration of the Human Rights (Mandatory Sentencing of Juvenile Offenders) Bill 1999 in the Senate last year, I acknowledged that, while a repeal of all legislation imposing mandatory sentencing on juveniles and young adults may have been an optimal outcome, more constructive and sustainable outcomes would be achieved by collaborative effort between state, territory and Commonwealth governments towards diverting young offenders away from the system. Indeed, that collaboration bore fruit.

However, getting diversionary programs up and running does pose unique problems in the Northern Territory. There are distinct differences between putting in place a diversionary program in the Northern Territory and putting one in place in the suburbs of
Sydney, Melbourne or Brisbane. The Northern Territory has very scattered populations, and by their nature indigenous communities are themselves scattered. Therefore, it is often difficult to have a diversionary program that is actually going to work to the benefit of a young offender and to the benefit of a community. The difficulties of designing appropriate diversionary programs are magnified, as one size simply does not fit all. The programs can be implemented only if there are trained counsellors who go out to the communities, make the assessments and work through a problem with community leaders to find a model that actually works and will receive community acceptance.

A lot of problems of course are with indigenous young people, and some of the crime being dealt with is against other indigenous persons. Logically enough, each program has to be individually tailored to meet the needs of those people in remote communities, including available facilities and the social dynamics of each community. Such programs can only succeed if there is community support. It is important to involve those communities in the delivery of programs to ensure ownership and acceptance of the government’s efforts, and that communities be assisted to develop self-generated initiatives to deal with indigenous juvenile offenders.

Obviously these programs have the potential to meet the needs of young offenders, their communities and the victims. They need to be properly resourced and developed. During the mandatory sentencing inquiry in the Northern Territory, for instance, the Senate Legal and Constitutional References Committee was told about programs run by indigenous elders who took their young folk out of harm’s way into the bush and taught them both life skills and Aboriginal skills. For seven years, the Walpiri elder Mr Johnny Miller had provided a desert camp or clinic to wean petrol sniffers off their dreadful addiction. That is of course all about connection with culture, pride in who you are and self-respect.

The additional challenge is to break the cycle of idleness through lack of education, employment opportunities and initiative. The challenge provides the potential for partnerships to be forged between government, the private sector and Aboriginal communities to identify and address these problems. These discussions are the genesis of the undeniably successful diversionary programs this government put in place last year in collaboration with the Northern Territory government. Indeed, the Western Australian and Northern Territory governments should be further encouraged to build on these approaches to sentencing and diversion and to consider other models of rehabilitative justice for juveniles that will both meet the community need for and expectation of deterrence.

During consideration of the mandatory sentencing laws, the government senators’ dissenting report recommended diversionary programs be expanded to extend to 17-year-olds and multiple offenders. Concerns raised by members and senators about the impact on juveniles of the Northern Territory’s mandatory sentencing laws were an important factor leading to the decision by the Commonwealth to establish the juvenile detention program in conjunction with the Northern Territory government.

I am pleased to advise the Senate tonight that the early figures available appear to be very encouraging indeed. During the first nine months of the agreement, until 31 May this year, 1,059 cases, or 81 per cent, that came to the attention of the police were offered diversion and 1,043 cases actually undertook diversion—that is 80 per cent. Of the total of 1,059 cases, 56 per cent were in fact indigenous cases and 80 per cent of those were offered diversion; 572 cases—or 44 per cent—were non-indigenous cases, of which 83 per cent were offered diversion; 20 per cent of total cases were minor offences and were dealt with mainly by way of verbal or written warnings; 77 per cent of total cases were offered diversion at police discretion because they were much more serious offences; nearly 300 of total cases were dealt with by family conference or formal caution; and 57 undertook what has really come to be regarded as a very successful way to deal with these sort of offences, and that is victim-offender conferences.
Ninety-two registered programs have now been approved by the police as suitable for diversion and 100 organisations, committees and groups have been briefed or consulted by the Northern Territory police on this scheme. Training for police is already well under way, and last week I attended a briefing by some officers from the Northern Territory on their progress. Training is being conducted in victim-offender conferencing and in general diversion.

The Aboriginal Interpreter Service is another very good news story. It is an example of the success of the package implemented by this government. The service celebrated its first anniversary in April, and by 31 March 2001 it had 176 interpreters covering 104 languages on its register—an excellent achievement in such a short time frame. The service has completed more than 1,000 referrals. On-site interpreter services have been introduced at the Royal Darwin Hospital to assist patients to communicate with their carers and an office has been established in Darwin to service clients in the Top End and another in Alice Springs to cover the Central Australia region.

So far, 142 aboriginal interpreters have undertaken training and 181 clients of the Australian Interpreter Service have been trained in effective use of interpreters. These clients include members of the judiciary, police, health professionals, lawyers and legal staff—it is a very comprehensive approach. The AIS has to accommodate significant cultural issues, such as the inability of some Aboriginal people to communicate with other members of their clan or skin group. In criminal cases, the AIS must obtain details about the victim, the alleged perpetrator, their families and the circumstances of the offence and then—with due regard for confidentiality—progressively disclose those to a prospective interpreter before assigning the job. This is a very delicate balance.

So how does this scheme actually work? The agreement between the Commonwealth and the Northern Territory, signed on 27 July 2000 and which came into effect on 21 September 2000, has two tracks: it needs to divert juveniles away from the criminal justice system and it seeks to alleviate the language barriers faced by Aboriginal people who encounter the criminal justice system. Police in the Northern Territory are required to divert a juvenile who has committed a minor offence—they are actually required to divert a minor offender—and they have a discretion to provide diversion for a juvenile who has committed a more serious offence, such as unlawful entry.

Use of the courts is deemed appropriate only when the offence committed is of a more serious nature or when other options have simply failed to prevent reoffending. The principles of the scheme are: to treat young people fairly, to take into account the views of victims, to reduce youth crime, to support and involve victims in the process, to encourage parental responsibility, to foster closer police and community interaction, and to foster positive social change. The diversion scheme provides different levels of response, including verbal or written warnings, formal cautions and formal programs—such as family conferencing, substance and drug abuse programs and community based diversionary programs. It is a consensual process between the police and the offender and, if applicable, the offender’s parents or guardians.

A juvenile can be given multiple warnings, cautions and diversions. A verbal or written warning is only appropriate when the offence is really trivial. If repeated verbal or written warnings are unsuccessful, a formal caution can be issued, with conditions if considered appropriate. Conditions can include, but are not limited to, working for the victim, restoration of damage, a written or verbal apology to the victim, restitution in whole or in part, an agreement not to associate with certain peers, an agreement to dispose of certain possessions, imposition of a curfew or imposition of family agreed conditions.

Consultation with key and relevant people within the communities, particularly Aboriginal people, is imperative in the development and operation of the community based and driven diversionary programs for juveniles. Juvenile diversion units provide the necessary expertise and support to police throughout the Northern Territory, particularly to remote police stations. Aboriginal
community police officers within remote communities are utilised by these units to identify and supervise diversionary programs that suit both the individual and the community.

