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

APPROPRIATION (HIH ASSISTANCE) BILL 2001

Second Reading

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

That this bill be now read a second time.

Senator CONROY (Victoria) (9.31 a.m.)—I rise to speak on the Appropriation (HIH Assistance) Bill 2001. HIH Insurance was formally placed into provisional liquidation on Thursday, 15 March 2001. According to the provisional liquidator’s report, HIH faces losses of between $2.7 billion and $4 billion. The collapse of HIH Insurance Group has affected thousands of consumers. Some have had their disability payments stopped, and others have had work on the construction of their homes stopped. Following the collapse of the HIH Insurance Group, the Labor Party called upon the federal government to immediately convene a roundtable meeting to seek a solution to the hardship that has been caused. The government’s answer was to dither. Instead of taking leadership on the issue, the government prevaricated. Only when public fury at the collapse threatened to turn on the government did it respond.

The Appropriation (HIH Assistance) Bill 2001, which was introduced into the House of Representatives on 7 June 2001, is the government’s belated response to the HIH collapse. The purpose of the bill is to appropriate money, to the extent of $640 million, to provide financial assistance to HIH eligible persons under criteria established by the government. A public company, HIH Claims Support Ltd, has been set up to administer the scheme under a contract with the Commonwealth. HCS is a subsidiary of the Insurance Council of Australia. Payments under the scheme will be made from a trust fund to be set up by the Commonwealth, of which HCS shall be the trustee. The question I would like to ask today is this: why has it been necessary to appropriate $640 million of taxpayers’ funds to fix up the mess that has been caused by the HIH Insurance Group? This is a question that the royal commission into the HIH collapse will investigate—a royal commission that the Prime Minister only agreed to in order to quell the public anger at the lack of government action on this issue.

Western Australian Supreme Court Justice Neville Owen has been appointed to head the royal commission into the failure of HIH. The commissioner will inquire into the reasons for and the circumstances surrounding the failure of HIH prior to the appointment of the provisional liquidators on 15 March 2001. Let me say that Labor support the holding of a royal commission into the collapse of HIH. We were calling for it long before this government was forced, kicking and screaming, to agree to it. However, in Labor’s view, the draft terms of reference do not go far enough. Labor have proposed that the royal commission specifically inquire into the actions of Howard government ministers, any advice given to them by APRA and ASIC and the role played by political donations in the HIH debacle. It is worth noting that HIH donated $696,000 to the Liberal Party. Donations included $100,000 in 1999; $100,000 in 1998; a donation of $78,500 to the New South Wales Liberal Party in 1996; a donation of $275,000 to the federal Liberal Party in 1996; a donation of $275,000 to the federal Liberal Party in 1996; and a donation of $100,000 to the Free Enterprise Foundation, a Liberal Party front.

HIH has never donated to the Labor Party, as has been mischievously suggested by the government and peddled by some sycophants in the media. In fact, Labor has only ever received a donation of $20,000 from FAI—before it was bought by HIH. These political donations are significant. They are significant not just because of their size but also because of developments in the insurance industry at the time. In 1995, the ISC—the predecessor to APRA—first mooted changes to general insurance prudential standards. So here is the key: in 1995, the ISC stopped talking about trying to lift the standard. Immediately, $275,000 was given to the federal Liberal Party. These HIH donations represent peddling influence to oppose necessary re-
form. In the end, it did not help Ray Williams, it did not save HIH and it has not saved HIH policyholders from heartache. This was about HIH paying money to the Liberal Party mates to stop reform.

What was the final outcome? After a lengthy period of consultation, APRA released a draft prudential standard on risk management for general insurers on 13 September 2000. It has taken five years for ISC and APRA just to get to the draft guideline. And what did cabinet adopt? Cabinet decided to give everybody a further seven years to meet the prudential standards. How far does $695,000 go to buying you peace with this government? Labor found out: a total of 13 years to get some reforms implemented. It took a total of 13 years to deliver an outcome that the Liberal Party’s mates at HIH—the New South Wales Liberal Party spivs—wanted. This government is for sale, and that has been demonstrated in this situation.

This draft standard would require insurers to increase the minimum capital from $2 million to $5 million. The standard would also apply a mandated risk margin of 75 per cent—that is like a stake to a vampire to Ray Williams. Companies will need to hold claims reserves at 75 per cent of the degree of certainty of a claim. Currently, QBE holds claims reserves of around 85 per cent, but the only companies that have held less than 75 per cent claims reserves in recent years, funnily enough, have been FAI and HIH—mates of the Liberal Party. When asked at Senate estimates on 5 June, APRA officials admitted that HIH had resisted these reforms to the General Insurance Prudential Standards. According to APRA officials, HIH had resisted the new capital requirements, describing them as being the most onerous capital requirements in the world. If HIH had adopted them or even worked towards them, it might still be in business today. APRA’s reforms would have meant that HIH would have needed to raise additional capital from the market. This could have been difficult, given the relationship that HIH had developed with business analysts in recent years. After negative analysts reports on HIH’s financial position, HIH CEO, Ray Williams, had refused to brief analysts on the financial position of the company. The question that the royal commission should ask is: to what extent did HIH seek to use its influence in the Liberal Party to delay the reforms to the General Insurance Prudential Standards?

I would now like to examine in some detail some of the issues that were highlighted at the recent Senate Economics Legislation Committee estimates hearings on 5 June 2001. In the Sydney Morning Herald on 9 May 2001, the consulting actuary to HIH, Mr David Slee, stated that he had repeatedly warned directors in a series of actuarial reports about the disastrous consequences if it did not change its accounting practices. When questioned on this, APRA officials admitted to the Senate economics committee that they had not been provided with copies of these actuarial reports by HIH until after an inspector was appointed in March 2001. In fact, APRA officials admitted that they did not actually ask for actuarial reports. APRA officials were unable to confirm to the Senate economics committee that they had actually requested HIH’s actuarial reports in the 12 months from March 2000 to March 2001. This is despite the fact that section 48A of the Insurance Act 1973 gives APRA the power to require a body corporate to appoint an actuary—a power that APRA never exercised. There has been some question as to the adequacy of the Insurance Act to regulate the insurance industry. On 16 May Joe Hockey, the Minister for Financial Services and Regulation, stated—

The PRESIDENT—Mr Hockey.

Senator CONROY—I’m sorry—Mr Joe Hockey. Thank you, Madam President. Mr Hockey stated:

The current General Insurance Act has been in place since 1973 and during 13 years of government, Labor did nothing to change the law. However, even a cursory glance at the notes section at the back of the act, which is not beyond even Mr Hockey—and maybe he just got bad advice; I do not know—will reveal that Labor amended the act some 20 times during our last term in office. Before we make a judgment that the regulatory system for insurance is inadequate, we should examine whether APRA actually used the powers available to it. This goes to another im-
important argument. Mr Thompson, the head of APRA, came into a Senate inquiry on Monday night with all guns blazing: it was everybody else’s fault but Mr Thompson’s and APRA’s. It was the fault of the regulations, it was the fault of the legislation, and it was all going to be fixed up later. Mr Thompson suggested, firstly, a self-professed best regulatory system and went on to say that APRA work quietly behind the scenes to head off problems before they become problems. Unfortunately, in this case they seem to have been asleep at the wheel. APRA has powers under section 33 of the Insurance Act 1973. Section 33(2) states:

APRA may, by notice in writing served on a body corporate, require it to furnish APRA with such information with respect to the value of an asset of the body corporate as APRA specifies in the notice ...

That is, APRA can require an insurance company to value an asset at the current market value of the asset at any particular time. APRA officials confirmed at Senate estimates that they did not issue a notice for a valuation of assets. This is despite the fact that there was market speculation as to the value of FAI’s St Moritz Hotel in New York. APRA conceded it knew about it and had concerns about it, but it still did nothing about it. Section 34(1) of the Insurance Act 1973 states:

... a body corporate authorized under this Act to carry on insurance business shall have arrangements, being arrangements approved by APRA on application by the body corporate, for reinsurance of liabilities in respect of risks against which persons are, or are to be, insured by the body corporate in the course of its carrying on insurance business.

In other words, the Insurance Act 1973 gives APRA the power to approve an insurance company’s reinsurance arrangements. This is particularly important in respect of HIH Insurance. Instead of carrying a ‘prudential margin’—that is, holding sufficient assets to cover unforeseen events—HIH chose to use reinsurance. The question that must be asked is: what skills does APRA need in order to adequately assess reinsurance risk? The home of the reinsurance industry is London. APRA admitted to the Senate economics committee that it does not have ground knowledge of this market. Mr Karp from APRA stated:

We do not have ground knowledge of the market. We can rely on regulatory colleagues in those markets.

But the degree to which APRA relies on regulatory colleagues was questioned by the Australian National Audit Office in a recent report on banking supervision. ANAO stated that they were concerned that APRA ‘does not have a structured program of visits to the offshore operations of Australian banks’, with none of the overseas operations of the banks in ANAO’s sample having been visited since 1997. While APRA places significant reliance on the supervision conducted by home country supervisors of foreign bank subsidiaries and branches operating in Australia, it does not have procedures in place to ensure overseas supervisors are apprised of the activities of Australian banks in its jurisdictions or to seek periodic confirmation from overseas supervisors that there are no issues of concern relating to foreign bank parents that APRA needs to be made aware of. This appears to be a breach of an international standard on banking supervision. The Basel Committee on Banking Supervision core principles state:

A key component of consolidated supervision is establishing contact and information exchange with the various other supervisors involved, primarily host country supervisory authorities.

It appears that APRA does not have a thorough understanding of the reinsurance industry. The question in this case is: how could APRA be confident of HIH’s use of reinsurance? This is particularly the case given that the reinsurance industry has been subject to significant change. According to the annual review of global reinsurance by Standard and Poor:

In 1999, discipline was notably absent as competitive pressures to retain clients lead to an increased use of proportional covers, causing reinsurers to under-perform the primary insurance industry for the first time in a decade.

There were warning bells anywhere that APRA chose to look. The changes in the reinsurance market would undoubtedly have an impact on HIH’s financial position. Given that there have been recent reinsurance col-
lapses, notably REAC, it is disappointing that APRA's knowledge of this market has not improved.

Turning to the issue of auditors, there has been a question as to how HIH’s auditors could have got things so wrong. Why is it that a company that in its year 2000 annual report stated that it had total assets of $8 billion and total liabilities of $7.1 billion is insolvent 12 months later? Under section 46 of the Insurance Act 1973, APRA must approve the appointment of an auditor and may revoke the approval if APRA is satisfied that the auditor has failed to fulfil its obligations. APRA officials admitted at Senate estimates that they did approve the appointment of Andersen and at no stage considered revoking that authority.

Under section 48A of the Insurance Act 1973, APRA may, by notice in writing given to the body corporate, require the body corporate to appoint an actuary to 'carry out an investigation of the whole or a specified part of the body corporate’s outstanding claims provision as at a particular time'. When asked at Senate estimates whether APRA considered appointing an actuary, APRA officials stated:

We thought about that issue, but the discussions that we were having with the company at the time were about its provisioning, its prudential margins and its reinsurance arrangements, and we came to the conclusion that the reinsurance arrangements should have picked up any worsening in provisions. So on the basis of that, we decided not to call for an independent actuarial assessment of the provision.

That is quite extraordinary! Perhaps they were just being served chocolate biscuits and a nice cup of tea and were having a pleasant friendly chat while this company went belly up.

Under section 49F of the Insurance Act 1973, APRA may, with the Treasurer’s agreement, direct a body corporate to make further provision of a stated amount in respect of liabilities. APRA officials admitted that they did not request HIH to make further provisions for liabilities. Mr Karp from APRA stated:

That provision would be used if you came to the view that the amounts in their accounts for their liabilities were understated and you felt that they should be holding more. At the stage, we did not come to that view. It would normally, probably, follow an independent actuaries report and revision of the claims provision.

Over and over again APRA could have required HIH to make significant changes to its practice. Over and over again APRA failed in its supervisory role. It allowed itself to be snowed, and now its excuse is that the legislation is flawed. But, as I am clearly demonstrating, the powers were there for APRA to deal with recalcitrants like HIH if it was awake. Given that APRA admitted that it did not actually request copies of the company’s internal actuarial reports, it is not surprising that it did not use its powers to request HIH to make further provisions for liabilities.

Finally, I would like to briefly discuss the role of APRA with respect to the purchase by HIH of FAI. HIH bought FAI in 1998 for $300 million, in a series of transactions that took approximately 15 minutes and without any due diligence. The key here is that the way to avoid having to take due diligence when you purchase something is to buy it on the market. So, when a couple of mates get together and they decide they want to make a purchase but they just cannot afford to have the books examined too much, what they do is they put it on the market and then make the purchase. So HIH were never required to actually check FAI’s books. HIH paid approximately $325 million for FAI. Subsequently, HIH discovered that FAI had significant unaccounted claims, and ultimately wrote off $400 million of goodwill within 18 months.

But it gets worse! Last week, the liquidator, Mr McGrath, produced a report that showed that, in actual fact, FAI’s cost in terms of outgoings was over $800 million. Bear in mind that Ray Williams purchased FAI 2½ years previously for a positive $300 million and within two years it had gone belly up to the tune of $800 million. And guess what? APRA approved this. APRA admitted at the Senate estimates hearing on 5 June that it approved the purchase of FAI by HIH. APRA’s role in approving the purchase of FAI must be questioned by the royal commission. In an affidavit filed in the New
South Wales Supreme Court on Friday by HIH’s provisional liquidator, the court was given a breakdown of HIH’s losses.

APRA’s job in supervising HIH’s purchase of FAI was to check that it would not threaten the prudential standing of HIH. APRA did such a good job of checking that it did not notice that the company paid more than $1 billion—and it has gone belly up. It paid more for FAI than it should have. It paid $300 million to buy it and then lost $800 million on it. That is $1 billion that no-one noticed. You cannot expect Adler and Williams to fess up to what went on. One has to ask: what was APRA doing? What was APRA doing while a $1 billion transaction helped sink a major company in this country? APRA never once asked for an actuarial report. APRA was asleep at the wheel.

Senator STOTT DESPOJA (South Australia—Leader of the Australian Democrats) (9.51 a.m.)—I rise to speak briefly on the Appropriation (HIH Assistance) Bill 2001. Like Senator Conroy in his comments, I wish to raise some of the outstanding regulatory questions regarding HIH. Unlike most things people buy, insurance is a service that we do not actually ever want to have to use. It is about, I guess, purchasing peace of mind in case things do not go the way that we would like them to go. Market regulation must be the same. While we may hope, or even believe, that most firms will behave legally and ethically, the regulatory structure must assure that they do, not assume that they do. Most firms may be well managed, with good accounting systems and accurate reporting processes, but the role of the regulator is to check that all firms behave that way.

The regulatory approach at APRA was not sufficiently adequate to stop an enormous corporate collapse. More importantly, the regulatory approach adopted by APRA was incapable of preventing Australian taxpayers from incurring a massive liability. While the HIH assistance bill shows that Australians are a people who are quite willing and able to help each other out when misfortune strikes, it also demonstrates the financial consequences of a regulatory experiment gone wrong.

The Wallis inquiry, and the subsequent formation of APRA, succeeded in raising expectations about prudential regulation in this country. In a 1998 speech the Chief Executive Officer of APRA, Mr Thompson, said:

... it should be clear that we aim to be a ‘market friendly’ regulator, not a hostile or combative one. In the same speech he also said that he recognised that:

... overly intrusive and prescriptive regulation can get in the way of desirable innovation and structural change in the financial system.

While it is essential that regulators have open communications with the institutions they regulate, the desire to be ‘market friendly’ cannot, and should not, be an end in itself for any regulator. On the contrary, while it may be the insurance industry who paid its fees to APRA, it is the Australian people who received, or I suppose in this case failed to receive, the regulatory service.

In an earlier speech by Mr Thompson, given on 6 August that year, APRA demonstrated that it did understand the tension between the need to protect the Australian public and the need to give the insurance industry what it wanted. In that speech Mr Thompson said:

No one likes to pay for the privilege of being regulated and any restructuring will inevitably create winners and losers.

He then went on to say that one of the objectives of APRA was to lower the cost of regulation. In order to demonstrate the kinds of cost savings that APRA hoped to achieve, Mr Thompson stated quite clearly that a large proportion of the collected data, both for us and the Australian Bureau of Statistics, is no longer subject to detailed audit.

The collapse of HIH can teach us all some valuable lessons—that is, of course, if we are willing to learn them. First, the role of regulators must be first and foremost to protect Australian consumers, businesses and of course taxpayers. While lowering regulatory cost to regulated industries is desirable, it is not, and should not, be an end in itself. Mr Thompson set out to achieve more effective prudential regulation, at a lower cost to the industry. He asked rhetorically:
Too good to be true?
He answered:
The proof of the pudding will be in the eating, but these are certainly our objectives.
The magic pudding is always too good to be true. The HIH assistance bill is a $640 million reminder of how important tough regulation is, not only to the taxpayer but to consumers generally. As policy makers, we have an opportunity to turn this $640 million compensation package into an investment in better regulatory structures which start from the assumption that industry interests must come well behind those of community interests.

The second lesson that needs to be learned is that early intervention is required. Once again, we need to be clear about the extent of regulatory failure that preceded the collapse of HIH. In August 1998, Mr Thompson stated quite clearly:
… an important role for the prudential regulator is resolving the position of financial institutions which have actually become unviable, so that the interests of their policyholders and depositors are protected to the maximum extent. APRA has extensive formal powers of investigation, intervention and administration for this purpose. My experience is that moral suasion, and arm twisting can be quite effective too.

The last quote is quite revealing to the extent that it does not mention the protection of Australian taxpayers. The failure of HIH that APRA was set up to guard against cost Australian taxpayers almost as much money as this government has committed to welfare reform, yet protecting the Australian taxpayer did not rate a mention. It is also revealing because, despite the existence of the powers to which Mr Thompson referred, they were not utilised. What is the point in having a regulator with the powers to intervene to minimise harm, if it does not choose to use those powers? As I said earlier in my speech, regulations have to be designed with the worst case scenario in mind. That is not to say that all companies may seek to deceive regulators about the state of their finances, but obviously regulators must have, and must utilise, the powers to ensure that this is not the case.

On the topic of early intervention, let me state that the Australian Democrats feel that this government took too long to announce that it would hold a royal commission and that it has taken a long period of time to come up with the terms of reference. The starting date of 1 September is too far away also. The Australian Democrats support the provision of assistance to Australians who have been harmed, of course through no fault of their own, by the collapse of HIH. However, given the enormous cost to the Australian taxpayer with this compensation, it is essential that industry regulation becomes as intrusive and prescriptive as is necessary to ensure that we do not see a repeat of this particular disaster. The purpose of regulation is to protect Australian consumers, Australian businesses and Australian taxpayers. In the case of HIH, clearly this did not occur. We now have a royal commission, but that is just the first step. The next step, and perhaps the hardest step, is to ensure that the findings of that royal commission are translated into clear policy and legislative direction.