And the program is well funded. In the first year of the agreement, specific allocations are: $2.489 million to the Northern Territory police to set up the units and to conduct family conferencing and other diversionary measures; $1.338 million to design and purchase community based diversion programs; another half a million or so to cover 50 per cent of the recurrent costs of the Aboriginal Interpreter Service, including annual training; $250,000 for extra training of interpreters; and $400,000 for direct funding to the Northern Territory Aboriginal Legal Service to purchase interpreter services. Payment to the Northern Territory from 1 September 2000 to 30 April 2001 amounts to more than $2.3 million out of the $5 million allocated for the year to August 2001, $1.7 million has gone towards the juvenile pre court diversion scheme, and $0.6 million has gone to the Aboriginal Interpreter Service.

Of course, this is in addition to other government initiatives to deal with juvenile offenders Australia wide. The government recognises that dealing with juvenile offenders requires a variety of programs to support, rehabilitate and educate, as well as to deter, punish and meet community expectations for punishment. For this reason, the government funds a number of other programs which help to tackle juvenile crime in this way. For example, there is Commonwealth funding for programs aimed at preventing juveniles reoffending. These programs aim to reduce the marginalisation of young offenders from mainstream employment.

The Job Placement Education and Training Program, which is also an early intervention program, is designed to assist disadvantaged young people to overcome barriers which prevent them from getting jobs. The National Suicide Prevention Strategy maintains a significant focus on youth while expanding suicide prevention activity across the general population to include other age groups and those identified as being at high risk, such as those in rural and indigenous communities, older people, those with a mental illness, those with substance abuse problems and prisoners. The Young Offenders Pilot Program provides for intensive coordinated assistance for young offenders as they prepare to reintegrate into the community. National Crime Prevention Strategies for Young People assist young people by increasing awareness of underlying factors that affect youth crime. National Crime Prevention focuses on family and youth support through community education, skills development and models of integrated service delivery within local community settings. In addition, other national initiatives on priority areas such as fear of crime and motor vehicle theft have incorporated other initiatives. These are really just a few examples of the positive initiatives this government has funded through budget surpluses that are the result of sound economic management.

Aboriginal people need the usual things that every other Australian needs and expects. I do not mean to devalue them by listing them quickly. They include good health care, education, housing, employment and access to justice. In effect, it is the chance to live a full life and have hope for the future. In the coming financial year this government will demonstrate its ongoing commitment to reconciliation and reducing indigenous disadvantage with a boost to spending of more than $327 million for indigenous affairs.

In drafting the budget, the government has listened to the groundswell of opinion, including the views of some prominent indigenous leaders. They said dependency is continuing to have a devastating effect on indigenous communities. Breaking the cycle of welfare dependency and increasing self-reliance is a key aim of the budget with new initiatives in the key areas of housing, education and employment. I commend the bills.
their hearts. I take the opportunity of congratulating Senator Coonan on her sensitive, constructive and perceptive treatment of the issue that she discussed. I am especially pleased to be able to draw to a close the appropriation bills discussion this evening.

Given that it is the Centenary of our Federation, chances are that this is in fact the 100th budget that this federal parliament has dealt with, albeit undoubtedly there have been a few mini budgets along the way and supplementary statements. Since that time, lots of things have happened, but it is good to see that we are starting the next century of fiscal management in this country on a sound footing. We did not finish the last century very well. Indeed, we had government debt and fiscal irresponsibility from a previous government. We have set about rectifying that. This budget has $1.5 billion in surplus, which is the fifth consecutive cash surplus. We have been able to reduce the net debt position of the Commonwealth government from about $80 billion down to about $37.7 billion. That is a significant improvement which means that, instead of wasting money on interest payments, we are able to spend more money on the sorts of services that Senator Coonan referred to and on some of the very exciting programs that we are developing for regional Australia.

As part of this budget strategy, we are often accused of being concerned about surpluses and finances. But the reason we are concerned about surpluses, finances and balancing the budget is all about intergenerational responsibility: it is to ensure that the next generation of Australians do not have to pay for the profligacy of previous governments. Indeed, it is interesting to note that the former Labor government, with Mr Beazley as finance minister, wanted to talk the talk of michelles. During the 1996 election they told the people of Australia that they were running a surplus. The reason they told the Australian people that was that they knew a surplus was good and socially just. But what they could not do was bring themselves to take the tough decisions—no wonder why. It is because Senator George Campbell, in his former life, was a union official.

Let us have a look at the manufacturing policy and industry policy that we ought to follow and allow me to quote some examples of what I think are sound policy:

The policy of developing a comprehensive manufacturing industry to serve our small domestic market behind high tariff barriers is a failure ... Australia’s manufacturers have refused to be weened off protection and we are left with industry with a ‘spoilt brat’ mentality ... A dreamtime still exists in some sections of our community and that is tariff’s protect jobs. It is a pity the figures do not support this. In 1953 23% of Australia’s work force was employed in the manufacturing sector, in 1983 this had fallen to 18% and is continuing to decline.
Why have other small countries with highly paid workers—such as Sweden, Holland and Austria—succeeded?

Senator Conroy—Sweden?

Senator ABETZ—Sweden, exactly—the country ABBA comes from, Senator Conroy. It goes on:

They turned outwards and sought to establish themselves, they reduced protection.

Indeed, I was wondering why the author of that article I was quoting from would pick on Sweden as his first example. All is revealed: Senator Conroy, like me, is an ABBA fan, and I am quoting from an article that Senator Conroy wrote in 1986 in the *Lobby*. The article was headed ‘Industry Policy, Stephen Conroy, Mount Ainslie branch’.

Senator Conroy—That is me.

Senator ABETZ—Well done, Senator Conroy. It would be interesting to know whether Dr Lawrence is supportive of those sentiments and whether the Australian Manufacturing Workers Union, which is in fact funding the ALP campaign, is supportive of those views as expressed there by the then Mr Conroy.

One of the previous ALP speakers Senator Mackay spoke about the regional areas of Australia and tried to talk about the bush. But my understanding from Senator Mackay is that her understanding of the bush is that green thing that grows out of the concrete circle in her front yard. She would have no idea what the bush in relation to regional Australia actually means. She thinks the bush is something that you take the clippers to once a year, when in fact the bush is an area of Australia where hundreds of thousands of Australians are now benefiting from our policies. Whereas the Australian Labor Party, because of their economic mismanagement, had to close down hundreds of post offices around this country, we have been reintroducing post offices around this country.

We have also introduced regional transaction centres. In my own home state of Tasmania we have established 63 online access centres, with the 64th to come online very shortly. We have the Medicare Easy Claim and the Roads to Recovery program. The sorts of programs we are delivering such as the Regional Solutions Program and the regional health programs are all being funded out of the budget in surplus, out of a soundly managed economy. The reason we have this money and the reason we are able to put facilities and services back into the bush, into the regional and rural areas of Australia, is that we have been able to crack Labor’s debt and we have been able to pay it off. Instead of paying interest, $4 billion worth of extra money is now available to the Australian people to pay for services of this nature.

Throughout the debate, there has also been some concern expressed about taxation reform. Let me say that Mr Chris Murphy, economist, of Econtech—

Senator Conroy—The government’s pet puppet.

Senator ABETZ—No, he has not been known to be favourable to the Liberal government. Nevertheless, he has indicated that over the last 12 months—the first 12 months of tax reform—prices, including the price increase as a result of the goods and services tax, have gone up by about six per cent. But the interesting point Mr Murphy makes is that pensions during that time have gone up by 8.1 per cent; in other words, pensioners are 2.1 per cent ahead of the mark than before tax reform. He also tells us that workers on an average income of about $40,000 are about 8.2 per cent ahead of the mark; in other words, 2.2 per cent better off than they were a year ago. And guess what? The only people that he could find who were worse off were those poor souls that have to make do on an income of $213,000 or more. These are the people that the Australian Labor Party are defending. They say tax reform has hurt the struggling Australian. The facts and figures now show indisputably that pensioners are better off and they also show that the average worker is better off. The only ones that are not better off, whom the Australian Labor Party are defending, are those on an income of $213,000 plus.

Mr Acting Deputy President Bartlett, your party to its great credit, albeit there were some recidivists in your party, gave support for the important fundamental of tax reform. We have this ridiculous debate going on in the community at the moment and, indeed,
ridiculous polls being done by certain newspapers saying, ‘Do you support the GST?’ Take the tip, Mr Acting Deputy President, if the question was: do you support wholesale sales tax; do you support fuel excise; do you support income tax; do you support any tax whatsoever—the overwhelming population would say, ‘Of course we don’t.’ But, above all, one thing that the Australian people do not support and will not support is tax increases. We have Senator Conroy to thank for putting that fairly and squarely back into the public arena and the public debate, because we know that, if there were to be a $4 billion roll-back, it would mean a one per cent increase in interest rates. That would have a horrendous effect on all those home owners who are trying to buy their own homes. Not only would they be taxed more under a Labor government; they would also suffer the consequences of higher interest rates on their house mortgages, on their credit cards and on hire purchase payments.

The chance of a Labor government being inflicted on this country unfortunately cannot be dismissed at this stage. However, I hope for the sake of Australia that a Labor government is never inflicted. Another example of the policy hypocrisy of the Australia Labor Party is to be found in the area of education funding. They rant and rave against the non-government sector, but what does their leadership do? What do people like Mr Keating, Mr Hawke, Mr Crean and Mr Beazley do for their children?

Senator Coonan—They send them all to private schools.

Senator ABETZ—Indeed, Senator Coonan, you are right: they send them to private schools. But they are the ones on the big, fat parliamentary salaries or pensions so they can afford to do that. What about the struggling workers of this country who want to exercise the same sort of choice that Messrs Hawke, Beazley, Crean and Keating exercised for their children? They would deny that right of choice to those parents and families who cannot afford it because they do not enjoy the sort of incomes that these Labor luminaries enjoy. Indeed, it is a very interesting statistic that 25 per cent of families which have a household income of $26,000 or less send their children to a non-government school. That shows that people on lower incomes want to have the choice of education and make huge sacrifices for the benefit of their children. We as a government believing in social justice say, ‘If you want to exercise the sorts of choices that the rich people in the community can exercise, we will assist you in that.’

Turning to state schools, having been educated through the state system, let me say that I am very supportive of it and indebted to it. Therefore, I have always followed the education debate very closely and the figures are great. Not only has this government spent more on the non-government sector, it has also upheld the funding for state governments, and it has increased funding for state government schools. Guess why they are called state government schools—it is because they are a state government responsibility. The Australian Labor Party continually ignores that.

In my home state of Tasmania, time after time, I have been at openings of developments. One classic that stands in my mind was in the township of Sheffield in the Lyons electorate which very shortly will be represented by the very good candidate for the Liberal Party by the name of Geoff Page. There was a $1 million plus project at that school. The federal government threw in $800,000, the local government threw in $400,000 and the state government threw in $40,000, but the state Labor government was there with bells on for the joint opening. In the past year, the federal government contributions to state schools have been substantially higher in capital expenditure than those of the state Labor government. However, the Australian Education Union then jumps into bed with the minister and puts out propaganda attacking federal funding while of course ignoring completely the fact that the state Labor government has made no commitment to the sort of substantial increases that we have made as a federal Liberal government.

This is a socially just government and we deliver social justice through sound economic management. We do not pursue sound economic management as some theory to be
pursued. We pursue it as part of our philosophy of delivering a better country and a better society. The way to do that is to live within your means and to stop paying all this outrageous interest for debts that were racked up by the profligacy of previous governments. We have paid off that debt and we can now spend the money for the benefit of the Australian people. I seek leave to continue my remarks later.

Leave granted; debate adjourned.

ADJOURNMENT

The ACTING DEPUTY PRESIDENT (Senator Bartlett)—It being almost 10.30 p.m., I propose the question:

That the Senate do now adjourn.

Renewable Energy

Senator LIGHTFOOT (Western Australia) (10.28 p.m.)—In the brief time available to me, I want to speak about a looming crisis throughout the world. That crisis does not have to do with World War III and it does not even have anything to do with the AIDS virus which is sweeping the African continent significantly. It has to do with the certain predictability about energy. I do not mean personal or physical energy related to homo sapiens; I mean energy generated from fuel and those fuels are the ones we refer to generically as diesel, coal, gas, nuclear—there, I have said that word—and wind, solar or tidal. These are the renewables. One thing that is certain is that it is by no means certain which collection of those energies are the best to prevent a brownout or the electricity restrictions that happened in California recently, a state in America composed of 38 million people, and one that is fast approaching the second biggest economy in the world after its parent country, the USA.

If we are to continue as a country that has a high standard of living, with enviable records with respect to per capita home ownership, per capita car ownership, televisions per household, the number of children who receive a tertiary education and the number of people in constant employment, we need to ensure that Australia is energy efficient and energy sufficient. You will recall, no doubt, Mr Acting Deputy President Bartlett, the crisis that faced the world during the mid-seventies, when the price of oil approached or exceeded $US40 a barrel. Whilst, at that time, that was not as destructive to Australia as it could have been, given that the Australian dollar at the time was worth $US1.20—as I have said, it may have exceeded it—today is a different case. When the price of oil reached $US37 a barrel last year, that was a different case for Australia. The price of oil per barrel in Australia dollars was almost double that. Today, we face a similar crisis in the looming northern winter. America, the biggest consumer of oil in the world, and obviously by far the biggest per capita consumer of oil in the world, could trigger in Australia something that happened in America.