Senator SHERRY (Tasmania) (9.59 a.m.)—The collapse of the HIH insurance company has hurt tens of thousands of Australians in all walks of life, with policies in areas such as salary continuance, workers compensation, sickness and accident payments, theft and flood, and indemnity provisions, to name but a few. Up to $4 billion may be lost to policyholders. The Appropriation (HIH Assistance) Bill 2001 provides compensation of approximately $600 million. The legislation we are considering is a necessary response; however, it is short term and one-off. Last week we had an extensive debate on the reasons behind the collapse of HIH. It is not my intention to traverse that ground again today but rather to focus on the public policy grounds for granting assistance in circumstances of financial collapse and to examine some of the overseas experience. However, we should not forget the role of the Treasurer, Mr Costello. He is the creator of the regulator, in this case, APRA. It was Mr Costello who initiated the Wallis inquiry and foreshadowed prior to the 1996 election that we needed to improve the regulatory structure.
Mr Costello, the Treasurer, took credit for APRA’s creation in 1998, arguing it would give Australia ‘a stronger regulatory regime designed to better respond to developments in the financial sector’. He emphasised that Australia would be assisted in becoming a world centre of financial best practice. We do not hear any more of those proud boasts from the Treasurer. He did flick the implementation and the general day-to-day oversight on to that incompetent and hapless minister for financial services, Mr Hockey. A recent editorial in the *Asian Wall Street Journal* illustrates the enormous damage done to Australia’s international reputation as a result of these collapses. It says:

> Considering the supposedly highly regulated nature of the insurance market, [the HIH collapse] raises a lot of questions about regulation of other financial institutions. Could the same fate befall a major Australian bank, for example? [Australia’s] regulatory regime has been tested this year and found lacking, especially when compared to the norms of transparency in Europe or America.

There was a similar article in the United Kingdom’s *Financial Times*, echoing similar concerns.

I would like to pose the question: why do we intervene to support policyholders of various insurance products when collapse takes place? In a capitalist society, in the so-called free market, with all its imperfections, liquidation of unsuccessful enterprises is an integral part of an economy. We have elaborate bankruptcy codes that seek to minimise the harsh consequences to society and to the creditors of a failing business. These bankruptcy codes, in my view, are not tough enough, but that is a subject for another speech.

Investors who purchase shares invest in the hope of a profit. Commercial creditors who lose at least take their chances with open eyes when they purchase shares or give credit. Profit involves risk; risk sometimes, regrettably, involves failure. Unlike most commercial enterprises, banking, insurance and superannuation funds are of a very different nature. The customers of these products are often uninformed consumers who pay in advance through deposits in banks and, in terms of insurance companies, through premiums for those insurance products which, in return, perform often in the distant future—over 20 or 30 years. Usually these products are bought through an intermediary, an agent, a so-called ‘expert’—although, given the apparent limited knowledge that some of these agents and experts had about HIH, you have to question whether it is worth while buying through these agents. Sometimes these products are even compulsory, for example with workers compensation, building insurance and superannuation. Often a person who buys an insurance product is not necessarily purchasing direct from that company. We have reinsurance, where an insurance company will reinsure with one or even two other insurance companies, which the consumer has absolutely no knowledge of.

A civilised society cannot allow consumers, the victims who bought products, to be harshly treated through an economic collapse. In these circumstances, they should be protected. We have protections in the case of superannuation: the so-called prudent man investment requirements, which spread the risk by requiring investment across different classes of assets. We have restrictions on in-house investment and we have a guarantee payment in the event of theft and fraud. It also takes significant time to resolve outstanding payments. The legal system, regrettably, often does not deliver justice. It takes a significant amount of time, sometimes five to 10 years, to ensure an outcome. Consumers have significant financial pressure, they have increased worry and the legal system is often unconscionably slow in sorting out the mess.

The argument is often put that the existence of guarantee plans rewards incompetent management or at least removes some of the economic incentive for management to keep an insurer solvent. In addition to that, it can lead to the regulatory authorities being less careful in performing their duties. Incompetent managers of insurers that are candidates for early insolvency would be tempted to advertise the existence of a plan as additional security for policyholders. It is true that where such plans exist some advertising is carried out, but it is not clear and
there is no empirical evidence that insurers have been led to operate at the margin of safety because of the existence of a guarantee plan, nor is there any evidence that regulators are less careful because of it. This argument, which is often put, I regard as specious, and it is advanced by economic theorists of the market who have little knowledge of human frailties and the innocent nature of the victims in these sorts of circumstances. It also assumes that consumers have perfect knowledge of all economic products when making a purchase, and this is far from correct.

I would like to refer to a couple of overseas examples. In carrying out some research for my speech, I was pleasantly surprised that even the United States, the doyen of free enterprise, held up as the country with the least government intervention in the so-called free market, does have a guarantee plan in place in the event of insurance collapse. In 1966, at the initiative of then Senator Thomas Dodd of Connecticut, followed by Senator Magnuson of Washington state, they took up the Dodd bill, which was to implement property liability insurance through the federal government. At the same time, two states—New York and Wisconsin—established state guarantee systems in the event of an insurance collapse. By 1974, 47 state jurisdictions had enacted property liability guarantee laws. By 1981, 51 state jurisdictions had schemes in place due to the perceived threat of the federal intervention that I outlined earlier.

There were a number of jarring events in the United States which prompted states to act. The Baldwin-United insurance company’s collapse was the first time in recent US history that the collapse of a major multistate group of writers of life and annuity products occurred. Over 300,000 policyholders were at risk. Interestingly, two of the associated companies were domiciled in Arkansas, which was one of the few states which did not have a guarantee association. In 1990, Executive Life was headed for liquidation, with over 325,000 policyholders and $10 billion in liabilities. This drove the creation of a nationwide guarantee network, which was completed by 1992.

The US guarantee system established over the last 20 years is comprehensive, is relatively uniform, has experienced the full spectrum of insurance cycles and has handed the mammoth liabilities of life annuity insurance insolvencies very well. Over the last 12 years in the United States, a total of $US6.3 billion has been handed out to policyholders through the guarantee fund. In the United Kingdom, the Policyholders Protection Act 1975 provides policyholders with 90 per cent compensation if their money is lost in the event of a default. This act was further updated in 1997.

In Canada, policyholder protection is provided by the Canadian Life and Health Insurance Compensation Corporation, known as Comp Corporation, which operates a funded guarantee fund. In 1995, it was further updated in the wake of the collapse of the confederation of life insurance companies of Canada. It was restructured to improve consumer protection by appointing an independent board of directors, it allowed an increase in borrowing powers and it developed a plan for carriers in financial difficulty. Even Japan, which has struggled economically over the last decade, has acted to protect policyholders with the creation of a policyholders protection fund, established by the Marine and Fire Association on 1 April 1996. To my knowledge, Australia is the only country with an advanced economy that does not have a comprehensive insurance plan in place.

On 7 June, in his second reading speech, Minister Hockey said:

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

I pose the question: does that mean that if another insurance company or any financial institution collapses the government will do nothing? Does it imply that the government acted on the HIH issue only because of the political fallout of such a large collapse? Does this mean that the victims of a hypothetical future collapse, which will undoubtedly occur, who may suffer a greater financial loss as individuals than some of those
affected by the HIH collapse, will get nothing unless it happens to be a very large collapse which forces this government to act because of the political repercussions of failing to? Minister Hockey also said:

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

In his claim on superannuation, Minister Hockey is simply wrong. He is incompetent. He is unaware that, in the case of theft and fraud in superannuation funds, a compensation fund does operate. There are some forms of insurance that the state governments consider to be important enough to provide systematic protection for consumers. The federal government seems to believe only that assistance should be ad hoc and based on its political emergencies of the time. One wonders how the government would have responded to the HIH collapse if its polls had been better, had it not recently lost the Ryan by-election and had the public not been so angry at its other policies, such as the GST.

I suspect the Howard government, as professed adherents to the survival of the fittest principles of neoclassical economics, would have done nothing had it not been so frightened about its political future. Why might someone think this? One only needs to read the speech on this legislation of the Liberal member for Parramatta given in the other place on 21 June. Mr Cameron clearly indicated what the government would like to have done about the HIH collapse. He said:

The collapse of HIH has been described by some, including my colleague the member for Cook, for whom I have a great respect, as market failure. In fact, I would advance the heretical proposition that it represents market success. I do so because it is essential that we have a mechanism to shake out the inefficient and perhaps the fraudulent from the efficient, the competitive and the productive ... whenever I engage in a transaction with a limited liability company, such as HIH or any other, whether as a purchaser, a supplier, a shareholder or a creditor, I understand that there is a risk involved. In fact, my sharing of the owner’s risk is what makes the transaction possible in the first place.

How out of touch can a Liberal member of parliament be? In his speech, Mr Cameron assumes that every consumer in Australia has the same level of financial knowledge and literacy as him. That is total arrogance. He is totally out of touch with the Australian community.

Mr Cameron went on:

Caveat emptor is one expression of that policy: let the buyer beware. While it involves obligations on the citizen, it is also a safeguard of his or her freedom. It rewards diligence and does not intervene to protect the negligent. This is essential to building a wider prosperity. It ensures that the industrious, the thrifty and the ambitious will not be unfairly weighed down by the choices of the slothful, the extravagant or the faint-hearted.

Is Mr Cameron referring to those people suffering through no fault of their own as a result of the HIH collapse, even where the decision to purchase HIH products was made by a third party but still affects them, as ‘slothful’, ‘extravagant’ and ‘faint-hearted’? How out of touch is this Liberal member?

Does Mr Cameron really believe that the freedom of those hurt by the HIH collapse would be safeguarded if nothing was done to help them? Tellingly, Mr Cameron said he was willing to support his own government’s legislation:

... because the minister has indicated that this bill will not form a precedent for bills of a similar character in the future.

In other words, Mr Cameron is willing to support assistance to the tens of thousands of HIH policyholders only because he has received a guarantee from Mr Hockey that anyone who falls victim to a similar collapse in the future will receive nothing.

In the Stone memo, a number of coalition backbenchers complained that the government was mean-spirited. Mr Cameron is taking the opposite approach. He is not worried that the government is mean-spirited; he is demanding that the national government be mean-spirited. Mr Cameron supported this legislation only because he received an assurance that if another financial institution collapses, the government will be mean-spirited and do nothing.
speech and the assurance he sought and received from the minister reveal the Liberal government’s true colours. If the government were not under the degree of political pressure it is under now, policyholders would get nothing.

Despite this nominal support for the legislation, Mr Cameron went on and lamented its financial cost. In this regard, the Labor Party share Mr Cameron’s concerns. We welcome the assistance that is being offered in this bill; it is essential for HIH customers left in the lurch through no fault of their own. After what has happened, it is money that has to be spent, but it is money that need not have been spent if only the government regulator had done its job properly.

In his second reading speech on 7 June, Minister Hockey said:

HIH is a special case because of the extraordinary nature of the collapse. As Australia’s second largest general insurer, it was a company that only ever reported full-year audited profits. We have to ask why the government’s regulator, APRA, was not aware that these reported profits disguised a company which may have been insolvent as early as 1998. In his speech in reply on 21 June, Minister Hockey said:

With the benefit of hindsight, everyone says that there was this document saying it was in trouble and there was that document saying it was in trouble. But there were directors attesting that it was solvent, there were auditors attesting that it was solvent, there were market analysts attesting that it was solvent, there were reinsurers attesting that it was solvent, there were state and federal regulators attesting that it was solvent.

What he does not say, of course, is that his government’s inaction allowed APRA, the regulator, to cease the appropriate actuarial auditing of HIH in 1998. We need to ask why the federal regulator thought HIH was solvent and why the federal regulator naively believed the directors and auditors who said that HIH was solvent when it is now so disturbingly obvious that it was not. We need to ask why the Treasurer, Mr Costello, when speaking about APRA, promised in March 1998:

... Australia will be a world leader with best practice, leading edge financial sector regulation.

As I outlined on 21 June, the government failed to update the Insurance Act and moved APRA from Canberra to Sydney—a move which resulted in the loss of experienced staff and imposed cutbacks on government actuarial services.

In conclusion, from my analysis of what has occurred in other countries around the world and the advanced economies comparable to Australia’s, there is no country that does not have some sort of national government plan or guarantee system in place in order to assist the victims of insurance company collapse. I would advocate that that is what Australia should have. Australia should have some type of national plan designed to assist consumers who are hurt and burnt through no fault of their own by the collapse of any insurance company, not just HIH. I believe that consumers in Australia will demand this. It is offered in a limited way with respect to superannuation products, and that is as it should be.

For the reasons I have outlined, I believe it is appropriate that we reject the neoclassical economic view of survival of the fittest—that we should not worry about the impact on consumers if they are burnt through the tragic collapse of a financial institution such as HIH. Not only should we support this bill; we should also see a bill and a policy developed by the Liberal-National Party government posthaste to ensure that all people in these sorts of circumstances are helped out.

What is the difference between an HIH policyholder who has, through the collapse of the insurance company, lost their salary continuance and the victim of another insurance collapse who has lost their salary continuance? There is no difference in the human impact. I am not confident that the government will address this issue. They do not care, they are out of touch and I do not believe we are going to see an appropriate, long-term policy response. (Time expired)

Senator IAN CAMPBELL (Western Australia—Parliamentary Secretary to the Minister for Communications, Information Technology and the Arts) (10.19 a.m.)—I thank honourable senators for their contributions and commend the bill to the Senate.

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

**BUSINESS**

**Government Business**

Motion (by Senator Ian Campbell) agreed to:

That intervening business be postponed till after consideration of government business order of the day No. 6 (Appropriation (Parliamentary Departments) Bill (No. 1) 2001-2002 and 2 related bills).

**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 26 June, on motion by Senator Ian Macdonald:

That these bills be now read a second time.

Question resolved in the affirmative.

Bills read a second time, and passed through their remaining stages without amendment or debate.

**TAXATION LAWS AMENDMENT BILL (No. 3) 2001**

**Second Reading**

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

That this bill be now read a second time.

**Senator CONROY** (Victoria) (10.25 a.m.)—The Taxation Laws Amendment Bill (No. 3) 2001 makes amendments to a number of taxation laws, principally to implement the changes to GST and PAYG reporting announced by the government on 22 February 2001. It also contains some additional changes developed and in some cases publicised since that announcement, including changes to access to full input tax credits for motor vehicles. The changes to reporting requirements are being touted by the government as easing the compliance burden for taxpayers in the PAYG system and simplifying and streamlining GST payment and reporting arrangements for small business.

Last week, my erudite colleague Senator Cook gave an address to this chamber on the bills that effected the abolition of fuel indexation. Senator Cook gave a short summary of the many backflips we have seen from this government since the beginning of the year. Within that summary, he made mention of the attempt to win back some of the disenfranchised small business operators which is reflected in this bill. Senator Cook referred to the backflips being performed by this government as a circus-like extravaganza, featuring Prime Minister Howard as ringmaster, Treasurer Costello as a nimble acrobat and Senator Kemp as the monkey.

While I commend Senator Cook on the sentiment that underpins his colourful simile, I am afraid I simply cannot agreed that it was the most apt available. You see, the Treasurer has been anything but nimble in his execution of backflips this year. Instead, these changes of heart have been ill considered and clumsily executed. For that reason, I would liken what we have seen from the government this year to an amateur gymnastics competition.

**Senator Kemp**—Who writes this rubbish?

**Senator CONROY**—And sadly the measures contained in this bill would be lucky to get a three out of 10 from the judges, Senator Kemp. It is most unfortunate that, while the government talk now about listening to the community, they have not indicated currently that they will be supporting the ALP’s motion to establish a committee to inquire into and report on the social and economic impacts of the new tax system—in particular, the introduction of the goods and services tax. This committee would, amongst other things, examine options for amending the legislation which underpins the new tax system to improve its fairness, simplicity and efficiency.

One might think that a government prepared to listen would be more than happy to agree to the establishment of this committee as a mechanism by which it could identify areas that still require improvement. But I fear that yet again the government will seek to hide away in the shadows, making deci-
sessions on the run without proper regard for the impacts of those decisions.

The most significant measure in this bill, at least in terms of the government’s attempts to win favour with the small business community, is the setting up of a GST instalments system. This measure is similar to that proposed by the Australian Labor Party weeks before the government’s 22 February announcement but sadly it is a poor imitation. Newspaper reports late last week quoted an ATO spokesman who confirmed that of the 900,000 people who were considered by the ATO to be eligible to make use of the GST instalments system only 10 per cent have actually taken it up. The ATO view is that this comes as no surprise ‘given the effort businesses put into understanding the original system’. I doubt that this is the whole story.

Instead, I consider it highly likely that many small business people were put off this system by the fact that the commissioner was going to base their March quarter instalment on the figures obtained in the December quarter—that is, what they would be required to pay for March was going to be determined by looking at what they paid during their most busy time of the year. I know that this bill provides for a variation option for that very reason. However, the moment a small business man notifies the commissioner that they are varying their instalment amount, they open themselves up to penalties. I will discuss the penalties regime in more detail later, but suffice it to say at this point that it seems quite understandable that small businesses have failed to embrace the GST instalments system with open arms. I can only say to those small businesses who are still weighed down by the administrative burden of the new tax system, and the GST in particular, that a Beazley Labor government has already committed to offer much simpler options for business owners.

There will be little point tinkering at the edges of this bill when what we intend to offer is a significantly better option. Our policy is to identify the ratio of net GST remittances based on past performance and give the option to small businesses to apply that to the quarter in which the turnover occurs. By applying the ratio to the actual quarter, our option would ensure that if the economic cycle of the business turns down in the quarter they only have to pay the appropriate amount. The ratio stays the same but the total remittance goes down because the turnover goes down. It makes sense. It is a flexible application and it is simple.

I must make it very clear, however, that the decision to take up our simplified reporting option will belong entirely to the small business owner. That way we can offer those in the business community real choice. They can continue with what they already do or they will have a genuine option in terms of cutting down on the paperwork. I am sure that many small businesses would regard our proposal to be superior to that offered in this bill. One might well ask why the government did not adopt it when it changed its mind on reporting requirements in February. The unfortunate truth is that the government could not bring itself to the circumstances of bipartisanship, agreeing with Labor on a sensible initiative. It could not bring itself to do the proper simplification. As a result, many small businesses have opted to continue with the old system because to do otherwise will further worsen their tentative cash flow situation. Does this government care? No. It is just another example of the government having to be forced, kicking and screaming, to do something—and then botching it when it gets the chance to do something. It is too arrogant to adopt a bipartisan position with us and it is still not listening.