If we become efficient in electricity generation, it needs to be based, in my belief, on several areas. First, it cannot be based on diesel—it is too expensive; it is not acceptable, because it is a greenhouse gas emitter; and it is not acceptable because the particulates that it emits are carcinogenic and cause respiratory problems, particularly in concentrated areas of our capital cities. It cannot be coal—coal is in the same category as diesel but has the added disadvantage of despoiling a greater area of land than diesel destroys, even when you include the areas throughout the world that oil refineries take up. For example, compare a 1,400-megawatt power plant driven by coal with a 1,400-megawatt power plant driven by, say, nuclear power, of which there are many throughout the world. Three and a half million tonnes of average grade coal would be used to drive the 1,400-megawatt power plant, and that would create a despoiled area of 450 hectares. By comparison, with a 1,400-megawatt nuclear driven power station, the despoiled area would be practically zero. It would create not vast dumps of spoil, but a spoil of perhaps one square metre of medium to high level nuclear waste, as opposed to 450 hectares for coal.

Australia, as most people who are interested in energy and the future of their country know, happens to have the biggest deposit of mineable uranium in the world. People who have an interest in the future of this country, unlike Senator Conroy, refer to us as
the Saudi Arabia of uranium. Saudi Arabia, of course, has the biggest recoverable reserves of oil in the world. Australia has a similar percentage of recoverable uranium.

Let me finish with some other renewables, and I speak particularly of wind, solar and tidal. The previous Western Australian government almost completed a wind farm down in Albany in Western Australia during its tenure. It is to the great credit of the previous Western Australian government that it was prepared to increase considerably the cost of power to the government. Electricity generation in Western Australia is still owned by the government. The cost of the wind turbines will be about 45c a kilowatt hour. If we actually had to pay 45c a kilowatt hour for wind power, I do not think that anyone would want it. The fact is that it is dropped down to householders at about 12.5c a kilowatt hour because of the subsidy. But it makes Albany less dependent on fossil fuel for its power than any other similar major regional centre in Australia. That is a great innovation for a government to do that, because it is spread across perhaps a million or more electricity consumers in Western Australia.

As for solar power, yes, solar arrays are very good. They are obviously very expensive to install, but once installed they could last for decades. But the fact is that the sun does not shine at night—at least, it does not shine in Western Australia at night. It might shine at night somewhere in the world, and let us hope that it does—let us hope that we do not have a nuclear winter.

As for tidal power, I was rather discouraged when the Western Australian government refused to proceed, even with the generosity of a grant from the Australian Greenhouse Office, to get the tidal power station going in Derby in Western Australia. It was about a 40-megawatt power station, but it could certainly have supplied the needs of Broome, Derby and other areas in the West Kimberley. That was a pity, and history will bear that out. Where do we go if we want a major secondary industry? Gas certainly is the greatest option that we have. It is cheap and efficient. It has only half the emissions that diesel has. The capital cost of installing it is less than one-quarter of a nuclear plant. It is less than half that of a diesel plant and about half that of a coal-fired power station.

Secondary industry of course is necessary for the employment of youth, youth that prefers not to or cannot for one reason or another go to the professions. If we did have cheap power here in Australia—and I speak particularly of Western Australia although not exclusively—then we would not be proposing to send 500 million tonnes of alumina powder, generated from over a million tonnes of bauxite from Western Australia, to Mozambique where it is converted into aluminium metal. Sometimes the aluminium metal is referred to as ‘silver electricity’, because that is all it is: it takes only power to reduce it. About four tonnes of bauxite produces slightly less than two tonnes of alumina powder, and two tonnes of alumina powder produces slightly less than one tonne of aluminium. Five hundred million tonnes is going to Mozambique for the simple reason that they have cheap electricity. What all governments might concentrate on is cheap electricity of whatever type we can afford and whatever is acceptable to the people and to our international obligations.

Australia Post: Workplace Health and Safety Practices

The ACTING DEPUTY PRESIDENT (Senator Bartlett)—Senator Conroy.

Senator Abetz—Is this going to be the tax policy?

Senator CONROY (Victoria) (10.38 a.m.)—This is going to be a discussion about a recent case before the Australian Industrial Relations Commission. It was heard by Commissioner Blair in Melbourne at 12.35 on Wednesday, 23 May. It involved Mr Butler on behalf of Australia Post and Mr Moore on behalf of the CEPU. I was somewhat disturbed to find that I had managed to get a guernsey in this particular case and that I had been verballed—I think that is the most polite way to describe the references to me. I wanted to correct the record. At one point in the discussions Commissioner Blair reminded Australia Post and their representative Mr Butler that matters to do with Australia Post’s safety record and their program...
for rehabilitating injured workers had been raised in parliament. Mr Butler on behalf of Australia Post went on to say the following—I am reading from the transcript:

MR BUTLER: Although, Commissioner, I had to say that Senator Kirney, when he did say—when he did make those comments in parliament—Conroy, was it, sorry—

I think someone drew it to his attention that not only was he incorrectly verballing me but he did not even get my name right.

Senator Abetz—Well, there is not much difference between the two of you.

The Acting Deputy President (Senator Lightfoot)—Order! I think Senator Conroy should be heard in silence.

Senator CONROY—That is a great privilege. You show great judgment, Mr Acting Deputy President. I just wish people would give you the same courtesy! I would like to return to the transcript. After having it drawn to his attention that my name was Conroy, even though he was about to speak on my behalf, he went on to say:

Conroy ... made those comments before he had any discussions with Australia Post and after making that comment in parliament, then had discussions with Australia Post and has made no further comments now, and quite frankly, I think if the Commissioner was to contact his office you would find that he hasn’t got an issue any more.

Well, I would like Commissioner Blair to take up the invitation of Mr Butler to phone my office to have a discussion with me as to whether or not I still have concerns about the program run by Australia Post. What I would say to Commissioner Blair is, ‘Unfortunately I have been verballed,’ unlike in this chamber, where this would never happen! No ministers of this government would never verbal me!

I want to raise a couple more cases which I would like the commissioner and Australia Post to examine. The first case is Mrs Pamela Row, a mail officer on night shift at the Dandenong Letter Centre. Mrs Rowe injured her back at work on 24 May 2001. She was taken to South Eastern Hospital where as a result of her injury she was required to be admitted for four days. However, due to financial and personal reasons she could not afford to be away from work, so under duress was allowed to leave hospital on the condition that if she could not manage with her injury she was to return. Mrs Rowe was given a medical certificate from the South Eastern Hospital stating that she was unfit to work from 24 to 31 May 2001. However, Mrs Rowe returned to her workplace that same night to fill out forms and organise the collection of her car. On 25 May 2001 Mrs Rowe made an appointment with her treating doctor, who agreed with the medical certificate from South Eastern Hospital. On the same date Mrs Rowe was sent for a ‘fitness for duty’ assessment with the FND, Dr Vj. The FND agreed with the diagnosis of the medical certificate from the hospital. However, the FND advised Mrs Rowe that she would return her to work earlier than her hospital certificate indicated and that Mrs Rowe was to come back and see her again on Monday, 28 May 2001.