The Australian Labor Party has also announced another important part of our policy to make the GST fairer and simpler. Simon Crean announced an initiative earlier this year to try to assist small businesses with some of the cash flow pressures from the GST. A high proportion of businesses are struggling under the new tax system because of slow payment causing major cash flow problems. Small businesses in particular are being squeezed by their major customers. This is an area where government can make an immediate difference. Government is a major consumer of business goods and services. There are certainly concerns about governments being slow payers. It was a Labor
government that introduced the 30-day rule for the payment of bills by the Commonwealth. This government has let that standard slip. It has not insisted upon it. There is even a debacle taking place here in Canberra where the Australian Federal Police are being sued by the owners of the building where they are tenants because they are so far behind in their payments. This is typical of the debacle that this government brings us to.

Labor will ensure that all Commonwealth agencies comply with the 30-day payment rule so that, if you are the owner of the building that the AFP are renting at the moment, you will actually get your rent. But not with this mob.

I now turn back to the issue of penalties under the GST instalments system provided in this bill. When the Treasurer announced these changes back in February we were right in the middle of the Senate estimates process. In some ways this was terrific timing as I had the chance to question ATO officials on exactly how the new system would work. At the time the explanation for how the penalties regime would work seemed fairly simple. Now I find, looking at the bill and the explanatory memorandum, that 16 pages have been dedicated to the penalties regime—7½ pages of amendments and 8½ pages of explanation. Keep in mind that we are not talking about a document written in 14-point font with lots of white spaces. So much for the comments by the Minister for Small Business, Ian Macfarlane, back in March that the simplification of the BAS and instalment activity statement would reduce the paperwork to a ‘five-second operation’. This is 16 pages that this bloke reckons you can do in five seconds! Clearly, figuring out exactly how it all works is no easy task—one which, I think, most accountants would dread, let alone someone without tax expertise. It just goes to show that when this government talks ‘simplification’ the paper mills go into overdrive.

I would like to go through just one of the many permutations of application that these penalty provisions provide for but I fear it would take the rest of my 20 minutes and I have many more comments on other matters. Enough to say that I doubt that there are many amongst those on the other side of this chamber who would be able to explain the many steps and formulae required to be considered in determining whether a business has to pay a penalty interest. I invite Senator Calvert and Senator Kemp to get out of the white cars they hoon around in and go and talk to some small businesses and take them through the 16 pages to find whether they have to pay a penalty if they adopt your new system. Take the chance. Get out in the real world. Talk to some small businesses.

While I have outlined many of our significant concerns about this bill, I will not be able to move amendments to it to make it fairer and simpler. This is because the Commissioner of Taxation has been ‘administering’, for want of a better word, these changes since late February. The Treasurer’s press release of 22 February 2001 in relation to this issue stated:

The Tax Commissioner will administer the new streamlined arrangements from this date under the existing legislation. The Government will introduce such legislation as is required to implement these arrangements as soon as possible.

To even the most casual reader this appears ridiculous. Surely, if the commissioner had the power to ‘administer’ the changes outlined in the press release, he would not require the introduction of ‘legislation as is required to implement these arrangements as soon as possible’.

The truth is that the commissioner has been acting without sufficient legislative authority and has been pre-empting the outcome of the parliamentary process. This is a serious breach of the principle that goes to the heart of good government—the doctrine of the separation of powers. In this case the legislature has its hands effectively tied because of something the executive have done with highly questionable, if not non-existent, authority. Not that we blame the ATO; we understand that this Howard-Costello government is used to demanding of them that they fall into line with whatever the government wants taken on any particular day. It is the government that should accept responsibility for this wrongdoing.

I now turn briefly to one of the measures included in this bill by amendment in the
House last week, namely, the elimination of the phasing in of access to input tax credits for motor vehicles. The small business constituency was dudged in the 2001-02 budget. There was no compensation for their work as unpaid tax collectors; no simplification; no extensions for the period of immediate write-off for GST related capital purchases and no changes to the many thresholds that determine access to the new simplified accounting method under the simplified tax system. These were all expectations of the small business community. It sincerely believed that, having had so much pain thrust upon it by this government, the government might actually attempt to make up some lost ground and give it some relief. It was very, very disappointed. Instead, it got the following: first, a reduction in the company tax rate which it already knew about and had basically paid for by forgoing access to accelerated depreciation, and, secondly, the ability to claim full input tax credit for motor vehicles from budget night.

It is no wonder we did not see small business falling over themselves in a state of excitement. Sure, they could now claim back one-eleventh of the amount they pay for a new car on their BAS, but with so many businesses experiencing tough times, the last thing that many small businesses are in a position to do right now is to buy a new car. Things are so tough in the small business community that we have seen corporate insolvencies jump nearly 20 per cent on year to April figures from last year. In the last two months for which data is available—March and April—we have seen increases in the number of insolvencies grow by 15 per cent and 30 per cent respectively. On 18 May 2000, the Treasurer stated:

I don’t think anybody will go to the wall as a consequence of the GST ... I don’t think that there will be businesses that will flounder because of the GST.

This statement has now been shown to be incorrect, but even now the Treasurer has demonstrated that he is not willing to go the hard yards and do anything serious to come to the assistance of the small business community.

Today we are dealing with a bill that involves the government being forced to roll back the GST. It has been forced by the pressure of the Labor Party, and the coalition’s dismal performance at the polls earlier this year, to do something to simplify the methods by which they collect the GST.

Senator Kemp—Not so bad now.

Senator CONROY—Call the election, Senator Kemp. Yarralumla is five minutes away. If you think you are in such a good position, let’s have an election.

We believe it can go further. It is only the Labor Party that is putting up constructive proposals to address this issue. I am astounded that neither the Minister for Small Business nor the Treasurer is prepared to embrace these measures in a bipartisan way. The small business community deserves better. It has had a bad deal from this government and it is a group that has traditionally supported the government as it stands today. However, it is also a constituency that has become mightily disillusioned. Labor will continue to work with the small business community to find more effective means by which we can simplify the GST. The business community deserves it, and under Labor they will get it. However, in the interests of providing certainty for business, we will not obstruct the passage of this bill today.

Senator MURRAY (Western Australia) (10.40 a.m.)—The Taxation Laws Amendment Bill (No. 3) 2001 implements the government’s proposals for an annual return and the simplified business activity statement, otherwise known as the BAS, which they announced on 22 February 2001. The major changes announced were: for all quarterly payers of GST, the information which will have to be provided quarterly will be reduced to three boxes, with the remaining information to be provided in an annual return. Payers with an annual turnover of less than $2 million will have the option of basing their payments on an amount calculated by the ATO, which will calculate the amount on the previous year’s payments adjusted for movements in gross domestic product. Lodgment dates will be extended by one week and, for the remainder of this financial year, payers may choose to have the amount
due calculated on their second quarter payment adjusted for changes in GDP. The bill includes other areas such as those to do with the input tax credits being brought forward for motor vehicles. In addition, the bill will extend the range of people who make pay-as-you-go payments on amounts notified by the tax office.

The weakness in the debate on the reporting systems that come with the new tax system is that they still rely on anecdotal evidence and on surveys, and the anecdotal evidence and the surveys are in conflict. What no-one disputes is that BAS changes were required. The uproar in some quarters about some aspects of the BAS had to be addressed. The Democrats had proposed four early solutions, but we think that the review of the business reporting systems needs to continue, in particular coordinating dates and the information available, because, as was apparent in the Customs trade modernisation bill recently, there is still a conflict in government where one arm of the government is requiring information, for example, in the case of importers and exporters, on the first day of the month, and 21 days later—or 28 days as it will be now—and the government tax office requires the same or similar information. We just need to coordinate those dates, sooner rather than later. I should note for the purposes of this debate that the minister responsible for Customs has agreed to put a working group together to try to resolve that particular issue.

Returning to the BAS, the Democrats’ original four early solutions were, firstly, to extend the BAS due date from the 21st of the month by 10 days or more for small business. Effectively, the government added seven days so they mostly met that requirement. The second solution was to introduce plain language forms and guides. Our third proposal was that small business should be able to submit only one detailed BAS annually, whereby GST payments would still be required quarterly, but the amount payable should be based on either the previous year’s GST payment or on another estimate, but it should be the annual return which determined the final liability. The government has pretty well followed that recommendation of ours.

Our fourth recommendation was that a formal process of ongoing consultation with sectoral business and accounting groups about the BAS and GST payments and reporting systems should be set up. The government has not yet gone far enough on that, so I foreshadow the Democrats’ second reading amendment, on sheet 2223, which states:

At the end of the motion, add “but the Senate calls on the Government:

(a) to ensure that forms and guides in respect of the Business Activity Statement or other reporting mechanisms are written in plain English; and

(b) to establish appropriate consultation processes in relation to such matters”.

They may seem relatively mild requests, but behind them is a desire to make the language and the presentation of that language much more understandable to people who are not necessarily graduates in accounting or in any other discipline that uses such language.

I now return to what we know about small business in particular but business generally with regard to the BAS and the IAS. I have made it a consistent practice to ask business people whom I come across in all sorts of areas, both casually when I am going about my own business and officially when I am going about my Senate business, how they feel about the GST, BAS and whatever else is affected by the new tax system. Frankly, you get a confused picture. One newsagent will tell you that it is the most marvellous system they have ever come across because they are now right up to speed, that they can understand their business much better, that their computer system works beautifully, and that everything works well. Another newsagent will tell you that it is the most awful system they have ever come across because they are now right up to speed, that they can understand their business much better, that their computer system works beautifully, and that everything works well. Another newsagent will tell you that it is the most marvellous system they have ever come across because they are now right up to speed, that they can understand their business much better, that their computer system works beautifully, and that everything works well. Another newsagent will tell you that it is the most awful system they have ever come across and that they wish it had never happened, and so on.

If you ask painters, people who supply services to households, transport organisations and manufacturers, you get the same difficulty in establishing precisely how people feel. It is part of the settling down process.
We know that the government forecast a fairly early flow-through period for the effects of the ANTS, but we also know from evidence in Senate inquiries and so on that many aspects of the new tax system could take much longer than 12 months, and we are not even at the end of 12 months. The situation is confused. The government needs to remain sensitive and consulting. But I also know that in three-quarters of countries that have GST or VAT systems, these things are accepted and their economies and businesses work perfectly well.

I refer the Senate to an article by Jason Koutsoukis on page 4 of the *Australian Financial Review* of Friday, 22 June 2001, which states:

Only 10 per cent of small businesses had taken advantage of the new GST reporting and payment options announced by the Federal Government in February...

He said that the tax office was 'releasing copies of the redrafted fourth-quarter business activity statements, which incorporate all the new changes' and that it 'had extensively road-tested the new form and was confident it would be accepted by business'. He said that 900,000 businesses were eligible—we should bear in mind that there are 1.6 million small businesses, so that sounds to me like 60 per cent or 70 per cent—and that they could take advantage of those simplifications, including the option to file one BAS a year instead of four. Only about 10 per cent have taken advantage of that. The article went on to state:

The Taxation Institute of Australia’s director... said the reason only 10 per cent of small businesses had taken advantage of the new reporting options was because they wanted to wait until the end of the financial year before starting a new reporting procedure.

There are a number of other initiatives for simplifying small business accounting procedures in the simplified tax system bill that will also require small businesses to adjust, and they might be waiting to coordinate the two systems. Small businesses principally take advice from their accountants, and their accountants are aware that the new systems are coming in and that they will simplify the tax system with respect to capital purchases, depreciation systems, cash accounting and so on. The article goes on to quote the director of the Taxation Institute of Australia, Mr Michael Dirkis, as saying:

‘Otherwise, we think the new form is a lot better and we welcome those changes by the ATO.’

The article goes on to state:

The taxation counsel for the Institute of Chartered Accountants, Mr Brian Shepherd, said many would find the new form confusing at first glance, ‘particularly the range of options available with the new forms,’ he said.

‘However, once they move past that initial reaction, we feel they will start to appreciate the benefits of the redesign exercise undertaken by the ATO.’

That shows that accounting professionals think that the new system is an improvement on the old one. It shows that a high proportion of small businesses have not yet taken it up, but 10 per cent of 900,000 businesses is 90,000 businesses. A lot of people have taken advantage of the new system, and I expect the figure to increase. When there is such a take-up in the early stages, we can be sure that the government’s options that have been developed are quite popular. As I said earlier, that does not mean that you should stop consulting and trying to simplify matters further, but it does mean that you are on the right track. It is a pity that the government were unable to move quicker in that direction to assuage some of the pain that people were expressing.

One of the issues, though, that we must be alert to is that any change to the reporting systems should not decrease the ATO’s ability to stay on top of integrity issues. None of us should be naive about the fact that there are businesses out there who do not like the new tax system because they are being made to pay tax which previously they were able to get away from. That integrity aspect to the new tax system has to be maintained. It is important that people pay their fair share so that other sectors of the community are not burdened by having to pay taxes to cover those who are avoiding them. So any changes to the reporting systems have to take into account the maintenance of integrity in tax reporting, have to take advantage of the
improvements as a result of the ABN, the PAYG, the BAS and the IAS introductions, and of course have to pay attention to the fact that people have existing software and systems and have made a capital investment which they do not want to have to keep adjusting at cost. In other words, if the government can get it right early on it saves a lot of pain later on—never mind political pain, but business pain. With those broad remarks I will conclude my second reading remarks on this bill. For the sake of the procedures, I move my second reading amendment on sheet 2223 revised:

At the end of the motion, add “but the Senate calls on the Government:

(a) to ensure that forms and guides in respect of the Business Activity Statement or other reporting mechanisms are written in plain English; and

(b) to establish appropriate consultation processes in relation to such matters”.

Senator SHERRY (Tasmania) (10.54 a.m.)—We are dealing with Taxation Laws Amendment Bill (No. 3) 2001. I firstly make the point that the tax bill we are considering deals with a number of issues relating to the GST. It deals with GST returns and payments and the payment of GST by instalments, and it substitutes accounting periods, it corrects GST errors and it deals with PAYG instalments and the deferral of due dates. The legislation we are considering contains a further 160 new amendments to the GST. The GST, as we are all painfully aware, was introduced on 1 July last year. Since that time, since the introduction of the GST up until the Senate concluded last December, there were 1,600 amendments to the GST. We are now dealing with a further 160 amendments. By my count, adding in other amendments to the GST so far this year, we have now had over 1,800 amendments to the GST. This was supposed to be the simpler new tax system. Industry sources have confirmed to the Labor Party that there will be many more amendments to the GST. But it is unclear when the government will bring in that particular legislation. I ask Senator Kemp, the Assistant Treasurer—and I know he will be brief—to provide us with a timetable or at least the number of further amendments to the GST that are to be given to parliament.

This bill includes the proposals to enact the business activity statement, commonly known as the BAS, backflip—Labor would refer to it as a roll-back—announced by the Treasurer on 21 February 2001. This package was very hastily conceived and was announced in reaction to the administrative nightmare that was engulfing many small businesses under the original BAS proposals. That announcement effectively ditched the real-time reporting characteristics of the so-called new tax system. It provided detailed information on various components of the GST and the pay-as-you-go system for self-funded retirees and sole trader business operators. I make the point that the old wholesale sales tax, of which I am an unashamed advocate, had some 60,000 tax collectors, and the GST has some two million tax collectors, in the main small business operators and self-funded retirees. In other words, we have moved from the old tax system that had 60,000 tax collectors to a new tax system with a GST—supposedly simpler—that creates almost two million new tax collectors. They have been struggling—indeed, some have gone under—as a result of the sledgehammer blows of the GST. There have been numerous examples, not just provided by the Labor Party but provided by small business operators themselves and their industry organisations, of the impact of the GST. The GST has hurt cash flow; the GST has meant a blow-out in payment times for debts; the GST has imposed additional paperwork and time and extra effort that small business have to devote in order to manage the payment of this new, so-called simpler tax, the GST.

I remind the Senate that it was in January of last year that the Treasurer, Mr Costello, told 3AW’s Neil Mitchell that there would be no more changes to the GST legislation. It was January last year that he said this:

Well, it does mean that we’re not changing the legislation, that we’ve got it right. As you implement these things there have to be further rulings—

that is, tax office rulings—
they’re just rulings as to how the Tax Office applies the concepts, but we’re not changing the legislation.

The Treasurer, Mr Costello, assured the Australian people in January last year that there would be no further legislative changes to the GST.

As I said earlier, with this bill we are dealing with approximately 160 amendments to the GST, on top of the 1,600 that we dealt with up until the end of last year. Senator Kemp, the Assistant Treasurer, would well remember that debate prior to the Christmas break when we were here at 6 a.m. dealing with the mess of the GST as it applied to swimming lessons of all things. Six months after the GST was introduced last year, we were here in the Senate chamber at 6 a.m.—not that I am complaining about that; we are here to do a job, even if it is at 6 a.m.—correcting errors to the GST as it applied to swimming lessons. That is just one example. Here we are dealing with the much more important issue of how the GST is collected through the business activity statement. Despite the reassurances given by the Treasurer, Mr Costello, that all is well—\"It’s all going smoothly; no great problems with the GST\"—we now have major changes to the business activity statement.

The bill also deals with GST returns and payments. The amendments extend the due date for payment of net amounts and lodgment of GST returns to 28 days after the end of the quarter for entities that account for GST on a quarterly basis, no matter when the quarter actually ends in relation to the taxpayers’ accounts. The bill removes the requirement for the net amount to be provided on the GST return, thereby allowing instalments paid on earlier trading conditions to be accepted in lieu of an actual calculated liability. It also ensures that the annual GST information sheet that an entity may need to lodge—the annual reconciliation—can require entities to provide details for more than one tax period.

The financial impact of this will be nil. It was Labor that advocated removing the necessity to fully calculate the GST each quarter and replacing it with a system of quarterly instalments, backed up by an annual reconciliation of the time of calculation of a taxpayer’s income tax return. This was classic roll-back. This was roll-back, advocated by the Labor Party to simplify the BAS statement for small business and to try to remove some of the tremendous workload on small business—the bureaucracy and the paperwork that has resulted from GST collection. Labor advocated this roll-back. It is at least pleasing to see the Treasurer, Mr Costello, and the Assistant Treasurer, Senator Kemp, representing the government so enthusiastically, embracing Labor Party policy in this area and adopting Labor’s proposed roll-back of the GST as it applied to small business in the area of the tax collection.

The legislation provides for changes to the payment of the GST by instalments. The amendments set up the GST instalment system for small business. Some of these proposed amendments were announced in the Treasurer’s press release of 22 February 2001. Some include the special rules for farmers, whereby they have to make only two payments per year instead of four that were not previously announced. This is an important area. Farmers are small business operators. I live in the small town of Forth, on the north-west coast of Tasmania.

Senator Ludwig—A great place.