The Acting Deputy President—Senator Conroy, are you reading your speech, which is contrary to standard orders, or are you referring to copious notes?

Senator CONROY—I am actually just referring to some dot points. They genuinely are dot points. I thank you for the opportunity to explain that to the chamber. Mrs Rowe went back to work on Monday, 28 May 2001 and continued to work in pain until Tuesday, 29 May 2001, when the pain was so bad that she was crying and had to go straight back to her treating doctor. On 12 June 2001 Mrs Rowe was required to see an FND again. She refused to see Dr Vj, who had already sent her back to work, so she was sent to FND Dr Lam instead. The FND phoned her doctor without her authorisation. He just picked up the phone and actually phoned her doctor whilst she was in the room. When the FND got off the phone he advised Mrs Rowe that her doctor had cleared her to go back to work. He then contacted her workplace to advise the same. Mrs Rowe has a witness to this conversation. Mrs Rowe then arranged for an appointment with her treating doctor to discuss why he had changed his original medical certificate that she was unfit for work. Her treating doctor was furious and said that he had not changed his medical certificate and that his
instructions remained as they were. Mrs Pamela Rowe’s doctor has signed a stat dec to that effect. It reads:

This is to certify that Mrs Rowe suffers from lumbar spine instability. Dr Lam rang me on June 12th, 2001 and stated she was fit to start modified duties. I didn’t agree that she was fit to do modified duties on his instructions and restrictions. She was in a lot of pain and she was unfit to do any duties. I issued a certificate stating that she was unfit for all duties.

You have to immediately call into question a number of facts in this issue. Did the doctor actually phone her consulting doctor without her permission to discuss a medical condition? At what point is this allowed? At what point is permission given for any doctor just to phone another doctor and have a casual chat or otherwise about the medical conditions of a patient? I do not believe that this comes within any laws or any enterprise barrier that is allowed. No permission was given.

It is disappointing to see that this in actual fact is not the first case, and Did the doctor actually phone her consulting doctor without her permission to discuss a medical condition? At what point is this allowed? At what point is permission given for any doctor just to phone another doctor and have a casual chat or otherwise about the medical conditions of a patient? I do not believe that this comes within any laws or any enterprise barrier that is allowed. No permission was given.

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We have a situation here which Australia Post will need to clarify. Do they believe that they have the legal authority to phone somebody’s doctor, without the permission of the individual whose medical situation is in discussion, and put pressure on that doctor to return the individual to work? I do not believe so. I do not believe it is in keeping with doctors’ ethical standards. I certainly do not believe it is in keeping with Australia Post’s ethical standards, and I would ask Australia Post to consider their actions.

I welcome the opportunity to correct the record. I welcome the invitation by Australia Post’s representative before the Australian Industrial Relations Commission saying, ‘Contact Senator Conroy’s office and he will tell you his view.’ I look forward to the phone call from Commissioner Blair when I will set him straight. I still have concerns about Australia Post’s practices in rehabilitation, and I will continue to raise matters in the parliament where I believe Australia Post’s conduct is unethical.

**Taxation: Tax Effective Schemes**

Senator WATSON (Tasmania) (10.48 p.m.)—While not on the Senate Economics References Committee, I have attended a number of its meetings in my capacity as a participating member of the inquiry into mass marketed tax effective schemes. I have therefore had the opportunity to read the committee’s report on such schemes that Senator Murphy tabled in the Senate yesterday. Time and time again, reports conveniently minimise the significance of established tax law and play sympathetically to the duped investors who fall hook, line and sinker to the fast talking promoters—indeed, I think one investor admitted to participating in six different mass marketed schemes.

Had the promoters of these schemes—be they highly regarded QCs, tax lawyers and accountants—committed their views in a corporation prospectus, they would certainly now be serving a jail term or have a severely diminished bank account because of false or misleading information. Such promoters,
steeped in an understanding of tax laws, fully understand the basics of the self-assessment system and know the limitations of the private binding rulings arrangements. Private rulings apply to a taxpayer who has made an application to the tax office outlining in detail a proposal. If successful, the ruling has restricted application to that taxpayer, usually within a definite time frame so long as the taxpayer rigidly conforms to the processes, procedures and structures outlined in the application.

While in the past some taxpayers have shopped around a number of ATO officers for a more favourable ruling than one granted in another tax office, nowadays the tax office generally has greater centralised control over the ruling system so that this practice is minimised. Having secured a favourable private ruling, these arrangements have been promoted by promoters as though they were public rulings, often in a different environment with structures not even identical to that outlined in the private ruling. To say that this tax office advice is legitimate defies logic and must border on criminal intent. I suspect there is criminal intent, because a large number of the promoted schemes are disguised to defraud the tax system and, in the process, dupe ordinary taxpayers.

Attacks on the tax office inevitably attract a great deal of media attention. I agree with part of the submission from Van Ezk Capital, when they stated that it is essential that both the promoters and their financial advisers and experts be embraced within the prescriptions and subsequent penalties from the tax office. Perhaps the ATO could utilise some of its litigation resources with a test case against the real culprits—that is, the promoters, et cetera.

Yesterday’s report is another unfortunate instance of reporting in a manner that undermines public confidence in the integrity of the Australian Taxation Office. For example, how does, as suggested in the report, the tax office distinguish between innocent and guilty victims in the mass marketed tax investment schemes? The committee appears to favour subjective outcomes which I suggest will lead to inequitable outcomes. A further problem is that the committee wishes to ameliorate the penalties for those in mass marketed arrangements but is silent on the smaller arrangements in similar environments where the numbers are low. This therefore will lead to a situation where not all taxpayers within the system will be treated equitably.

A major inequity arises from suggestions outlined in the report that some will pay the full penalty while others in similar circumstances may escape the full rigours of the law. Where is tax justice? I do not think the report will really help to overcome a very difficult situation, because it fails to adequately acknowledge the repeated warnings that from time to time have been issued by the tax office. If we go to March 1999, for example, the Nat 99/16 media release warned of other cases of tax planners using private binding rulings or advance opinions as tax marketing tools. Obviously that was not in the forestry type of scheme, but the message from the tax office was still there.

A year earlier, Peter Smith of the Australian Tax Office, speaking at the Australian Tax and Management Authority’s workshop, outlined action taken by the ATO in relation to taxpayers refusing or withdrawing 5,000 section 221D variations—and these were among six other ATO initiatives. As we all know, only sophisticated people who are schooled in advanced tax law know about how these 221D variations work and their implications. These are just a few of the signals that have been put out by the tax office.

But investors must take some responsibility for their involvement. The law speaks of a ‘reasonable and prudent person’ test. Lawyers know of this; tax planners know of this. But when there are situations where the tax saving far outweighs the outlay, where the investor stands to profit even if the venture is a failure, where the outlay is funded by a tax refund or a tax reduced instalment, where there is no asset acquired other than a potential right, or where the investor has no ability to remove a management company, then I would think a ‘reasonable and prudent person’, in looking at a situation involving two of the above, would expect to lose a legitimate tax deduction.
But promoters—and I am just going through a whole lot of signals of which I think people should be aware—should also be aware of much of what I would call the established case law. I will just go back to the Spotless Services case which describes the shape of a transaction—(1991) ATC 4950, 1991, 22 ATR 613, 1991—when, if an investor has the ability to exit an investment scheme early after its first deductions have been claimed but before any income is received, the ATO may argue that the investor entered into the scheme, at least in part, with a purpose other than the derivation of assessable income and, if this is the case, the tax deduction may be denied.

These are all different areas where tax planners steeped in tax law really should have known and understood the law, and they should feel the full force of the law against them because of the way they roped in so-called innocent people. Were not these promoters aware of part IV A, the anti-avoidance provisions—grossly excessive fees, inflation or artificial creation of deductions, round robin investments, and non-recourse loans? These are but a few of the issues leading any revenue agency to doubt deductibility under the general anti-avoidance provisions.

While I trust that reasonable outcomes will prevail, I also trust that future reports of this nature from the Senate will be much more balanced and less emotional and that they will convey the ATO’s position in a better climate. For example, chapter 1 of the report states:

... the Commonwealth believes that the evidence received raises rather serious questions of the appropriateness and fairness of the ATO’s approach.

That is pretty emotional language. I would suggest that, for a proper reading, the word ‘impact’ should replace the words ‘appropriateness and fairness’. I make that suggestion because there is a very subjective judgment coming from the committee, whereas really we are talking about the impact of these changes on 65,000 taxpayers. It appears that where enough people are involved there is a lot of sympathy; if there are few people involved, those few people feel the full rigour of the law and are of no concern to the committee.

I look forward to the next report, where the committee intends to examine whether legislative change is required to prevent the tax system from being exploited in this way in future and what sanctions should be developed against persons who seek to promote such tax avoidance schemes. I hope that these sorts of things will at least be addressed in the next report but, again, we will be left with them for a few months as they now are. Unfortunately, in its concluding remarks the committee uses some further emotional language in signalling that there are ‘serious faults’ in the self-assessment system. We are given no indication of where these ‘serious faults’ lie. So perhaps the next report will—but I hope it will not—be a repeat of the first report, which I believe undermines the integrity of the Australian tax system. And I mention that it was the party of the chairman of this committee that introduced the concept of the self-assessment system. I look forward to a fairer report next time.

Innovation and Education Legislation Amendment Bill 2001

Senator TIERNEY (New South Wales) (10.58 p.m.)—I rise tonight to inform the Senate that the ALP and the Democrats are delaying millions of dollars going to schools and universities by not allowing the passage of the Innovation and Education Legislation Amendment Bill 2001 during this sitting week. It is a bill that will start a major transformation in innovation in this country and set our nation up as a leader in development and training. Instead of debating this bill in the Senate and allowing its quick return to the House of Representatives, the ALP and the Democrats combined to force this bill to a committee, and they have combined to put back the reporting date of the legislation to 28 June. So the chances of this legislation being passed during this financial year have now probably disappeared.

One of the major architects of this block is Senator Lyn Allison, the Democrat education spokesperson, who insisted on an extra hearing of evidence from the Department of Education, Training and Youth Affairs last
Monday—and then did not even bother to turn up to ask any questions. What humbug! As a result, money for eligible schools and tertiary institutions will now be delayed, and the considerable amount of planning needed for both sectors for next year is now under a cloud. It is an absolute disgrace that this delay should be going on, particularly when Labor say that they are committed to something called Knowledge Nation. I am not too sure what that is yet, but we assume that anyone who had such a commitment would not be impeding the passage of this bill. The delay really shows that education is, to Labor, just all smoke and mirrors; they show that they certainly are not serious by bringing on this delay.

Tonight I would like to explain exactly what this bill does and displace some of Labor’s myths by showing how schools and tertiary institutions will benefit from its passage. The federal government’s $2.9 billion innovation action plan, Backing Australia’s Ability, is aimed at keeping our universities at the leading edge of innovation and research. We have some of the best research bodies in the world, and the government wants this beneficial work to continue with additional support. It is widely recognised that innovation will be a key to economic growth in the 21st century. This bill is a very important part of implementing a strategy to support those innovations that will see Australia tap into its talents and resources. To set the right climate for innovation, we must firstly provide the economic, tax and educational framework that will allow innovative businesses to operate effectively and to ensure that people have the right skills and knowledge to take our nation forward. Secondly, we must provide direct targeted support in areas where private sector funding is not appropriate or available. The government is delivering on both these fronts.

Tonight I will go through the evidence that was provided to the committee hearing yesterday at which officials from the Department of Education, Training and Youth Affairs outlined to the Senate Employment, Workplace Relations and Small Business and Education Legislation Committee the consequences for education if this innovation bill is delayed. The First Assistant Secretary of the department, Mr Michael Gallagher, made it quite clear that universities and other research bodies have started making plans for next year, based on the innovation statement. These plans include extra university places, more money for infrastructure and the Postgraduate Education Loan Scheme. I asked Mr Gallagher what the effect will be if this bill is not passed this week. His response was:

The investment envisaged by this legislation is long-term investment. There has already been considerable lead-up by universities and by industry in preparing for these measures. There would be, at the very least, a loss of momentum and time. In a sense, time is of the essence because of the rate at which our competitor countries are themselves investing in research and development. So it is urgent that Australia increases it investment in these matters in order to sustain and improve its relative international competitiveness.

His answer clearly demonstrates the profound importance of providing the resources to our universities, researchers and industry, which the innovation bill provides, to keep pace with other nations around the world in terms of investing in our researchers.

Mr Gallagher went on to describe what programs will be delayed and the problems that will be caused. The federal government will provide in this bill funding for an additional 2,000 university places specifically designed for maths, science and information technology—sciences that are at the cutting edge of innovation. Universities have in fact been planning for this, and their departments have already received submissions. However, the minister cannot sign off on these matters until the bill is passed. Universities will not have sufficient lead-up time for an increase in student intake for 2002 if this bill is delayed, and may not be in a position to commence courses from the beginning of 2002, if they do not have adequate lead-up time. In fact, the outcome could be very patchy. Universities will make their own decisions. Larger universities might decide to take a punt on the legislation getting through; smaller universities will probably be more cautious, most of which are in regional and rural areas. Hundreds of country students
could miss out on a university place and have their careers blighted by the irresponsible action of people like Senator Kim Carr and Senator Lyn Allison, who are just playing political games with this bill.

There is also the case of the Postgraduate Education Loan Scheme. This innovative scheme has already received considerable interest from students and universities. But, once again, universities are unable to market this scheme to prospective students until this legislation is passed. Students will be uncertain as to whether or not they can expect to get a loan next year. This is particularly important for students who are currently in study and who are looking to continue their studies in the future in postgraduate areas.