Senator SHERRY—A great place, that is right. Business activity in my community is centred on farming. I do listen to the comments of farmers about the new tax system, and many of them have reminded me of the—

Senator McGauran interjecting—

Senator SHERRY—I see Senator McGauran, the Whip for the National Party in the Senate, looking perplexed.

Senator McGauran—I am perplexed by your comments.

Senator SHERRY—You should not be, Senator McGauran. I remind the chamber that it is the National Party of Australia that slavishly followed the Liberal Party in the implementation of the GST.

Senator McGauran—And the National Farmers Federation.
Senator SHERRY—The National Farmers Federation as well. The National Party of Australia, which claim to represent rural and regional Australia—small business and farmers in particular—went along with the implementation of the GST. They embraced it with gusto.

Senator McGauran—They wanted it.

Senator SHERRY—The small farmers I have talked to in Tasmania did not want the GST. They are not happy with the GST and the way it has impacted on their businesses. They do not see a benefit. The National Party are the doormats of the coalition; let’s face it, Senator McGauran.

Senator McGauran—You must be running out of material; you’ve got 10 minutes to go.

Senator SHERRY—I have plenty more material. Don’t provoke me, or Senator Kemp will get upset. I have plenty more material but, as you have intervened in the debate, I cannot miss the opportunity to remind the Senate chamber of the incompetence of the National Party. They just do whatever the Liberal Party wants. The top end of town in the big cities—the Liberal Party—tells the National Party, ‘This is what you are going to do.’ The National Party are a very sad and pathetic entity in today’s politics compared with the famous Black Jack—

Senator McGauran—We’re in government.

Senator SHERRY—You are in government, but look at what you have been doing since you have been in government.

Senator Ludwig—Nothing!

Senator SHERRY—No, they have been doing something; they have been hammering small business, particularly farmers in rural and regional Australia. On the correction of GST errors, in Part 4, Schedule 1, the bill contains amendments to the GST act to permit the commissioner to make a determination that allows a net amount for a tax period to be worked out to take account of the need to correct errors made in the immediately preceding tax period. The intention of these amendments is to allow the commissioner to make flexible rules to minimise the effort required to remedy small errors made in preparing GST returns. This is retrospective, and that is good. It will allow those returns, lodged on this basis since the implementation of the GST on 1 July last year, to be acceptable. This is a good example of a simplification measure—more roll-back—that should have been included from the commencement of the GST system.

There are provisions for PAYG instalments. Schedule 2 of this bill amends the PAYG instalments legislation to allow certain entities to pay instalments based on an amount worked out and notified by the commissioner. This is effectively an abandonment of the new PAYG system and the reintroduction of the provisional tax system. This is based on the system of taxpayers paying instalments, worked out by the ATO, based on last year’s income adjusted for economic growth. These amendments will reduce the cost to those taxpayers incurred in complying with their PAYG instalment obligations, as they will no longer have to keep track of the instalment income they earn each quarter.

The impact of these measures will result in a one-off cost to revenue of approximately $200 million and a cost to revenue of $10 million on an ongoing basis. The amendments to this bill will defer the due dates for quarterly GST lodgment, payments and other quarterly obligations for entities other than those with monthly GST obligations to 28 October, 28 February, 28 April and 28 July. It provides a further week to the 21 days originally proposed. It ensures that, where a due date for payment of a tax debt or lodgment of an approval form falls on a Saturday, a Sunday or a public holiday, the payment or lodgment may be made on the next working day without incurring penalty. How could a government—and I will not blame just the Liberal and National parties—how could the Democrats miss something as basic as making sure that people are not penalised if a due date falls on a weekend or on a public holiday? How on earth can the Democrats have missed this? They signed up with the Liberal-National Party—

Senator McGauran—They trust us.
Senator SHERRY—They trusted you; that’s right! They followed blindly, as the National Party has done. They signed up to a provision whereby the taxpayers of Australia, when paying the GST, would incur a financial penalty where the payment date fell due on a weekend or on a public holiday. This just highlights the level of incompetence and inefficiency that the GST has bred.

Senator McGauran—They are little things.

Senator SHERRY—Senator McGauran says, ‘They are little things.’ The National Party should go to small business and say, ‘Look, it’s a little thing. Don’t worry. We’re going to fine you because you can’t lodge your GST instalment on a weekend or on a public holiday.’ Senator McGauran, you cannot seriously be arguing that this is a little thing.

The ACTING DEPUTY PRESIDENT (Senator Knowles)—Senator Sherry, you may care to direct your remarks through the chair.

Senator SHERRY—Thank you, Madam Acting Deputy President. This just highlights the absurdity of the sorts of penalty provisions that the Democrats signed up to with the Liberal Party and the National Party. There will also be the streamlining of the reporting arrangements in relation to the lodgment and signing of approved forms such as the BAS and the IAS. In concluding my remarks, we have a second reading amendment from the Australian Democrats that reads:

At the end of the motion, add “but the Senate calls on the Government:
(a) to ensure that forms and guides in respect of the Business Activity Statement or other reporting mechanisms are written in plain English; and
(b) to establish appropriate consultation processes in relation to such matters”.

I can announce to the Senate chamber that the Labor Party will support this amendment. However, I have to make a couple of points about it. The Australian Democrats have come into the Senate chamber almost a year after the implementation of the GST on 1 July to convince us that we need to move an amendment that the GST should all be in plain English. It begs the question: why didn’t the Democrats, as part of the package deal they did with the Liberal-National parties, make sure that this would happen? I would advocate that you cannot have a GST in plain English. There is clear evidence that the GST, with its 1,800-odd amendments to date, is in anything but plain English. By its very nature the GST is inherently complicated. We have the Democrats coming in and lecturing Senator Kemp, who is representing the government, about the need to make sure the GST is all in plain English. This just highlights the neglect in the scrutiny the Australian Democrats applied to the package they infamously signed up to in that great photo opportunity with their previous leader.

Senator McGauran—He’s a Rhodes Scholar.

Senator SHERRY—Thank you, Senator McGauran: Senator Murray is a Rhodes Scholar.

Senator Ludwig—And he still missed it!

Senator SHERRY—That is right: he missed it. They signed up to penalty provisions that penalised people if they could not lodge their GST tax payments on a weekend or on a public holiday. Now they are arguing that we should sign up to a plain English provision. That is just a contradiction in terms: how can you have a plain English GST, with all the struggles and the hardships of implementation? So, Senator Murray, we will vote for the Democrats second reading amendment, but I would just point out that it is inherently contradictory. It is impossible to have a plain English GST tax system, with all the complexities, paperwork burden, bureaucracy and cash flow problems that the GST imposes.

I have a pile of bills and explanatory memorandums in my office on the GST legislation. That pile now reaches almost one metre. This is the so-called simplified tax system: a pile of paper, bills, explanatory memorandums and 1,800 amendments to this so-called new, simplified tax system, the GST, that is one metre high. It all relates to the GST, and this is a Liberal-National Party government that argued at the time of its
election in 1996 that it was going to reduce the amount of tax legislation. It was going to reduce paperwork, particularly for small business. Except for the wholesale sales tax, I have not seen too much legislation coming out of that pile. It is still almost a metre high. So, with those remarks, we will support the Taxation Laws Amendment Bill (No. 3) 2001, because it is sound in principle and because it is Labor Party policy. It is roll-back, Senator Kemp. You have accepted our roll-back in this area. We are pleased with that, and I would certainly like to acknowledge that. This is a very effective example of roll-back and assistance to small business, in particular, which has been so hard hit as a result of the introduction of the GST. (Time expired)

Senator KEMP (Victoria—Assistant Treasurer) (11.14 a.m.)—I hope to keep my remarks on the Taxation Laws Amendment Bill (No. 3) 2001 fairly brief and not as longwinded as some of the Labor senators. Every time we have tax bills, the Labor Party rolls out the same old crew and essentially the same old speeches. There is nothing new, and the errors that litter those speeches are just awesome. I will just mention one point. For some strange reason, Senator Conroy made some issue in relation to car sales. I am not sure who provided Senator Conroy with that advice, to be quite frank, but the implication of what Senator Conroy said was that car sales were laggardly. I have a press statement that was put out by the Federal Chamber of Automotive Industries on 6 June which said that it was tipped that total sales for this year would reach 800,000 units—a 20,000 rise on its previous forecast—on the back of a strong market performance in May. Why Senator Conroy would get up and make some disparaging comment about car sales is just beyond belief!

Senator Sherry asked me whether I knew of any further amendments to the GST bills. I thought we dealt with this fairly succinctly at the Senate estimates. There are some amendments in the budget. Senator Sherry asked me whether I could give him any information on any amendments. I said that, in light of the proposals around, I think there are probably 3,000 or 4,000 amendments that would be needed to implement roll-back. If Senator Sherry wants to worry about the number of amendments, I suggest he turn directly to what the Labor Party is proposing. Roll-back is a very imprecise area of policy, but it is my understanding that, if you wanted to bring about roll-back, you are probably looking at 3,000 to 4,000 or maybe 5,000 amendments. Senator Sherry invited me to speak a little bit about roll-back, and I will just make a few observations. I have challenged Labor senators day after day in this chamber to stay after question time for the debate on taking note of answers to debate roll-back.

Senator Carr—We can’t catch you!

Senator KEMP—No, I can’t catch you. Senator Carr, the truth of the matter is that you cannot be caught. After question time is over, out goes Senator Sherry, Senator Conroy and Senator Cook—the same old crew. They cannot get out of that door fast enough. Senator Hill enlightened us as to Senator Cook’s 10 commandments.

Senator Carr—You are wasting the time of the Senate.

The ACTING DEPUTY PRESIDENT (Senator Knowles)—Senator Carr, you are interjecting from out of your seat!

Senator KEMP—The 11th commandment is that thou shalt not discuss roll-back. But I make the offer today: if someone on the Labor side can say to me that they are prepared to stay after question time and debate roll-back, I will be here to debate them.

Senator Carr—You are wasting time.

Senator KEMP—Senator Carr, you raised the issue. I was asked to comment on roll-back.

Senator Carr interjecting—

The ACTING DEPUTY PRESIDENT—Senator Carr, I remind you again that you are interjecting from out of your seat.

Senator KEMP—All I am saying is that the offer is on the table. This chamber needs a good debate on roll-back, and I will be the first man in this chamber to debate roll-back. If any Labor senator can tell me that after question time today they want to have a debate on roll-back, I will be here to debate it.
But I will make a bet that it is most unlikely that I receive that message from the Labor Party. It is most unlikely, but the challenge is there.

I will make a number of other comments on the Taxation Laws Amendment Bill (No. 3) 2001. Senator Murray has moved a second reading amendment. Senator Murray, I do not know why you are proposing this. The government is always strongly supportive of ensuring that its statements and forms are in plain English. In fact, the Australian Taxation Office has consulted—as Senator Murray would know because he takes a great interest in these things—widely with industry groups in the design of the new business activity statement. We have a process of consultation. Senator Murray, no-one argues that forms should be in plain English—of course, they should be. Can we do better? I think there is always room to do better. There is no argument from the government on the need to have forms in plain English.

The second point I would make is on consultation. This is a very consultative government. This is a government which, in contrast to the arrogance of the Keating government and the Keating ministers, is always happy to consult with business, is always happy to listen and is always happy to take advice. One of the reasons that we have been able to constantly improve tax laws is that we have listened to the wider community and consulted with them. So, Senator Murray, there is truly no need for this amendment that you are proposing because, in this sense, we are in blazing agreement. Forms should be in plain English so that people can understand them. The second point is that governments should consult, and we are a consultative government. So there is no need for the amendment that you are proposing.

There are a number of other things I would like to say by way of summing up. Normally it is a tradition on this side that you thank honourable senators for their contributions, but in all conscience I cannot do that. The contributions from Labor senators are getting worse and worse. Maybe it is because I am getting tired of hearing the same old misrepresentations, the same old falsehoods and the same old hypocrisy. Maybe it is all that. But in all conscience one simply cannot thank the Labor senators for their contributions.

Senator Murray always makes an interesting contribution. I always listen to Senator Murray’s contributions. Let me make it clear that I do not always agree with his contributions, but Senator Murray brings a seriousness to the chamber and a seriousness to the debate, and I think that is welcomed. Senator Murray, I know that it is unlikely that your example will have any effect on the Labor side of politics, but it is time for more seriousness and for being more straightforward. Senator Conroy is an honourable exception to the Labor Party position. I have mentioned that Senator Conroy from time to time has been prepared to stand up and state what the Labor Party policy is, and I have praised him for that. I do not think that has made him the most popular boy on the other side of the chamber, but I have praised him for doing that.

To sum up this bill, as the Labor Party speakers said, this bill is good for business. The bill makes amendments to implement changes to the GST and the PAYG reporting announced by the government in February 2001. This bill helps business by giving them options that will significantly ease their reporting requirements. Business will also benefit greatly from the government’s decisions to allow full input tax credits for business vehicles bought or imported from 23 May 2001. This gives a major boost to business and the motor vehicle industry and will result in further cost reductions of about nine per cent for registered businesses. This bill is an important bill, and I commend it to the Senate. I notice that, in contrast to all other speakers, I have been able to cut down my remarks to 10 minutes.

Senator Carr—Five minutes was a complete waste of time.

The ACTING DEPUTY PRESIDENT—Senator Carr!

Senator KEMP—We do not want to have any lectures from the Labor Party about people wasting time. I have spent nine minutes in summing up, actually. I have misled the Senate: it was not 10 minutes.
Senator Carr—So you are going to waffle for another 10.

The ACTING DEPUTY PRESIDENT—Senator Carr, how many more times do I have to remind you that you are interjecting from out of your seat!

Senator KEMP—Thank you, Madam Acting Deputy President. Unfortunately, the behaviour of Senator Carr is always lamentable and needs no further comment from me. If he wants me to give him the John Cain quotes about him, I am happy to do it. I commend the bill to the Senate.

Amendment agreed to.

Original question, as amended, resolved in the affirmative.

Bill read a second time.

In Committee

The bill.

Senator BROWN (Tasmania) (11.24 a.m.)—I move:

(1) Page 91 (after line 10), at the end of the bill, add:

Schedule 6—Other matters

Income Tax Assessment Act 1997

1 Section 116-25 (cell at table item D1, fourth column)

Omit “None”, substitute “See section 116-82”.

2 After section 116-80

Insert:

116-82 Special rule for amounts received under RFA Private Forest Reserve Program

If you, as a landowner, receive an amount under the Regional Forest Agreements Private Forest Reserve Program as consideration for placing a restrictive covenant on your land title, the amount is not “capital proceeds for the purposes of this Part.

3 Application

The amendments made by items 1 and 2 apply to assessments for the 2000-2001 income year and later income years.

The Senate will be acquainted with the reason for this amendment because I have brought this amendment up twice before. It arises out of the fact that, under the regional forest agreement in Tasmania, you can get 100 per cent tax write-off if you knock down your bush block and have the woodchippers come and cart it away, and you put in a plantation. But, if as a good citizen you protect your bush block because it has rare and endangered species or other environmental amenity for the whole community and get a payment under the regional forest agreement from the government to put a covenant on that land to protect it, the tax office has ruled that you have to pay capital gains tax. So, on the one hand, if you knock the block down, you get a big tax incentive; on the other hand, if you protect the block, you get the money given for doing so very significantly reduced by a capital gains tax applying and the money flowing straight back to Canberra. This, of course, is very unfair and is a very big disincentive to landowners in Tasmania to protect their land—

Senator Murray interjecting—

Senator BROWN—And elsewhere, as Senator Murray says. It was the explicit intention of the Prime Minister in announcing these regional forest agreements that there was a balance there for the environment. I am not going to go into the debate about the record destruction of Tasmania’s forests under that regional forest agreement and the fact that just this year 150,000 log trucks will be taking the grand forests of Tasmania to the woodchip mills under the death warrant of Prime Minister Howard. I am addressing this specific glitch that even the little he did towards protecting the environment has been cut away. It is quite wrong.

I moved an amendment last year not to have this capital gains tax imposition. It was not supported by the Labor Party on that occasion because they were told, when they contacted the Bacon Labor government in Tasmania, not to support Senator Brown’s amendment. I hope there will be a change this time. I also note that in the meantime the Treasurer, Mr Costello, has announced a scheme which will go some way towards addressing this issue of capital gains tax being levied on conservation covenants on land. My information is that it does not address the fact that landowners who have bought land since 1985—which is when,
you would know, capital gains tax began—will still be subject to capital gains tax. My amendment is quite simple. It says:

If you, as a landowner, receive an amount under the Regional Forest Agreements Private Forest Reserve Program as consideration for placing a restrictive covenant on your land title, the amount is not *capital proceeds for the purposes of this Part.

In other words, it is not subject to capital gains tax. We very badly need landowners who want to do the right thing by the environment, which benefits the whole community and future generations, to be encouraged, not penalised. I know that there are landowners in Tasmania who will not protect their land if this capital gains tax impost remains there, and those forests will be logged. My amendment is not in conflict with the Treasurer’s proposal. What it does is ensure that the Treasurer’s proposal provides the incentive to people who have bought land since 1985—in other words, it deals with the whole issue. It is not about when you bought your land; it is about not being penalised by capital gains tax if you want to do the right thing by that land. I commend the amendment to the Senate.

Senator BROWN (Tasmania) (11.31 a.m.)—Just do not believe that. That is incredible. The amendment needs to be attached to a tax bill, and we have one before us. Labor knows, if they do not support this, that more months are going to be lost while landowners determine what they are going to do. More bush blocks are going to go to the onrush of the destruction in Tasmania. Here we have Labor senators saying, ‘We’re going to have our schedule set by the government, not by what the Tasmanian electorate wants. We’ll allow the government to dictate when this change is going to come through by when they schedule some other bill.’ And Senator Murphy has just said the government has removed it from immediate consideration—read that as ‘until after the winter break, until somewhere in August, at the earliest’. In the meantime, I reiterate that we are seeing a mass slaughter of Tasmanian forests, in both the private domain and the public domain.

Senator Murray—And in other states.

Senator BROWN—It is very legitimate to say, ‘And in other states,’ particularly of Victoria. But let me tell you, Senator Murray, that, of the woodchips going out of Australia to Japan and Korea—at the greatest rate in history—more than two-thirds are coming out of Tasmania. For every ship leaving from the mainland, two are leaving out of little Tasmania. It is an absolute disaster in Tasmania, and we cannot get it back.
conversations on my left be a little quieter, restricted or else outside the chamber.

Senator BROWN—The logging, fire-bombing, poisoning and total destruction of these forests is at the greatest rate in history, for the smallest return in history and for the fewest jobs in history.

Senator Murray—And there is long-term damage.

Senator BROWN—There is long-term damage, as Senator Murray quite rightly reflects—permanent damage, irrecoverable forever once these ecosystems are destroyed. Here at the margins of that, we say: let the government’s intention be to have some bush blocks protected. Landowners have the choice—and let us face it, a lot of farmers are struggling—of getting some capital through selling out to the woodchip corporations, who are going around door to door saying, ‘We’ll give you X-hundred thousand dollars if you log that hill up the back there or that creek and valley, that little catchment up the back. We’ll put in the road, we’ll log it, we’ll put a covenant on it that you continue to log it into the future, we’ll destroy the ecosystem, but we’ll send you a big cheque.’ If you are a farmer in a difficult position, this puts excruciating pressure on you, particularly if you want to keep that back block, which may have been there for three generations. It has certainly survived the extraordinary change to the landscape since the first settlement in Tasmania by Europeans in 1804. But Labor is saying, ‘Let’s put this amendment off until some other time, as determined by the government.’

Senator Murphy—It was supposed to come back this week.

Senator BROWN—It was supposed to come back this week.

Senator Murphy—It still is.

Senator BROWN—Yes, but you know, Senator Murphy, as well as I do that you must not leave a scheduling like this to the government, because it is not a priority for the government—or, if it is a priority, this amendment is not. We have the opportunity here to do it now. Labor failed on this last November—

Senator Murray—December.

Senator BROWN—and it was Senator Sherry who was then arguing that Labor should not support this. Now, six months later—

Senator Murphy—I’m not arguing there. You know that, Bob.

Senator BROWN—I understand that.

Senator Murphy—This is an incidental bill and it deals with the changes to the BAS and it will go through.

Senator BROWN—The bill will go through. It will go through with this amendment, if you support it, Senator. You should be supporting it now. Be it on your head if you do not. I make that appeal to Labor. You failed to do the right thing last December. You left Tasmania open to the situation where a $60 million investment in the environment was going to have tens of millions of dollars immediately taken back by the tax office. As you will know, Tasmania has one of the lowest incomes per capita in the country.

That situation has continued over the last five months, because Labor senators from Tasmania voted against this amendment—I submit, because it was a Greens amendment—last December. You got it wrong then, and you are getting it wrong now. Whether or not it is on your heads, the important fact is that the Tasmanian landowners, who are interested in doing the right thing by the environment, are copping it because of your dilatory approach to this legislation.

I cannot do anything to change your minds on that. Back somewhere in the Labor caucus, outside this Senate, the powers that be decided last year that Tasmania is not important enough to put this amendment through, that the environment in Tasmania does not rate with Labor and that landowners in Tasmania who may want a tax deduction, who may want an honorarium for doing the right thing by their land but who do not want it to be grabbed back by the tax office, can wait around five months. Let me make this clear: Premier Bacon in Tasmania indicated to Labor senators in here last year, ‘Don’t vote for this amendment.’ That is what hap-
pened. Premier Bacon got it wrong last December.

Labor should be getting it right today, and so should the Liberal senators in Tasmania. I know Senator Kemp is going to speak after me. I am interested to know why the government did not allow this last December and why the government has not brought in a bill to fix this up. The answer is that the environment does not rate with the government. It has been left to the Greens to amend any tax bill that comes along to fix up this glitch which is costing Tasmania tens of millions of dollars as well as important parts of its natural environment.

Senator SHERRY (Tasmania) (11.39 a.m.)—Senator Brown’s amendment was presented to the Labor opposition 15 or 20 minutes ago. Although I am aware of its intention, the Labor opposition has not yet had time to examine in detail whether there are any drafting errors in Senator Brown’s amendment. This is not the first time that we have dealt with this matter. Last December, we did not vote for a similar measure because, at that stage, we did not have advice on the particular issues. Subsequently—as I indicated at the time—we received advice from both our shadow Treasurer, Mr Crean, and from my Labor colleague in Tasmania Premier Bacon. We were asked to support an amendment that implemented what Senator Brown is attempting to do. So we are not at cross-purposes.

Senator Brown failed to mention that, after the debate in December last year, we did deal with an amendment that addressed this issue. This highlights the problem of Senator Brown’s behaviour in the chamber. The amendment we dealt with was technically incorrect. Senator Brown is now moving this amendment again because he got it wrong. His drafting of the amendment that was passed was deficient and could have led to significant tax evasion in the forest industry. I do not know whether Senator Brown’s third go at drafting this amendment has got it right. I will get proper technical advice as to whether Senator Brown has got it right. We do not have that yet. Senator Brown rushed this amendment into the chamber. We will deal with this issue in the consideration of another piece of tax legislation, with all the t’s crossed and the i’s dotted. We will make sure that tax evasion does not result from these amendments giving capital gains tax concessions.

Senator Brown would have us believe that, if this is passed today, tomorrow there will be a significant reduction in forestry activity and woodchipping in Tasmania. That is just not the case. This amendment will have some impact. It will enable people who own private land who wish to place areas with forest in a covenant to receive a tax concession. That is a good thing. But Senator Brown gave us a highly exaggerated and colourful outline of what this amendment would do. That is not unexpected. He campaigns on these issues; that is his privilege. I note that it is broadcast day. We will be voting for the technically correct amendment that the chamber will be presented on another tax bill. We will not be voting for this today. I understand that the Treasurer, Mr Costello, made a public policy announcement on this matter. Senator Kemp will outline that and we will deal with it at the appropriate time.

Senator KEMP (Victoria—Assistant Treasurer) (11.44 a.m.)—I listened carefully to Senator Brown, as I always listen carefully to all senators. Senator Brown, I would like to bring information to your attention. You probably are aware that the Treasurer made a press statement on 15 June which dealt with the issues you have raised here. This press release was entitled ‘Capital Gains Tax Amendments and Private Conservation’. Briefly, taxpayers who enter into conservation covenants in relation to land that was acquired before 20 September 1985 will not be subject to CGT on any consideration received. Consideration received for conservation covenants relating to land acquired after September 1985 will not be subject to CGT on any consideration received. Consideration received for conservation covenants relating to land acquired after 20 September 1985 will be subject to the usual CGT rules, including the 50 per cent discount and any available small business concessions. The government’s amendment will therefore treat the covenant as a part disposal of the land. This treatment will then engage the usual CGT rules—namely, the 50 per cent discount, small business concessions where applicable and pre-CGT ex-
emption. The part disposal approach is an equitable treatment of a covenant in perpetuity. Such a covenant effectively sterilises the asset for a price. The government will amend the law to exempt the payment if it relates to an asset acquired before September 1985. Otherwise, as I mentioned, the usual CGT rules apply. I seek leave to incorporate the text of the Treasurer’s press statement in Hansard.

Leave granted.

The document read as follows—

**Capital Gains Tax Amendments and Private Conservation**

I am announcing amendments to the capital gains tax (CGT) rules to ensure that landowners who set aside part or all of their land for conservation in perpetuity will not be disadvantaged. The change will result in a lower tax liability for most landowners entering into perpetual conservation covenants, and a zero tax liability for those landowners who have held their land since before 20 September 1985.

Governments and environmental philanthropic organisations enter into covenants with landowners to conserve their property in perpetuity, in order to maintain its environmental value for all Australians. Previously, nearly all the consideration received for entering into such covenants was taxable. Landowners have not been able to access the pre-1985 exemption or the 12 months CGT discount.

The amendments should promote greater participation in perpetual conservation covenants and so enhance the protection of Australia’s unique and fragile native ecosystems. Under these amendments, at the time of entering into the covenant the landowner will apportion the cost base of the property between that part subject to the covenant and the remaining property. The covenant will then be treated as a part disposal of the property. CGT will be payable on the difference between the consideration received and the cost base apportioned to the covenant. When the land is subsequently sold, any capital gain will be calculated on the difference between the sale price and the remaining cost base of the property.

The capital gain made from the covenant will attract a pre-1985 exemption, or the 12 months CGT discount for individuals, trusts and complying superannuation entities, where applicable. In addition to these benefits, small business landowners who enter into conservation covenants may be able to access the small business CGT concessions.

The change will be of immediate benefit to landowners who have negotiated covenants with the Tasmanian Private Forest Reserve Program, as well as being relevant to landowners throughout Australia. Only those covenants entered into for a consideration, and which enhance Australia’s environmental values will be eligible for the new tax treatment. Programs offering conservation covenants would need to be accredited by the Federal Minister for the Environment. Legislation to implement the Government’s decision will be introduced into the Parliament as soon as practicable. The amendments will take effect from 15 June 2000, so as to benefit all landowners who have entered into covenants under the Tasmanian Private Forest Reserve Program.

Canberra
15 June 2001

**Senator KEMP**—I think there has been a problem here and the government have recognised that problem. Through the Treasurer, the government have announced amendments to deal with this. Clearly, from your point of view, these amendments do not go far enough—that is always a genuine debate in this chamber. Senator Brown, that is the government’s position, and it will come as no surprise to you that we will not be supporting your amendment.

**Senator MURRAY** (Western Australia) (11.46 a.m.)—I think it is time the Australian Democrats put their position on this issue on the record. We have consistently supported the intentions that have been before the Senate. I will deal with this on two grounds. The first is the public policy ground. Quite frankly, we think it is good public policy for tax incentives which were available for development to also be available for preservation. Both those areas of tax application can be in the national interest. There are developments in the national interest which need to be incentivised, and there is preservation in the national interest which needs to be incentivised. This amendment deals with that.

I hear that both the Labor Party and the government are warming up in this area—in other words, they are moving to support initiatives such as this which will have a very
positive environmental outcome as well as a good policy outcome. If this warming up is going on, my recommendation to Senator Brown is to negotiate with those in the Labor Party who are warm on this issue to see if you can address the technical understandings you need to have between the two of you and/or to do that with the government. I also say to you, Senator Brown, that there will be more tax bills this week. If you can get over that hurdle by that time, perhaps we really can get this through in time for the end of the financial year on 30 June.

I will confirm on the record the Democrats’ support for your amendment. If it is rejected, you should go and talk to the Labor Party in particular to see if they will give you the numbers. You have the Democrats’ support. If you can resolve an outcome which has majority support in the Senate and attach it to a further tax bill that comes forward, I will certainly advocate to my party that we support it.

Amendment not agreed to.

Senator MURRAY (Western Australia) (11.49 a.m.)—Before we move out of the committee stage, I have some questions for the minister. But, before dealing with those, I must refer to some remarks made by both the opposition and the government concerning my second reading amendment. I must make it clear that in my speech in the second reading debate—and I thought I had made it clear, but perhaps the two persons concerned were not listening at the time—I said that there were four points that arose out of our own consultation with small business on the implementation of the BAS and the reporting system which we had recommended that the government pursue. This legislation has fulfilled two of those. The other two that small business were asking for were indeed the plain English aspect of business activity statements or other reporting mechanisms and fuller consultation on these matters. Let me make it clear that our second reading amendment arises subsequent to the implementation of the GST and the new tax system.

The next topic I want to briefly deal with is some remarks by Senator Sherry concerning the Democrats and their role in the implementation of the new tax system. Within this, there is a question to you, Minister Kemp. Essentially it is as follows. I know that both the coalition and Labor worked very hard in the committees that were reviewing the new tax system before it was brought to the floor of the Senate. Arising from that very extensive committee appraisal, which I think ran from November through to May, you would have expected the Labor Party to have produced numerous amendments to correct deficiencies within the legislation.

Minister, my memory is poor, but I do not actually remember Labor producing more than, say, 20 amendments. I remember that one of the amendments they did produce and argue for very strongly—in fact, they voted in favour of it three times—was for food to be fully taxed. They wanted all food to be taxed. Do you remember that? There is Labor commentary about the Democrats, with their limited resources, going through the metre of legislation that Senator Sherry refers to, and yet the Labor Party, with all their resources, only produced 20 amendments. They really did not try very hard.

The other question I put to the minister is that it seems to me that Labor talk about roll-back and they believe that what is before us is an achievement of roll-back. But surely, if they are opposed to the GST and they are now going to accept it, it is not roll-back; it is roll over. Are we referring, Minister, when we have these discussions with Labor, to a situation of roll-back or roll over? The serious question to you is: how many amendments have Labor ever put up to improve the new tax system, both before it was initiated and subsequently? I think Senator Sherry mentioned that the government had listened to the community and us and had produced something like 1,600 amendments, which would seem to me very sensible: if there is a problem, you correct it. I really do not recall Labor, despite all the rhetoric and so on, producing an amendment or even two in that time, but perhaps I am wrong. My memory might be deficient. That is the question, through the chair, to you, Minister.

Senator KEMP (Victoria—Assistant Treasurer) (11.53 a.m.)—It is an unusual
question in that I have been asked about Labor Party policy in a committee stage. Senator Murray, you know that I am a stickler for proper procedure. I am not clear whether the indulgence of the chair extends to me debating Labor Party policy in this area. Therefore, I shall be brief and hope that I can get a couple of quick remarks in before I am sat down by the chair.

My memory is that the Labor Party produced very few amendments. They did produce some amendments. There was an original position that they would not have any amendments because they were opposed to the whole thing—allegedly. Then of course there were a few amendments when they decided that that was an unsustainable position. Now of course if the Labor Party get back into government there will be 3,000, 4,000 or 5,000 amendments, apparently.

So, yes, there were very few amendments, and the next point is that there is nothing I would like better, Senator Murray, than to have a good debate on roll-back in this chamber. This is not the time for it. There is nothing I would like to do more. I think your observations speak for themselves and do not need any further comment from me. Those comments did add a bit of perspective to the sort of debate we have had here, Senator Murray. I do not argue with the comments you made in your remarks.

Bill agreed to.

Bill reported without amendment; report adopted.

Third Reading

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

VOCATIONAL EDUCATION AND TRAINING FUNDING AMENDMENT BILL 2001

Second Reading

Debate resumed from 21 June, on motion by Senator Ian Campbell:

That this bill be now read a second time.

Senator CARR (Victoria) (11.56 a.m.)—I move the second reading amendment on sheet 2249, standing in my name:

At the end of the motion, add “but the Senate:

(a) notes with concern that the Government has failed to provide appropriate support for vocational education and training by cutting $240 million from TAFE, and contributing no growth funding for 5 years, thereby restricting training opportunities and damaging the quality of training; and

(b) condemns the Government for allowing the Australian National Training Authority Agreement to lapse by:

(i) failing to make a realistic offer of funding; and

(ii) finally offering an amount of funding which is even lower than the amount of previous funding cuts and which fails to adequately address the needs of Australian vocational education and training”.

Today, we are discussing a bill for the funding of vocational education that sees the Commonwealth back down from its previous intransigent position, which was based on the claim that it had no responsibility for funding growth in Australia’s vocational education system. It is unfortunate, however, that this bill fails to address this government’s past neglect and that it does not address the future needs of the Australian people’s demand for vocational education.

In February this year, the government introduced its innovation statement. This was a statement that highlighted the government’s ongoing failure to recognise the importance of vocational education insofar as it once again ignored the needs of vocational education and did not mention it. I say ‘again’ because this is the third innovation statement released by the Howard government that ignored the contribution of vocational education to the Australian society and economy.

The former head of DEET, Dr Vince FitzGerald, who is now the executive director of the Allen Consulting Group, recently completed a report entitled Skills in the knowledge economy: Australia’s national investment in vocational education and training. This report followed heavy criticisms of this government’s performance by ACCI, and both the Allen Consulting Group
and ACCI have in the past been known to be sympathetic to this government’s policies.

Dr FitzGerald observes that it is the VET sector within education that is most effectively responding to enterprise requirements for skills development, which is so necessary for the knowledge economy. Arguably, the VET sector is therefore a more important economic contributor than higher education. Despite this, under this government the national investment in vocational education and training has fallen dramatically since 1996. The situation is expected to worsen because of the significantly greater projected future growth in demand for vocational education relative to higher education.

Dr FitzGerald shows conclusively using the NCVER data that the drop in investment in vocational education is the direct result of the Commonwealth government’s funding policies. He makes the point: Commonwealth funding has been cut back while the states have maintained steady growth in their resourcing.

Dr FitzGerald also refers to international comparisons of overall economic performance, which demonstrate that the most competitive countries maintain a balance across all the sectors of education in terms of their public investment. I agree with his assessment that what is required is a balanced national effort to lift investment in skills formation and innovation activity across all education sectors.

This bill, which reflects the recent funding agreement, falls miserably short of achieving this goal. One can only presume that the states have signed up to this grossly inadequate arrangement with the expectation that there will be a change of government after the next election and with the expectation that there will be an opportunity to renegotiate the funding models with a new national Labor government.

Over the past 10 years the average growth rate for vocational education has been at 6.5 per cent per annum. Over the last three years it has been 6.9 per cent per annum. If we examine the figures, in 1996 there were 1.347 million Australians in vocational education. In 1997 there were 1.459 million. In 1998 there were 1.535 million and, in 1999, 1.647 million. Assuming a growth rate of seven per cent per annum, this forward projection on growth will see in 2000 a figure of 1.762 million, in 2001 a figure of 1.885 million and in 2000 a figure of 2.017 million students. These figures do not include enrolments in the adult and community education sector. Given government spending of $15 million on advertising for New Apprenticeships this year, one could presumably expect that the demand will increase. Quite clearly, the growth funding provided in this agreement is grossly inadequate.

Put simply, we have a protracted period in which there have been very significant increases in the number of people participating, but this growth in participation has not been matched by the growth in resources. In simple terms, the argument essentially is that, if there has been an expansion in the capacity for the system to meet new programs and demands have been placed on the system to meet new programs, in that context we see a reduction in resources leading to a reduction in quality. Simple efficiencies themselves are not enough to cope with this situation. The impact on the system has been invariably and undeniably a decline in quality to the point where now profound questions need to be pursued with regard to the capacity of Australia’s vocational education system to meet the necessary quality assurance, to be relevant, and to be able to adjust to meet the skills and social needs of our society and economy. The proposed training plans that underpin the current agreement are not able to address these concerns.

If we look at the recent reports of the vocational education ministerial council, we find that the growth in the system according to the ANTA board and the states and even DETYA has been of the order of 1.6 per cent to 3.3 per cent. On the assumptions outlined in the recent ministerial papers, for each one per cent growth we see in 1998 figures $26.64 million is required. On these assumptions, and DETYA’s own figures anticipating a growth rate of 2.8 per cent, $75 million per annum is required and, given the growth rate in actual enrolments—as distinct from what has been projected—clearly the
Wednesday, 27 June 2001

figure that the ANTA board leans towards, of 3.3 per cent in 2001 prices, would be in excess of $100 million per annum. This figure in itself may well be an underestimate of the level of growth within the system.

The bill follows the first VET funding bill in 1992 which was underpinned by the Keating government’s commitment to inject $100 million of Commonwealth resources into recurrent funding as part of the One Nation economic statement. An additional $70 million of growth funds for each year of the triennium was also included. This arrangement was extended through to 1997.