Mr Gallagher also mentioned a range of measures for infrastructure. These were announced in the innovation statement and are contained in this bill. They include major research infrastructure of $580 million over a four-year period both for systemic infrastructure such as library acquisitions and for laboratory and computer equipment—things that are at the very heart of an innovative national economy. Mr Gallagher pointed out several reasons why there is a need to increase funding for infrastructure. These reasons included the need to keep up with the costs of equipment and to ensure that Australia’s ability to be a player at the world’s leading edge of research is sustained. The critical point that he made was that there was a need for some lead time in making orders for new equipment, which involves negotiations with international bodies—and time is very short if all this is to be in place next year.

The bill also proposes to increase funding for the Australian Research Council and the National Health and Medical Research Council grants, which are now at risk because of the ALP and Democrat blocking tactics. In this bill is a whole range of new measures that are being put in place for the first time. Universities have to set up new administrative systems, new procedures, and the time is very short and has been made even shorter by these irresponsible tactics.

Evidence provided at the hearing yesterday also described the effect that a delay of this bill would have on schools. The bill provides for additional establishment grant funding, which is very important for the financial security of new schools. What was underestimated in the original bill was the number and size of new schools that were going to start up. So there is no additional funding per head; it is just that there are more people and more schools involved. That is why the funding has increased. But the ideologically driven Senator Lyn Allison and Senator Kim Carr are determined to block this, making the erroneous claim that this money is going to wealthy schools, which it is not.

Let me give you an example of a school in the Kimberleys that is going to be held up because of this. The Nyikina Mangala School will not receive the establishment funding to which it is entitled because of the bill being blocked. I have travelled extensively in remote areas, looking into indigenous education, and I am appalled that the funding for the school will be stopped. The school does not deserve to have its educational future tampered with in this way. The school itself cannot get on with the job because its funding is now so uncertain.

Other schools have been held up that are certainly not in any sort of wealthy category. Murray Bridge Christian School, the Steiner schools and the Montessori schools have all had their funding threatened, and for what reason? For some months now, we have seen the ALP threaten to take funding away from the schools that they claim are wealthy to fund their election promises, but Labor and now the Democrats are threatening funding to new schools that are in poorer communities serving low income groups, when parents just want to exercise some sort of right of choice in education. It all adds up to a very grubby picture in terms of the way Labor are treating education, from the school system right through to universities. What a joke that they claim to be supporting a knowledge nation! (Time expired)

Senate adjourned at 11.08 p.m.
DOCUMENTS
Tabling
The following government documents were tabled:

Australian Horticultural Corporation—Report for the period 1 July 2000 to 31 January 2001 (Final).
Australian Radiation Protection and Nuclear Safety Agency—Quarterly report for the period 1 January to 31 March 2001.

Human Rights and Equal Opportunity Commission—Report—No. 13—Inquiry into a complaint of acts or practices inconsistent with or contrary to human rights.

Tabling
The following documents were tabled by the Clerk:

QUESTIONS ON NOTICE

The following answers to questions were circulated:

Aviation: Fuelling of Aircraft
(Question No. 2772)

Senator O’Brien asked the Minister representing the Minister for Transport and Regional Services, upon notice, on 21 August 2000:

(1) Do Civil Aviation Orders (CAOs) require certain procedures to be followed when refuelling an aircraft when passengers are on board.

(2) What are the penalties imposed on an operator who breaches the above CAOs.

(3) Were all these procedures followed during the refuelling of aircraft VH-EWB, while operating flight AN7221 at Gove airport on 2 August 2000; if not: (a) what action has been taken in response to the breaching of CAOs by this aircraft; (b) who has taken that action; and (c) what are the consequences for the operator of the aircraft.

(4) How many passengers were on the aircraft at the time of its refuelling at Gove Airport on 2 August 2000.

Senator Ian Macdonald—The Minister for Transport and Regional Services has provided the following answer to the honourable senator’s question:

The Civil Aviation Safety Authority (CASA) has provided the following advice -

(1) Civil Aviation Order (CAO) 20.9, sections 4.1 to 4.7 - Fuelling of Aircraft - documents the procedures to be followed when refuelling an aircraft with passengers on board. A copy of this order is attached.

(2) Civil Aviation Orders do not provide penalties. The penalties imposed for breaching the provisions of a CAO are located in the Order’s head of power. In this case, CAO 20.9 is made under the authority of Civil Aviation Regulation (CAR) 235(7) which provides that CASA may, for the purpose of ensuring the safety of air navigation, give directions with respect to the method of loading of persons and goods (including fuel) on aircraft.

Further, (CAR) 235(7A) provides that a person must not contravene a direction under subregulation (7).

The direction in this instance is contained in CAO 20.9, sections 4.1 to 4.7. A contravention of CAR 235(7A) is subject to a maximum penalty of 50 penalty units (1 penalty unit is equal to $110). In addition, a contravention of CAR 235(7A) may attract administrative action (eg licence/certificate action) in appropriate circumstances.

(3) No. The Civil Aviation Safety Authority reviewed the circumstances surrounding the refuelling of VH-EWB on 2 August 2000, and requested information from the operator. The operator advised CASA that there was a breakdown in the company’s standard operating procedures that resulted in the flight crew omitting to advise the cabin crew that refuelling was to occur at the turnaround point. Following CASA’s inquiry and the operator’s review of the incident, the operator issued three memos to company staff.

Memo 1 was raised and distributed to all pilots re-enforcing the standard of procedures relating to refuelling with passengers on board. Memo 2 was raised and issued to all flight attendants re-enforcing the standard of procedures relating to refuelling with passengers on board, and Memo 3 was raised and issued to all F28 pilots highlighting the event and directing them to ensure that there was no repeat of the incident.

Following this event, the operator was audited by CASA. The action undertaken by the operator as detailed above was considered satisfactory by the audit team, and no action in response to this specific event was initiated by CASA at that time.

On 12 April 2001 CASA issued the operator with a Notice of Proposed Action Against, or Cancellation of, the company’s Air Operators Certificate, which included specific reference to the incident of 2 August 2000. The Notice was issued in response to significant cumulative safety concerns. CASA does not believe that it would be appropriate to provide any further detail in relation
to the issue and finalisation of the concerns raised in the Notice until due process has been followed.

(4) CASA is not aware of the number of passengers on board VH-EWB on 2 August 2000 while operating flight AN7221 at Gove Airport.

Goods and Services Tax: Registration

(Question No. 3245)

Senator Brown asked the Assistant Treasurer, upon notice, on 21 December 2000:

(1) Why must an organisation register for the goods and services tax for a minimum of 12 months.

(2) If an organisation is conducting an event which will result in it exceeding the registration threshold in one 3 month period only, how can it avoid the unnecessary and time consuming paperwork of completing nil goods and services tax returns for the rest of the year.

Senator Kemp—The answer to the honourable senator’s question is as follows:

(1) and (2) Generally only an entity with an annual turnover of $50,000 ($100,000 for a non-profit entity) or more is required to be registered for the goods and services tax. An entity with a turnover below the relevant threshold can register voluntarily.