The Howard government in 1996 introduced its so-called ‘efficiency dividend’ which saw a five per cent reduction in funding provided to ANTA. In addition, the growth funding which had been in the previous funding bill was discontinued. That amounted to a five per cent cut from the base of recurrent funding. Effectively, that meant a cut of $240 million. That money has not been restored by this bill. The Commonwealth proposition that we are debating today sees funding grow by $50 million in 2001, $75 million in 2002 and $100 million in 2003. These figures take no account of the lost years under the Howard government from 1996 to 2001. In return the states are required to match growth funding on a dollar for dollar basis. The Commonwealth will exercise a veto over the states’ compulsory VET plans and its so-called ‘innovation strategies’.

I use the word ‘veto’ deliberately because the Senate should be under no illusions about this. The effect of items 2 and 3 of schedule 2 of this bill is to provide the minister with the capacity to withhold funds from individual states if he so chooses. As an aside, I note that, whereas in February the Commonwealth chose to ignore vocational education as part of its own innovation strategies, it demands that the states now include it in their vocational education plans, and perhaps one has to see this as their means of compensation. Furthermore, states are required to increase on a per capita basis the number of apprenticeships and traineeships on the June 2000 base by some 20,000. With respect to my state of Victoria, for instance, that will mean an increase of some 5,000 places.

At this point I would like to incorporate into Hansard—and I have already sought leave of the Government Whip on this matter—some tables prepared by the Parliamentary Library outlining the funding figures for the next four years. This is a table that you will not find in the budget. However, it does indicate the true nature of the expenditure arrangements under these bills, and I seek leave to have the tables incorporated.

Senator Calvert—I would like to see them first.

Senator CARR—I have already checked with the whip who was on duty at the time.

Leave granted.

The document read as follows—

Vocational Education and Training Funding Act estimates: Calendar year (as at 2001-02 Budget)

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<td>ANTA Growth</td>
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<td>76.50</td>
<td>104.142</td>
<td>106.329*</td>
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*The proposed new ANTA Agreement, which includes growth funding, is for the period 2001 to 2003. The forward estimates include continuation of the funding for growth for 2003 in real terms in subsequent years.
Vocational Education and Training Act Funds: Financial year (as at 2001–02 Budget)

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*The proposed new ANT A Agreement, which includes growth funding, is for the period 2001 to 2003. The forward estimates include continuation of the funding for growth for 2003 in real terms in subsequent years.

**ANTA and New Apprenticeship funding**

The following table shows appropriations for ANT A's operating activities and for New Apprenticeships. Employer subsidies are a significant part of the Support for New Apprenticeships component.

Appropriations for Australian National training Authority operating activities and for New Apprenticeships - Commonwealth Budget 2001-02

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<td>Australian National Training Authority (for operating activities)</td>
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<td>New ApprenticeCentres</td>
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<td>20,259</td>
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**Senator CARR**—It has to be remembered that the New Apprenticeships constitute about 18 per cent of the total student enrolments but they consume 25 per cent of resources. If we look at the NCVER figures for the duration of apprenticeships we see that 20 per cent are now of one year or less, 18 per cent are for two years or less, and 18 per cent are for three years or less. Forty-four per cent are for three years. In approximate terms this means that, of an increase of 100 commencing apprenticeships today, 80 will still be in training the following year, 62 will be there a year later and 44 will continue for a further year after that. It is the so-called ‘pipeline’ effect.

In order to meet this Commonwealth target it is likely that the $50 million provided under this agreement for the next calendar year will have to be devoted entirely to the New Apprenticeships commencements. Based on this pipeline breakdown of 80 to 62 to 44, the $50 million devoted to additional commencements in 2001 would create a requirement for an additional $93 million to support these people through to the completion of their qualifications. Quite clearly, that money is not in this agreement.

In reality, the so-called growth funds provided in this agreement will require an additional $40 million in 2002, an additional $31 million in 2003, and $22 million in 2004, just to meet the additional places. The big question—apart from the skills shortage—that still confronts vocational education is the question of quality assurance. The Senate committee report demonstrated that there were far too many rorters using the New Apprenticeships system. Too many workers have suffered at the hands of unscrupulous employers and training providers who simply have been taking government money and providing poor quality training or, worse still, no training at all.

The informed opinion within vocational education and training officials and circles would argue that the number of people who are not receiving proper training in accordance with training agreements is between
five and 10 per cent. Taking the upper limit, that may well mean that some 33,000 people are currently registered in training but are not receiving appropriate training. In fact, many of those will not be receiving any training. If we use the figure of five per cent, currently 16,300 workers in the system are being abused. This simply is not good enough.

The government’s response has been to insist that they have a new quality assurance regime established by way of asking the states to introduce so-called model training clauses into their various state based vocational education legislation. This has arisen because the government has received legal advice from Minter Ellison which highlights the fact that the current quality assurance regime in Australia has no legal foundation because it simply pays lip-service to the need for national consistency. When it comes to actually doing something about it, the states and the Commonwealth have been unable to reach agreement.

Australia needs a legally enforceable quality assurance regime which needs to be genuinely national in its approach. No amount of duck shoving will alter the inevitable logic of this proposition. The question will boil down to: who is going to pay for it? In recent times, we have seen the Commonwealth talk up its so-called new quality assurance reforms. In reality, the government’s response has been simply to rename a number of committees and guidelines so that, instead of a National Training Framework, we now have the National Quality Framework; and instead of the National Training Framework Committee, we have the National Training Quality Council. The government’s actions in regard to this are clearly designed to compensate for not taking effective action. There are fundamental questions about auditing and sanctioning of registered training organisations, and about attempts to weed out those who are rorting the system. None of those issues have been agreed within the states. This highlights the fact that the so-called model clause approach is simply a second-best option. It will inevitably lead to a situation where the Commonwealth will be required to revisit the issue of Commonwealth legislation.

The NCVER recently published a report entitled *Australian apprenticeships: fact, fiction and the future*, which showcased the achievements of the New Apprenticeships system. The report explicitly stated that it did not provide an evaluation of the apprenticeship system, nor did it provide an exhaustive examination of the quality of teaching, supervision, learning, training and assessment in the system. Those are exactly the issues that Labor has identified as critical to the success of the skilling of Australia, and as the weakness in Dr Kemp’s policies. It has to be remembered that nearly 50 per cent of Australian workers have no post-school qualifications. Australia ranks at only 18 of 26 OECD countries in this area. Clearly a great deal more work needs to be done.

What I welcome about the report is that it highlights the need for a new strategic direction for vocational education. It underlines the need for a strategic shift in the priorities for vocational education. Such a system should combine legally enforceable national standards for quality assurance with a focus on the creation of advanced skills training in areas of economic demand and employment growth. The challenge now facing the Commonwealth is not simply to multiply the number of lower-skilled traineeships but rather to provide leadership in the development of paraprofessional qualifications across the entire economy.

Vocational education must be able to provide a meaningful range of alternatives to universities. Australia needs a new stratum of qualifications between graduate degrees and trade qualifications, not only in the traditional skilled areas of manufacturing and transport but also in human services, including nursing, aged care and dental care, as well as the media, communications, culture and the arts, information technology, sports, leisure and recreation, and in management and business services.
Australia’s vocational education system is fractured by state borders and the states have not been encouraged to think nationally, let alone globally. The vocational education system urgently requires revitalising and strengthening. It needs to refocus on national goals and objectives in which the problems of funding, quality assurance, national consistency and social justice are addressed. I ask the Senate to support our second reading amendment.

Senator LEES (South Australia) (12.13 p.m.)—The Vocational Education and Training Funding Amendment Bill 2001 gives effect to the new ANTA agreement for the years 2001-03. As the minister’s second reading speech points out, this is the first time under the ANTA agreement that the Commonwealth’s contribution to vocational education and training will be over $1 billion, but before the government gets too excited about that and boasts how proud it is, I point out that, given this government’s record in this area of continuing underinvestment and ‘growth through efficiencies’ policies are untenable—indeed, they never were. I stress, though, that the growth in funding of $50 million allowed for in this bill is significantly lower than the amount that state and territory ministers and the Australian Industry Group believe is required. They have argued very strongly—and they have very legitimate arguments—that it should be roughly double. If you add it all up in dollar terms, it means that in effect there is a funding shortfall of $100 million in just the first year.

We were cosignatories to the comprehensive majority report Aspiring to excellence, which was put together after the Senate inquiry into the quality of vocational education and training, and we remain committed to its recommendations. But obviously, as we look at what the government is doing, we can say only that we are very disappointed with its response to it. In effect, the government’s response is a mixture of simply ignoring it and being complacent.

I have had this portfolio for only a couple of months, but in that time I have been able to travel around my home state and visit a number of TAFEs. There is absolutely no doubt in my mind that the system is in crisis. In particular, in rural and regional areas there is very inadequate access for students, and that has exacerbated the difficulties being faced by the institutions themselves as well as by students. The crisis was brought about largely by the funding freeze over the last three years, the emphasis on cuts and more cuts, the need to make more and more efficiencies, the dilution of funds as resources were shifted over to the private sector—the VET sector—and the large amount of cost-shifting down to students. Basically, TAFEs are being asked to do more with less. That has undermined their ability to deliver high quality services and high quality education and to meet the current and future needs of students.

One of the biggest issues that came up as I talked with staff and students in TAFEs from the Barossa Valley and the Riverland up to Ceduna was the emphasis on the cost to students and the fact that many students from low income families simply cannot afford it. Unfortunately, some of those students do not succeed at secondary school but, after a couple of years of the run-around and the treadmills of trying to find unemployment benefits mixed with casual work, they make the decision—for many of them it is an important decision that is difficult to stick with—to go back into study. There are courses for them. Some of the entry level courses may not be too expensive, but once you start looking at the courses that will really deliver a job you are looking at thousands and thousands of dollars, and the students simply cannot raise that sum. For some of them, it means trying to work extensive hours in casual and part-time jobs, and that leads to failure—they cannot keep up with their study requirements as well as the hours that they are expected to work to get the money to study. We see increasing failure rates and withdrawal rates at TAFEs under this government.
Also, institutions are under enormous pressure. There are crumbling and inadequate facilities and facilities that urgently need upgrading. I have found some evidence that facilities for hospitality training have recently been improved. In one TAFE, facilities for apprenticeship training, particularly in the building industry, have been improved, but generally there is a lot of stress on physical facilities—ranging from no air-conditioning through to, in some cases, buildings that look like they are on their last legs.

The pressure on staff from all of that is enormous. They have increasing workloads and increasing casualisation. I am amazed to find that even in some areas such as IT, where there is an enormous shortage of qualified people, there are teachers on six-month-by-six-month contracts, if that. People are put under enormous pressure and eventually they just give up—they either go out and start their own small business or they go out into industry, and yet another TAFE course collapses because there is nobody left to teach it. Unless we address the issue of casualisation and pressure on staff in TAFEs, the potential of the sector will never, ever be achieved.

The continuing underfunding and resource pressure in this area basically point to the need for an urgent policy shift in the government’s attitude to what education is. Education needs to be seen as an investment, not something that we have to find a couple more dollars for because it is a cost. There must be a genuine commitment by government to equitable access. The issue of public funding comes up time and again. It is a public responsibility to ensure that Australians have at least basic access to adequate education. We urgently seek from the government a reaffirmation of the primacy of public funding.

The first substantial point made in the Aspiring to excellence report is the omission in the five objectives of the National Strategy for Vocational Education and Training 1998-2003 of an objective that recognises the fundamental importance of VET in ‘equipping Australians effectively to enable them to fully participate in society’. The government must address that as a matter of urgency. Barriers to education and training are made worse by overly restrictive access to income support measures. I point again to the age of independence, which is 25. The government’s insistence on that makes it virtually impossible for many students in rural and regional Australia to access Austudy. We staunchly oppose that. Unfortunately, the ALP has not supported us in our attempts to get rid of it altogether.

I should note also the absurd anomaly in the tax system whereby people can claim self-education expenses for the job that they are currently in, but if they see that job coming to an end or if they aspire to a job that they know has a better future, they cannot claim expenses for a job that they would like to move into in another area. With increasing mobility, the likelihood for many people in Australia today is that they will have four or five different careers, and they will have to stop and start as businesses come and go and as new industries start up. They want to be able to take opportunities that are there, but at the moment the constraints are such that many Australians are simply unable to do so. If you look at the unemployment issues in rural and regional Australia and at the number of skilled people we are searching for in rural and regional Australia, you will see the need for ongoing education opportunities.

Another fundamental policy shift we believe is essential is to substantially enhance the critical place that TAFEs play in their communities. I do not think any education sector is better placed to build linkages with local students, local schools, families, local businesses and local government, and I think there should be far greater emphasis on the capacity TAFE has to work hand in hand with the school sector in particular. In some parts of the country I have found that happening, particularly again in rural and regional Australia, where students can in fact swap between the two and where there are actually now co-located secondary schools and TAFEs. But there is an enormous amount of work to be done. Building up students’ skills and keeping them in secondary school is enhanced by giving them a taste of
what TAFE is like and by giving them a taste of various courses and of what the opportunities are if they actually can hang in there and keep studying.

As we look at this government’s innovation drive, we see yet another reason why we have to strengthen the TAFE sector. No-one can doubt the reality of the rapid change that we are undergoing as we become more and more a part of the global economy. This massive transformation means basically that people have to keep up their skills and their knowledge base. It is critical for individuals and communities generally, as well as for business. It is more than just a money issue; it is about helping people keep up with what is happening in the world around them. I suggest to this government that there would be far less discontent in the community generally with the rapid pace of change if more Australians had access to an adequate tertiary education system that better prepared them for that change.

The two key documents that underpin the innovation debate are the Chief Scientist’s report and the Innovation Summit Implementation Group report. There was a crucial—though little commented on—difference between the two. For the Chief Scientist, innovation was the process that took R&D through to successful commercialisation. The Innovation Summit report had a broader and richer view. It talked about innovation in terms of culture—as in a culture of innovation. It talked about creativity, in particular graduates’ creativity. It talked about the centrality of ideas, both creating and acting on ideas, and about valuing human capital including, for instance, formal recognition of intangible human capital assets in accounting practices. While the ISIG concept of innovation was not coherently reflected in many of its recommendations, it is this view of innovation—as distinct from the narrow commercialisation view—the Democrats defend. The Democrats defend the concept of innovation in its broadest sense. That is not to say that the commercialisation of ideas is not important—it certainly is—but we must take a broader and longer term view. The Democrats fully support the emphasis on building an innovative society, a knowledge nation, a clever country, whatever you like to call it, but the focus has to be on innovation and human capital development and it must be broadly based and long term. It must flow through to all sectors, including to our established industries and to the service sector, and should not just be focusing on the top end of IT and biotech applications. That is why, for instance, we strongly oppose the government’s intention to narrow the eligibility criteria for R&D tax concessions.

The Democrats believe, as I have said, that the TAFE sector has a crucial part to play in innovation. Strong institutions with highly developed community, business and student linkages are best placed for rapid local responses to what the community needs and desires. It is why we are particularly concerned to emphasise the relationships and interplay between equity, community and innovation. We are most concerned, however, that the current system does not serve students and industry well. New Apprenticeships, as the Dusseldorp Skills Forum found, are not providing sufficient depth of education and skills to be a good base for ongoing employment. We are also profoundly sceptical of the medium- and long-term value of the shift to nominal hours in TAFEs. I have found that there is pressure to basically give longer and longer reading lists and shorter and shorter contact hours, which puts enormous stress on both students and staff. It is driven by the funding shortages; it is driven by the lack of resources. It is leading to fewer skills and certainly to a lower skill base being acquired by students. It is also leading to some of the increasing drop-out rates that we see in our TAFEs.

Central to developing our education system and developing human capital is good teaching. Proper support for qualified teachers is yet another area where this government is basically not interested. It is basically providing no leadership whatsoever. A significant problem that undermines the quality of TAFE is the casualisation of the teaching work force and the increasing workload on those who do stick it out and continue to teach in the TAFE sector. As I have said, this makes absolutely no sense whatsoever and is
particularly stupid in areas where there are already significant shortages and where we have trouble even establishing courses because we cannot find qualified teachers to teach them. We then bring people in on short-term contracts and we simply roll them over, contract after short-term contract.

We must have a professional layer of teachers who are committed to teaching as a career. We have to support them. These must be the people who deliver the core programs. Obviously there is also room for people to come in as advisers giving additional support. I see this working particularly well in the hospitality area where people from the local community who actually run local restaurants come in and are part of the courses. But the core courses have to be delivered by qualified teachers. Thus we endorse the recommendations in *Aspiring to excellence* to establish national professional teaching standards and a registration body.

I will conclude my comments today by focusing for a moment on students. The capacity of young Australians to enter and to take advantage of the chances in the Australian labour market is largely dependent on the quality of the education that they are able to access, what they are able to tap into and the support they get as they attempt to complete these courses. Young people today, if they are going to get anywhere, will have to spend more time in education than we did. They will have to put more effort into training and retraining than those of our generations did. If, as a caring country, we are going to help them to do that, the current way in which we are supporting our TAFE system is certainly not the answer. The continuing underinvestment in education from the public sector and the overly restrictive way in which young people are forced to be put through as far as any income support is concerned mean that we are really running the risk of undermining our capacity to engage in the global economy. We are certainly leaving behind a larger and larger group of young people.

My concern as a former teacher is that in particular we are leaving behind those young people who have not finished secondary schooling—those who wander off at perhaps 15 or 16 and do not realise until they are 18, 19, 20 or perhaps a bit older that they will have to do something. Unless we have a TAFE system that is affordable, accessible and supportive, their future is very bleak indeed. Their future is basically on the unemployment queue for much of the year, between irregular periods of casual work. That is unacceptable for Australia in this new century. I call on this government not just to put a realistic level of investment into the TAFE sector but also to look at its structure and in particular to look at greater support for the teaching workforce.

**Senator BUCKLAND (South Australia)**

(12.31 p.m.)—The aim of this *Vocational Education and Training Funding Amendment Bill 2001* is to amend the *Vocational Education and Training Act 1992* to supplement funding for vocational education and training provided to the Australian National Training Authority for distribution to the states and territories in line with real price movements. The Australian Labor Party has released its plans for a knowledge nation and has a strong belief in the need for such a policy. This will place a heavy reliance on a strong vocational education and training sector.

It is only through investing more money into education, training and research that Australia will achieve such a knowledge nation. Investing more money in education is about not only having exceptional universities as well as well-heeled category 1 schools but also providing all Australians, despite their circumstances, with accessible, high quality vocational education and training. This is absolutely imperative in the current workplace environment, where the pace of change requires people to update and to learn different skills to ensure employment longevity. It is essential, therefore, that there be more training opportunities made available so that workers in their current employment can upgrade their skills so as to make themselves, and indeed their employer’s enterprise, more competitive in the ever changing and more technologically demanding world.