An entity that exceeds the relevant registration threshold in one quarter and is therefore required to be registered for the GST may have projected turnover for the next 12 months that is less than the registration threshold. In such circumstances, the entity may apply to the Commissioner to have its registration cancelled.

An entity which is not required to be registered can apply to the Commissioner of Taxation for cancellation of its registration at any time. In considering an application for cancellation, the Commissioner may have regard to how long the entity has been registered, whether the entity has been registered before and any other relevant matters. An entity is not required to submit GST returns for tax periods after its registration is cancelled.

On 22 February 2001, the Treasurer announced simpler GST reporting requirements and registered entities are now eligible to use the new GST quarterly instalment option or the streamlined quarterly BAS with simplified reporting requirements.

Delegation to Philippines: Objectives

(Question No. 3489)

Senator O’Brien asked the Minister representing the Minister for Foreign Affairs, upon notice, on 7 March 2001:

(1) What were the objectives set by the Australian delegation for the meeting with the Philippine Government in the city of Cebu on 15 and 16 November 1999.

(2) What were the outcomes achieved by the Australian delegation from the meeting.

(3) Were any minutes, notes or reports prepared following the meeting; if so, can a copy of these records be provided.

(4) Specifically: (a) what objectives were set by the Northern Territory Government members of the delegation; and (b) what were outcomes for the Northern Territory from the 2-day meeting.

Senator Hill—The Minister for Foreign Affairs has provided the following answer to the honourable senator’s questions:

(1) The Australian delegation’s objectives for the Dialogue were: to further the high-level contact with the Philippine Administration; to underline Australia’s appreciation of the Philippine role in East Timor; to encourage economic reform in the Philippines; to highlight Australia’s positive contribution to the Philippines through the development assistance program; and to encourage cooperation in multilateral trade forums.

(2) Mr Downer had useful discussions with his counterpart on East Timor and on other regional developments. He met Vice President Gloria Macapagal-Arroyo. The delegation considered that the Dialogue contributed to a broadening understanding of each country’s perspective on bilateral relations, people-to-people links, trade and investment and multilateral trade issues.
(3) The University of Asia and the Pacific and Griffith University, as the co-organisers of the Dialogue, compiled an Executive Summary of the meeting which will be provided to Senator O’Brien’s office.

(4) The Federal Government is unable to comment on the objectives or outcomes of PAD III for the Northern Territory Government.

**Delegation to Philippines: Representatives**  
(Question No. 3490)

Senator O’Brien asked the Minister representing the Minister for Foreign Affairs, upon notice, on 7 March 2001:

(1) At any stage during or following the meeting between the Australian delegation and the Philippine Government, in the city of Cebu on 15 and 16 November 1999, was the inappropriate behaviour of any member of the Australian delegation raised, formally or informally, by the Philippine Government or any other Philippine official? If so: (a) what was the nature of the behaviour? (b) who was responsible for the inappropriate behaviour? (c) when was the matter raised with Australian official? and (d) who raised concerns about the behaviour of the Australian delegate.

(2) What action was taken by Australian officials in response to the Philippine complaint and what was the response by the Philippine Government to that action.

**Senator Hill**—The Minister for Foreign Affairs has provided the following answer to the senator’s questions:

(1) No. The Philippine Government and Philippine officials have not raised with the Australian Government, formally or informally, any “inappropriate behaviour” by an Australian delegate to PAD III.

(2) See answer to question 1.

**Aviation: Safety**  
(Question No. 3529)

Senator O’Brien asked the Minister representing the Minister for Transport and Regional Services, upon notice, on 22 March 2001:

(1) With reference to the Minister’s answer to a question without notice from the Member for Grey on 7 March 2001: who was the international observer that determined Ansett is the second safest airline in the world and Qantas is the third safest airline in the world.

(2) What were the criteria against which that assessment was made.

(3) (a) What are the surveillance objectives set by the Civil Aviation Safety Authority (CASA); (b) when were these objectives set; and (c) what has CASA’s performance been against these objectives since they were established.

**Senator Ian Macdonald**—The Minister for Transport and Regional Services has provided the following answer to the honourable senator’s question:

(1) The international observer that determined Ansett and Qantas as the second and third safest airlines in the world respectively, is Mr John Trevett. Mr Trevett is a British university lecturer and a former pilot who has developed a new system of risk assessment for evaluating airline safety. The system has been adapted and developed by the International Association of Oil and Gas Producers in association with the Shell Company and the European Bank for Reconstruction.

(2) The Trevett system uses ten safety factors to determine the safety of airlines such as management structure, fleet composition, and home country regulatory structure. These factors are then multiplied by another score based on the airline’s accident rate per 100,000 flights.

The Civil Aviation Safety Authority has provided the following advice:

(3) (a) The surveillance objectives set by the Civil Aviation Safety Authority (CASA) are set in accordance with Compliance Management Instructions which detail the establishment of audit plans and surveillance objectives for the Airline and General Aviation Offices. Compliance Management Instruction 00/08 (Version 2) details the Airline Office Audit Protocols and Compliance Management Instruction 00/10 (Version 2) details the General Aviation Surveillance Program 2000/2001.
The Assistant Director, Aviation Safety Compliance Division, approves the Compliance Management Instructions and the surveillance objectives set in accordance with these Instructions. The Assistant Director, Aviation Safety Compliance Division, must also approve any changes to the surveillance program.

A copy of the Compliance Management Instructions has been provided to the Table Office, however CASA wishes to note that Compliance Management Instruction 00/10 (Version 2) is currently being reviewed in accordance with the Compliance Management Instruction review process.

(b) Compliance Management Instruction 00/08 (Version 1) was issued in June 2000, and was re-issued in January 2001. Compliance Management Instruction 00/10 (Version 1) was issued in June 2000 and re-issued in November 2000 (Version 2).

(c) CASA has achieved satisfactory results against scheduled surveillance objectives since the establishment of the Compliance Management Instruction protocols. Progress against the surveillance plans is reported to the Executive Safety Committee on a regular basis, and is reviewed by the General Manager, Airline Operations, the General Manager, General Aviation Operations and the Assistant Director, Aviation Safety Compliance Division.

Roads: F3 Freeway

(Question No. 3569)

Senator Brown asked the Minister representing the Minister for Transport and Regional Services, upon notice, on 19 April 2001:

(1) Are any proposals being considered at a federal level to widen the F3 freeway.
(2) Is the Federal Government considering funding such a project.
(3) What studies, if any, have been undertaken into this proposal by the Federal Government.

Senator Ian Macdonald—The Minister for Transport and Regional Services has provided the following answer to the honourable senator’s question:

(1) and (2) Yes. On 17 May 2001 the Federal Government announced that it will provide $80 million to fast track the widening of the F3 Freeway between the Hawkesbury River and Calga.
(3) The NSW Roads and Traffic Authority has undertaken feasibility and options investigations relevant to the project, on behalf of the Federal Government.