It was under former Prime Minister Paul Keating that Australia experienced revolutionary funding for vocational education and training. The Keating government committed
to provide an additional $450 million for just over five years in funding for ANTA and VET. The Howard government, on the other hand, is seeking to put back $230 million, having already taken out $240 million. Labor is concerned that the government has failed to provide the appropriate support for the VET sector by cutting funding and contributing no growth funding over five years. This, consequently, is restricting training opportunities and damaging the quality of VET training. The Howard government has also allowed the Australian National Training Authority agreement to lapse by failing to make a realistic offer of funding.

At the end of the day the government did make an offer, but that offer was for an amount of funding which is even lower than the amount of previous funding cuts and which, as a consequence, fails to address and meet the needs of Australian vocational education and training. This is not to mention that the initial offer from the government to the states was absolutely no growth in its initial negotiations with ANTA. This was a deal that the South Australian Liberal government signed up for. Other states applied pressure to the federal government that resulted in a significant increase in the offer over a period of three years. Accordingly, the South Australian government was perceived to be not only weak but also apathetic towards its own state in this most important issue of vocational education and training.

The benefits to Australia through quality vocational education and training are prolific, and these benefits are experienced by small business. I note with some interest that Minister Reith has used the importance of helping small business as his excuse for putting forth in parliament some of his unreasonable and inequitable bills. It is not only small business that benefits; industries in general gain from a strong VET sector. Most recently in the debate on the dairy bill we heard how one of the concerns faced by dairy farmers is the lack of skilled workers. If the reports are correct, information technology is also an area that appears to have severe shortages of skilled workers.

More specifically, I turn to the federal funding freeze over the last three years. This has expanded the quantity of training but at the expense of quality delivery and resources. The resources go beyond just providing classroom training and opportunities within the classroom. Resources must go to distance delivery of different programs that are run by the various institutes and TAFEs throughout the nation. Additional to that, it must take into account the very long distances that are required to be travelled by the lecturing staff so that proper delivery can be achieved in these outlying and remote areas.

The abolition of growth funds amounts to a loss of some $240 million. That, along with the explosion of private RTOs—from 400 to 4,000 in five years—and the duplication of TAFE’s more profitable programs, has created unfair and burdensome competition. The enrolment growth, funded through TAFE, higher class sizes and restricted course offerings, particularly in regional and remote areas, has added to the difficulties now confronting the vocational education sector. Since 1994, the VET system has expressly sought to achieve a more demand-side orientation. This single-minded policy direction must be rebalanced by considering the supply side if better quality training is to be achieved. In a world where competitiveness depends on collaboration and relationships, narrow or ideological conceptualisations of purchase driven provider competition will not achieve significant further improvement in the quality of training.

We need, then, a more balanced view of workplace learning. Workplace learning has always been highly valued within the apprenticeship and traineeship system both by employers and by apprentices and trainees. Commendably, its value has been more widely appreciated within the VET sector in recent years. Many workplaces are clearly less than exemplary, offering inadequate opportunities for planned learning—either on the job or off the job—where training is not central to achieving the firm’s business objectives and where the apprentice or trainee is viewed as little more than a subsidised worker in a traditional master-servant relationship. In that case, skills development is more likely to be narrow, firm-specific, not readily transferable and, more importantly,
the initial underpinning knowledge gained by the worker is not likely to be developed. This is more so in the manufacturing industry and in the new industry, if you like, of aquaculture, where skills can no longer be tied to the individual point of manufacture or the individual enterprise. Skills need to be acknowledged throughout the nation on an equal basis so that a worker can, as the need is fast arising these days, move from one job to the next very quickly and require the minimum of training when they get to that new job. There needs to be portability of job training.

The positive concept of flexible learning is in danger of being reduced to the negative practice of ‘anything goes’ training. In many businesses today, sadly, we still have this attitude of ‘Anything will do. As long as we can say we’ve trained them in a few things, that will do.’ The days of ‘rough enough is good enough’ no longer stand as a way of doing business or operating a business in this country. When the price paid for training is very close to, or even below, the cost of delivery, where the margins are low and competition is ruthless, provider survival depends heavily on cost savings. An increasingly popular cost-cutting mechanism in the traineeship system in particular is to replace teacher facilitated training at the workplace or within the institution with self-managed learning. It is my view that there will always be a place for self-managed learning, but the core training of any worker or any young person leaving school to enter the work force requires a very focused, teacher facilitated, training mechanism. This method looks very like the old-style correspondence lessons disguised as ‘flexible learning’. Flexibility is good, but not if it is achieved at the expense of a quality learning experience for the individual apprentice or trainee.

The challenge that the Howard government has not faced up to is to protect those characteristics that have enduring value and leave behind those that are no longer relevant in this period of sophisticated technology. It has not protected the integrity of the vocational qualification. What needs to be the focus for 2001 is the renegotiation of the ANTA agreement. The focus needs to be on adequate funding for TAFE as a public VET provider. This needs to be underpinned by the abolition of growth through efficiency and user-choice policies. The agreement needs both base and growth funds for TAFE and a national plan for TAFE, including assurances of access for all and, in particular, access for women, Aboriginal and Torres Strait Islander people and people living in regional and remote areas. The agreement needs to recognise its community service obligations and it needs to recognise the disparity that exists at those TAFE campuses that have all, or a high proportion, of their delivery focused on small and remote sectors.

Debate interrupted.

MATTERS OF PUBLIC INTEREST

The ACTING DEPUTY PRESIDENT (Senator Sherry)—Order! It being 12.45 p.m., I call on matters of public interest.

Parliamentary Privilege: Foreign Affairs, Defence and Trade Joint Committee

Senator FERGUSON (South Australia) (12.45 p.m.)—I have two matters to raise as matters of public interest this afternoon. The first matter involves the most recent report of the House of Representatives Standing Committee of Privileges, which dealt with an alleged breach of privilege by the Defence Subcommittee of the Joint Standing Committee on Foreign Affairs, Defence and Trade. I want to read into the record a resolution that was passed without dissent and unanimously by all members who were present at our joint meeting this morning. The resolution said:

In response to adverse comments in the most recent House of Representatives Privileges Committee report, the Joint Standing Committee on Foreign Affairs, Defence and Trade commits its total support to its Secretary, Margaret Swieringa, and acknowledges and endorses her integrity and total professionalism in the manner in which she conducts the management and supervision of the secretariat.

I am sorry that I have to read that into the record but, as is often the case when it comes to a matter of a privileges committee or a matter that affects someone in the staff of this parliament, they have no right to defend themselves publicly over any allegations or adverse comments that might be made. In
this case, the Privileges Committee did make some adverse comments about our secretary and, in fact, an investigation is currently taking place.

One of the most difficult factors when any of these cases are brought before a privileges committee is the fact that the committee can only go on the evidence that it is given. In this case, all evidence was given in camera. So it was very difficult for anybody, particularly anybody who might be adversely commented on, to defend themselves against what somebody else might be saying about them because they simply did not know what was being said.

The secretariat of the Joint Standing Committee on Foreign Affairs, Defence and Trade is one of the most hardworking secretariats in the whole of this parliament, with four subcommittees and a certain amount of pressure that always builds up in relation to these matters. When this matter was referred to the Privileges Committee, it was in relation to an alleged leak which actually led to a report in the *Time* magazine in relation to 3RAR and the Defence Subcommittee. Having read the report thoroughly, it seems as though this matter was lightly dismissed. In fact, the most prominent areas of the report are devoted to the management of the secretariat and what happened to any confidential copies of in camera evidence.

I do not wish to speak at length on this because there is an investigation under way, but I would say that I feel for members of the staff in this place who have adverse comments made about them and who have no opportunity to stand up and defend themselves and have to go through these processes. The only people with any motive to leak information about private committee meetings or the work of any subcommittee are those who have a political motive. In fact, those who have a political motive are generally the members of parliament who actually work on those committees. It is my view that it is most unfair that a secretary of a subcommittee is made to look as though she is partly responsible for an event that happened when in fact there is never any motive for our committee staff to ever give information to the press. The only people who have that motive are those who have political motives for doing so.

I want to reiterate that I have nothing but the highest regard for Margaret Swieringa and the work that she does in a most difficult area where there is a lot of pressure because of the amount of work that is in that committee. I know that my deputy chair, Mr Colin Hollis, from the opposition, feels the same way, as do all of the members of our committee. I hope that this matter can be cleared up as soon as possible and that the hardworking and very capable secretary of our committee has the opportunity to continue with her work without these sorts of allegations hanging over her head.

The second matter that I wish to raise is in relation to an article in this morning’s *Sydney Morning Herald* written by Alan Ramsey. This, again, deals with a possible breach of privilege. I cannot believe that someone has given to a journalist such detail which deals with the proceedings of a private meeting of a subcommittee being held for deliberations. I have already been asked to have an inquiry into this. We are reaching the stage where the leaking of confidential discussions of private meetings of committees is becoming so much public knowledge that we could be having a privileges inquiry after every meeting we have. I think it is incumbent on members and senators who are members of these committees not to divulge the deliberations of any committees to the press when those committees are meeting in a private capacity. I will read a couple of parts of the article by Alan Ramsey, partly because they refer to me. The article says:

... the politician who copped the biggest mugging privately was the committee chairman ... Liberal Party senator Alan Ferguson—and refers to the all-party parliamentary committee which brought down a report last week on detention centres. Alan Ramsey claims to have spoken to one of the members of that committee. He certainly never spoke to me and, to the best of my knowledge, he never spoke to any government member of that committee.

I can inform Mr Ramsey that I have not had a private meeting with the minister for immigration at any stage since that report
was brought down. I have not spoken to him on the phone about this issue or had a private meeting with him. In fact, I think I have only had discussions with him while sitting next to him at a party meeting—and amicable discussions they were. The article refers to a private mugging. If that is the worst private mugging I ever get, I will be quite happy for the rest of my life. The article also said:

... Ferguson was blamed, given he had the numbers, for letting the committee be so frank.

I do not consider that to be a very serious crime. I do not know whether Alan Ramsey is aware, but in the Liberal Party we have a very wide and diverse range of opinions on a number of issues. This is, in fact, a parliamentary committee; it is not a government committee. This is a parliamentary committee that made recommendations in its report which the government can either accept or reject. That is the nature of parliamentary committees.

It just so happens that the government does not accept some of the recommendations, and I am quite sure that it will accept some of the others. Out of 20-odd recommendations in this report, to the best of my knowledge there are only two that the government has indicated that it will not support. It is an outrageous suggestion to say that I was blamed for letting the committee be so frank, when our party has a broad range of views on this issue. Further in the article, Alan Ramsey says:

As Liberal Party leader, John Howard appoints all committee chairs, just as he dispenses ministerial portfolios, parliamentary secretariats, indeed all parliamentary and executive posts. Thus getting a committee chair, with its additional salary and generous allowances and travel rights, has nothing to do with democracy but patronage.

In the case of our Senate committee chairs—and I see the whips in the chamber—they are appointed by the senators themselves and are sent to the Prime Minister for approval. We select our committee chairs in the Senate. It may be the case in the House of Representatives standing committees and the joint committees that positions are approved by the Prime Minister. However, I seem to have been missing out. I know there is an additional salary, but I do not remember getting any generous allowances as a committee chair or getting extra travel rights. As a matter of fact, the travel rights that you have are the long hours that you have to spend actually travelling from place to place to take evidence. I do not know anybody who considers that to be a travel right. In most cases, they think it is somewhat of a drudgery to have to spend time on an aeroplane to get to somewhere to listen to a public hearing. Alan Ramsey, who is a senior journalist in this gallery, ought to know those facts. It certainly would not hurt for him to check his story with some of the people who are involved in committees, particularly if he is making comment.

Further in the article there is an apparent report of events that took place in our subcommittee, and it is going to be the subject of an inquiry how those deliberations were made public. They could only have come from members of the committee, and we will be looking into that further. Alan Ramsey goes on to talk about the United Nations report. He says that Minister Downer was annoyed ‘even though a coalition majority supposedly controlled the committee’. He is talking about the United Nations subcommittee when there was not a coalition majority on that subcommittee. It was not controlled by the coalition; in fact, the coalition had minority membership of that subcommittee. Fifteen members remained after two people—one Liberal and one Labor—pulled out during the committee process. The coalition did not have a majority. I remind Alan Ramsey of the process: a subcommittee goes through the process of drafting a report. There is discussion backwards and forwards. It takes days. When the report of the subcommittee is approved, it then goes to the main committee. That main committee, whether or not the coalition has a majority, can approve that report or otherwise. It is only after the main committee has made that decision that there is a call for any dissenting reports to be made.

I, as chairman, signed the main committee report, and I signed a dissenting view in a dissenting report in relation to one of the recommendations. Again, some of my colleagues did not sign it. That was their right.
In our party, you are allowed to have as broad a view as you like on many of these issues. In relation to the signing of an optional protocol, we had some members who did not sign that dissenting report, even though I must say that, in the case of this report and in the case of the detention centre report, an enormous number of members who either signed on to those reports or have made public comment, particularly in relation to the detention centre report, took no part in the inquiry, did not visit any detention centres and certainly played no part in the framing of the report but have since made a lot of public comments. I refer to members on both sides of the parliament.

In the article, Alan Ramsey also says:
The wording was later changed from “the committee recommends” to “a majority of the committee recommends”.

Of course it could not be changed beforehand, because there was no dissenting report at the time the committee signed off on the report. The dissenting report came in afterwards. There were some 13 or 14 people who were dissenting to the report. I approached the opposition deputy chairman of the committee and said, ‘In the light of the fact that there is such a large number of people who are putting a dissenting view, I think we should change one word so that it reads that, for purposes of accuracy, a majority of the members supported the recommendation, because a minority of members did not support it, and it was a significant number.’ Mr Hollis agreed to that. While that might not have been conveyed to all members of the committee, it certainly was not done without my speaking to the deputy chairman of the committee. Alan Ramsey then went on in the article to say:

The remarkable dissenting report included the grovelling paragraph—

and if this is a grovelling paragraph, I have yet to see a paragraph that does reflect our position better than this one does—

“Dissenting members and senators agree with the Minister for Foreign Affairs that ‘Australia has a strong history of active support for the UN.

I ask: do we not have a strong history of active support for the United Nations? The quote continues:

We have a strong human rights record and we take our international rights and obligations seriously.”

Is that something that dissenting members who had a point of view on the signing of the optional protocol should not put into a report? That statement is quite correct: Australia does have a strong and proud record on human rights and it does have a strong history of active support for the United Nations.

This article was written without anybody ever approaching me. Obviously some members sought to gain some political advantage by informing Alan Ramsey of their political points of view and the discussions that took place in the deliberations of a private committee. I deplore that, from someone who is a senior journalist in this gallery, whom I have never had a conversation with. I do not think he tried to ring my office to check whether the facts in his article were true. I am sure my staff would have told me if he had. I think that, in relation to this article, it would not have hurt if somebody got the facts right.

Parliamentary Entitlements: Printing and Postage

Senator FAULKNER (New South Wales—Leader of the Opposition in the Senate) (12.58 p.m.)—Today I wish to draw the attention of the Senate to what I regard as a serious breach of the guidelines and conventions which until now have applied to the use of the printing and postage entitlements of members of parliament. Firstly, let me give a little background for those who are unfamiliar with this issue. Members of the House of Representatives are entitled to personalised stationery from the Department of the House of Representatives to the annual value of $3,580, as well as additional printing services to the value of 42,000 sheets of A4 paper. When these allowances are exhausted, the Department of Finance and Administration will pay for any additional printing requirements which may be contracted to private printing companies. Senators are entitled to the equivalent of 5,000 A4 pages per month and all printing must be done by the Department of the Senate. Members with electorates of 50,000 square kilometres or more are entitled to a postage allowance, now called a communications allowance, of
$28,000 a year. All other members and senators are entitled to $25,000 a year.

It has long been accepted that these entitlements are provided to assist members of parliament to carry out their parliamentary and electorate business but are not available for party business. For example, the Remuneration Tribunal determination relating to the communications allowance—that is, determination No. 26 of 1998—provides that this entitlement may be used:

... in relation to parliamentary or electorate (but not party) business.

The departmental guide to entitlements, which is issued to all members and senators, states in relation to MPs’ newsletters to constituents:

... material to be included in the newsletter must relate to the Senator or Member’s parliamentary or electorate business (but not party business).

The Special Minister of State, Senator Abetz, has stated in a recent letter:

It has been traditionally recognised that benefits under the Parliamentary Entitlements Act are provided to assist senators and members to carry out their parliamentary and electorate business, but are not available for party business.

The Senate guidelines prohibit ‘material related to political party or election campaign matters’. The difficulty is that it is not easy to define these terms with any precision. As the former Special Minister of State, Senator Ellison, said in a letter on 9 March 2000:

... the Parliamentary Entitlements Act and the Remuneration Tribunal determination ... have deliberately not been tightly prescriptive. Much is left to the good sense and responsible judgment of individual Senators and Members. There inevitably will be grey areas and there may from time to time be fine distinctions to be drawn.

Accordingly, conventions have developed over the years to assist MPs to make these fine distinctions and determine where parliamentary and electorate business ends and party business begins. One such convention is that the term ‘electorate business’ encompasses activities in support of an MP’s re-election. To quote Senator Abetz again:

Longstanding convention is to regard electorate business as including activities in support of one’s own re-election, but not the election or re-election of others.

Departmental guidance of 18 January 2000 states:

There is a longstanding view that electorate duties include using facilities to support one’s own campaign for re-election but not in support of another person—and particularly not in support of a state or local government candidate.

Other conventions relate to discreet use of a party logo and avoidance of directly soliciting a vote.

I think it is fair to say that what members and senators most want on this issue is clear guidance on what is and what is not acceptable. Especially in the wake of the travel rorts debacle in the first term of the Howard government, the last thing anyone wants is to be accused of rorting their entitlements. In my view, the boundaries of what is considered acceptable have been stretched in recent years. In the process, MPs on both sides of politics have occasionally crossed the boundaries. The contents of mail-outs by both coalition and Labor MPs have been queried by the minister and the department. Usually a letter is sent asking for an explanation and, if that explanation is unsatisfactory, the member or senator is usually counselled on the best course of action. In some cases, members or senators on both sides of politics have refunded a proportion of the cost of the mail-out when they could have been in possible breach of the guidelines. I think Ministers Ellison and Abetz have both handled these issues in a non-partisan manner.

In recent years we have pressed the government for clearer and consistent guidance by challenging publications by coalition members and senators and raising the matter at Senate estimates hearings. Our efforts have met with only mixed success. In May last year, for example, we raised with the then Special Minister of State, Senator Ellison, a letter sent out by Senator Macdonald. This was a letter drawing the attention of residents of the Acacia Ridge constituency in Brisbane to a number of local issues relevant to municipal elections which were to be held in the near future. Senator Macdonald informed constituents that he had organised an ‘informal residents’ meeting’ to ‘catch up’ with them. RSVPs were to Angela Owen-
Taylor, whom recipients were told via a disingenuous postscript was the Liberal candidate and had also been invited along.

Senator Ellison ruled that this blatant piece of political campaigning was within entitlement and that ‘it all depends on the degree to which you mention the person concerned or the purpose of the letter’. This is a bit rich, given that it was the same Senator Ellison who told ABC radio, in relation to a departmental instruction to the Labor member for Rankin to remove a sign relating to the Woodridge by-election from his electorate office window:

It’s not even a Commonwealth election. It’s a state election. I would have thought a federal member would realise that, but clearly it’s beyond the Commonwealth guidelines.

At the recent estimates hearings in May we raised with Senator Abetz what we regarded as an even more flagrant breach of the established conventions and guidelines. This was the ‘Senator Brett Mason Electorate Report’. It devoted a page and a half to promoting the Liberal candidate for Dickson, with liberal use of the Liberal logo. Senator Ray asked Senator Abetz:

If there was a big Liberal logo and then a page attached at taxpayer’s expense extolling another endorsed candidate that is not yourself, that would not be in order would it?

To which Senator Abetz said: ‘No.’ I understand that the member for Dickson, Ms Kernot, has forwarded a copy of Senator Mason’s report to Senator Abetz with a letter of complaint and a request for a ruling. We await Senator Abetz’s response with interest and trust that it will be consistent with the view he expressed at the estimates hearings.

But the most recent example of blatant disregard for the established guidelines and conventions, and the reason that I have decided to speak on this issue today, is a letter sent by Senator Patterson to the electors of Aston on 19 June. That letter attacks the Labor candidate in Aston. It says:

I am very disappointed that Labor’s candidate in Aston has sent people misleading information about pensions and allowances.

It also says:

It is a pity the Labor candidate in Aston has tried to scare people in an attempt to win votes.
Aborigines: Funding

Senator WOODLEY (Queensland) (1.11 p.m.)—This afternoon I want to speak about indigenous funding. It is a speech that would have been appropriate for the appropriations debate, but for a number of reasons I was unable to take part in that debate last night. So I want to talk this afternoon about indigenous funding in relation to the budget and the government’s commitment, or otherwise, to that funding.

About eight years ago, in August 1993, in my first speech in this chamber I raised the plight of Aboriginal Australians through my first-hand experience of having lived in communities in Mitchell and Cloncurry in inland Queensland and also, over many years, my visits to many Aboriginal communities throughout Australia. It was living with and being challenged by Aboriginal Australians that changed the direction of my life and the course of my thinking and precipitated my move into politics after many years of being a clergyman.

I have 40 years of personal experience working in Aboriginal communities and with indigenous Australians. I bring that experience here. I have done so over the eight years I have been here and I intend to continue to do so. Almost eight years after that first speech, and after many speeches in this chamber, I feel that there is a strong positive mood within the Australian community for indigenous rights and reconciliation, but I fear that this government is still too slow to pick up on that mood and to use it to really do something to solve these problems.

The media and all of us are very quick to talk about the problems in Aboriginal communities. We have certainly seen that in the last few days in the pillorying of a number of Aboriginal leaders—and I make no judgment about whether they are guilty of the charges which have been made against them. Nevertheless, I think we are very slow sometimes to pick up on those positive attitudes and positive stories within the Australian community which I believe give us a mandate to really move on many of the problems which face our indigenous people. I hear terms like ‘demonstrated commitment’, ‘fair deal’ and ‘practical reconciliation’, but I hear very little about indigenous rights. Reconciliation, I fear, is really a qualified reconciliation when we put the word ‘practical’ in front of it. In fact, my worry about practical reconciliation is that it really means, ‘We know what’s wrong with you. We’ll tell you what’s wrong with you, and we’ll come along and fix it.’ However well intentioned that might be, it does not deliver at the end of the day the necessary long-term solutions for Aboriginal Australians.

It is all head and no heart. There is no social document and no plan or vision that really lets Aboriginal communities take control of their past, present and future—their rights, their economic opportunities and their heritage. That is what is needed. To my way of thinking, a plan and a vision—a social document, if you like—is what a budget ought to be based on. The budget is simply the equivalent in dollars and cents of delivering on the vision that is laid down in the first place as the foundation. The problem with simply operating out of a budget without that kind of vision is that the mindset of government in telling indigenous people what they need and how they need it is too often the motivation. So the Democrats certainly welcome some increased spending in the last budget on needed community infrastructure, but this is not a means to an end. The end ought to be a real partnership between government and Aboriginal communities. At the end of the day, this is the only kind of practical reconciliation which will work.

I would like to give an example of how slow we are sometimes to deliver infrastructure to Aboriginal communities. In June 1994 I visited Palm Island, off the coast of North Queensland. Later that year I gave notice of a motion in the Senate on my concerns about health and sanitation on Palm Island and the community’s desperate need for a new dam. This year the Queensland government opened a new $25 million dam. I give them credit for that, but it took seven years. Long before I had mentioned anything in the Senate, the need was obvious and had been obvious; in fact the dam had been promised for many years prior to that.
Yet, at the same time, in my own state of Queensland a number of dams are being promoted and will be built very quickly because they are for the purpose of private developers. One of those, for example, is the water supply for the Danpork Piggery development near Warwick in Queensland. That has been fast-tracked because it is a dam which will help a largely white, European Australian community. In the early 1960s, I often visited an Aboriginal community known as the Yumba on the banks of the Maranoa River. This community was eventually perceived to be a health threat to the community on the other side of the Maranoa River because of its lack of sanitation, and it was bulldozed because of this. It is amazing how our agendas will make something happen when, for 40 years, the needs of that community were ignored.

On the issue of Aboriginal health, on 7 December 1994 I gave notice of a motion calling on the Minister for Human Services and Health to take responsibility for the provision of adequate health services for all Australians. The example I gave in the motion was that the Elcho Island Aboriginal Health Service was so underfunded that it could not employ the Aboriginal health workers who were nearing the completion of their training specifically to go to Aboriginal communities as health workers. In 2001, despite the best efforts of the government—and let me give them half a tick: in terms of Aboriginal health, they certainly have sought to increase that funding—there is still a problem with the underfunding of Aboriginal health, and the statistics starkly illustrate that problem.

I recall part of the Wik debate in this chamber where I read out an extract from Dr Rosalind Kidd’s book The Way We Civilise. It is a good example of just what was happening to the health of Aboriginal Australians in the 1930s. A famous late Queenslander—whose politics I was not particularly rapt in but whose commitment to Aboriginal health was undoubted—was Sir Raphael Cilento. In the 1930s, he took over Queensland’s health department and in 1934 fought to get money to do a study of leprosy at the Monamona mission. Rosalind Kidd quoted from his actual letters in this extract. She stated:

Cilento wrote a furious letter to Hanlon—
the Premier at the time—
and I quote: “If an investigation was made with the same care at other Aboriginal settlements, doubtless other leper centres would be discovered.” Queensland’s Aboriginal population was dying out because of defective medical care in diseases such as leprosy, malaria and tuberculosis.

The quote also included that the wretched diet was the root cause of the poor Aboriginal profile in the 1930s. We have come a long way from those days, but it is good to remind ourselves of the effort which was required to even bring the governments’ attention to the poor state of Aboriginal health.

The horror statistic of today is that, amongst Aboriginal communities in Central Australia, for example, there is one of the highest rates of pneumococcal disease in the world, whilst the general health of mind, body and spirit of Aboriginal communities across Australia also remains poor. I give credit for the vaccination program, which this government has promoted, for it is one initiative that hopefully will help in long-term healing for many of those people.

Another issue related to health funding is the $43.7 million that has been allocated over four years to offset the $30,000 cap on fringe benefits tax, which was negotiated by the Democrats. This will be available to indigenous not-for-profit organisations, including indigenous health organisations, as additional funding. I believe that healthy Aboriginal communities will arise when they are given the chance to take control of their past, their present and their future. The Democrats welcome any needed funding that indigenous communities themselves have requested for projects they have determined. We still wait, however, for governments of all persuasions to listen to and actually hear what indigenous Australians are saying and to thereby commit themselves to the path of true reconciliation. I commend to the Senate the appropriations. I trust that we will not only deliver to these communities the money that is needed but also link that money to a vision that we all have for true reconciliation amongst all Australians.
East Timor

Senator PAYNE (New South Wales) (1.24 p.m.)—In this matters of public interest discussion, I rise to make some remarks in relation to a brief visit I undertook in mid-May to East Timor—the fourth such visit I have made, including the August 1999 popular consultation. Over this couple of brief days, I had a great opportunity to see at first hand the changes and the progress that have been made since both that popular consultation and the devastating destruction which followed it. I had the opportunity to meet with some very important representatives of Australia in East Timor and important NGOs as well. I am the president of the parliamentary group of UNICEF, and I always take the opportunity to meet representatives and workers of UNICEF in these places. On this occasion I met with Yoshiteru Uramoto, UNICEF’s special representative in East Timor, and with Maurice Robson, Anne-Claire Dufay and Samhari Buswedan—all of whom are working on the ground, doing the good work of UNICEF in the area.

We had the opportunity particularly of visiting a fascinating clinic called the Bairo Pite Clinic, which is run by Dr Dan Murphy, an American doctor who has spent many years in East Timor; he worked extensively during the period up to and, for as long as he was able to, after the popular consultation. He has in this small clinic in suburban Dili a maternity ward and a TB ward; and he is training midwives to cope with, at this stage, as I understand it, about 60 deliveries a month. He does that with some support from UNICEF and, I suspect, other non-government organisations, but he operates largely on donation. I believe that he would be regarded as slightly out of the regular by other medical practitioners, but he is obviously fulfilling a particular need in Dili and doing a very good job at that process.

We also took the opportunity to visit the Central Pharmacy. Fundamentals like drugs to address some of the many illnesses and problems for the people in East Timor are not always easily obtainable. But the Central Pharmacy, which will in due course be extensively rebuilt, currently houses all the vaccinations, drugs and equipment that are needed at the moment—or that are able to be provided at the moment—including extensive amounts of donated materials. UNICEF is also supporting a series of child-friendly spaces. I had the opportunity to visit the child-friendly space, or the CFS, at Comoro, where about 1,000 children are registered. They are being taught language and they are doing mathematics, cooking, sewing and so on. These child-friendly spaces are a very interesting process. There is significant community involvement, with a community board having input into what is actually done within the centre. It is fantastic to be greeted as you arrive by 20 or 30 smiling four- and five-year-old East Timorese children singing ‘bon dia’ to you and to meet groups of children at their lessons and actually see the changes in their faces—which I can particularly see throughout these four visits at this stage.

UNICEF has been working extensively on reroofing projects and has completed 265 schools out of a target of 280 that it was given. It has also started to become involved in political development and is working on involving young people, in particular, in the political and civic process, working through existing structures like youth groups and church groups. This, of course, is incredibly important in the run-up to events like the impending 30 August ballot. It is running a civic education program over 12 months which also focuses on people’s rights, and that is having a significant impact also. These are just some of the things that UNICEF in particular is doing.

Many senators will be familiar with the work of Australian Volunteers International, and in East Timor its program manager is Ms Carol Mortensen. She gave me a significant amount of her time to enable me to see much of AVI’s work, both in the SAPET, the staffing assistance program, and in the AVI program. In East Timor there are currently 65 SAPET placements with AusAID funding, and I had a valuable opportunity to meet a lot of those people in place: the Civil Service Academy, the UNTAET Land and Property Department and the NGO Forum. It was particularly interesting meeting the teachers of English language in the Civil
Service Academy and their counterpart East Timorese trainees, and the opportunity to speak to East Timorese who are working and learning with our Australian volunteers in this process was one of the most interesting aspects of this particular visit.

In the NGO Forum I met an East Timorese woman who had volunteered through AVI to go back to East Timor as her choice of method to return to her country. Alice Carrascalao had some very interesting stories to tell about her experiences in Dili now. We also have Australian volunteers placed in organisations such as local schools teaching English and in the newly established court system. Many of the stories they told were positive, but some of them were very disturbing. There are some real issues both in the justice system and in certain levels of the education system, which I am sure will be pursued as East Timor continues to reconstruct and forge its own future.

It is important in this International Year of Volunteers to recognise the work that Australian volunteers are doing in East Timor. Of course, part of that recognition was the recent distribution of certificates to over 400 volunteers across Australia for the work that they had done in East Timor. I had the opportunity to participate in that presentation in Sydney. Many of the recipients—in fact, I would say the vast majority—were genuinely grateful that their work and their effort had been acknowledged by the Australian government. I was very pleased and honoured to participate in that.

The work that the Australian government is doing in the area through AusAID was something I took the opportunity to also review. We took a long-distance drive—over three hours—to Maliana in the western Bo-bonaro district of East Timor, starting in the very early morning, and that was an exceptional opportunity to see some of the changes in East Timor, but most particularly outside Dili. Relying on AusAID officer Greg Ellis and the Australian mission in East Timor, we were able to complete this visit by meeting the deputy district administrator from Maliana, Joao Vicente, and two other UNTAET advisers: Stephen Lukudu, the civil affairs adviser in Bobonaro; and Niazi Sharafat, the agriculture officer. This enabled me to return to the polling booth where I began my observations on the day of the popular consultation in 1999 and, for a range of reasons, that was a particularly compelling experience.

The East Timorese are currently undergoing a voter registration process using German technology, which has been made possible through a German aid program. I mentioned that registration in an address on the adjournment the other night about e-politics. This is a very interesting process: they are being photographed digitally, they are providing ID—birth details and so on—and their registration cards are being made up on the spot so that they can use them in the ballot on 30 August. This is something that is being enthusiastically pursued by UNTAET.

We visited the local market, which is also looking for support from AusAID. But most particularly we met some very grateful rice farmers who have already been well supported by Australia through the provision of hand tractors—four in this particular area, which is one of the largest rice growing areas in East Timor—which has really changed the way that those families do business and facilitated the production of rice in that area. In fact, they were just starting to take off a crop when we were there.

The Australian Federal Police still have a presence in East Timor. I met with several on that occasion, particularly Commander Gary Gent, who was at that time in the Dili CIVPOL Headquarters. From the unarmed first detachment of the AFP, most of whom were just arriving in East Timor in that week two years ago, the AFP as part of the CIVPOL continues to have the strong presence I mentioned, and CIVPOL currently comprises 41 nations. In Maliana, the post was under the command of Mike Regal from the Western Australian police and Australian federal policeman Ron Weekes, who is in fact on his second tour in East Timor. Their region of the Bobonaro district is huge—it has 71,000 people—and getting to remote villages is always a problem. They are focusing on the upcoming elections as a key
period for them and a key challenge for them to work with the local people to make sure that those elections proceed in a calm and reasonable manner.

On a day-to-day basis they are dealing with the sorts of things that one expects a police force to deal with, but there are always the problems of transport and movement, of access, of language and of dealing with everything from the simple road accident to homicides in the community. These are difficult enough in our own local communities—we all recognise that—but when you are implementing and pursuing your efforts in another country as part of a civilian police force, it can only be that much more difficult. I was impressed to see members of the TLPS, the Timor Lorosae Police Service, who have graduated from the academy in Dili already on the ground in various areas, particularly in traffic control booths, which I would regard as a significant policing challenge were it to be dealt out to me, particularly in Dili.

One of the final visits I made was to Opportunity International, an NGO that operates across 25 countries. The East Timor operation is known as Opportunidade Timor Lorosae. It is a micro-credit program for Timorese people to help establish—or re-establish in many cases—small businesses. This particular group has 418 clients on its books, with 245 individuals and 173 groups. On average it loans about two million rupiah, or approximately $US200, to people who are running things such as kiosks or cafes, a number of hairdressers, carpenters, fishermen, bakers and tais weavers. I visited a number of these places. The bakery in particular was fascinating. It was a home in the back streets of Dili, up past Becora, which had been completely destroyed by the militia and which these people had endeavoured to rebuild and from which they were trying to operate their bakery. With seven small children and another one on the way, I could only describe that as a significant small business challenge.

I was particularly pleased to see what is called in East Timor further Timorisation, if you like, of activity and of the work force—that is to say, many more members of the East Timorese community actually responsible for, and participating in, the process of building their future. That was not previously the case when I had visited, and it is a significant change which I think is very important. I would also on a personal basis say that you could actually see a perceptible change in the faces and attitudes of many of the people in Dili and also outside Dili—in Maliana and between the two. There seems to me a perceptible recognition of movement towards the future and a plan for where they wish to see their emerging country go.

I particularly want to note my thanks to UNICEF, both for their assistance and support during my visit and for the work that they are doing; to Australian Volunteers International, Carol Mortensen, and to the volunteers who took time out of their days to meet with me and to describe to me their activities; to Opportunity International; to the Australian Federal Police and their representatives; and, of course, to AusAID, who have been doing an enormous amount and continue to do so.

These are all elements of the rich fabric of international support that is going to assist in the building of the new East Timor. This is not always a seamless process because of the natural tensions in the interactions between nations, between the United Nations, and between the East Timorese. It is fair to say that things are never perfect in such cases, and there are enormous and ongoing challenges not just for the groups that I have described but for the Australian men and women of the ADF who are there as part of the peacekeeping force, the PKF, and for other Australians who are there on the ground doing a vast range of work that I did not even have the opportunity to touch the surface of, let alone delve into more deeply. It is important to record, again, the contribution of not just the Australian government but the Australian community as volunteers, in donations and in organisations such as these. With the positive attitude and determination that I have seen in the East Timorese people, they can only proceed to a successful and positive future and, I hope, a successful and positive ballot on 30 August.
First Home Owners Scheme

Senator BUCKLAND (South Australia)
(1.38 p.m.)—I wish to raise an issue that has just come to my notice. Perhaps I was slow because I have not been involved personally. It is an issue that is somewhat troublesome for all of those who care about the welfare of people and their money. The issue is the loophole that exists, or appears to exist, in the first home buyers scheme. It was brought to my notice by the father of a fellow who had borrowed money under the scheme and, as reported to me, much of that money was in fact wasted on poker machines. I do not want to dwell on that; I think it is the broader issue that needs to be addressed by the government in sponsoring such schemes. It is the broader question of where this money actually goes. In South Australia, as you would well know, Mr Acting Deputy President, the state government put an additional amount of money into this to try and stimulate the home building sector and to get more people to purchase their own homes. The state government introduced:

An Act to encourage and assist homeownership—
which we all applaud—
and to offset the effect of the GST on the acquisition of a first home, by establishing a scheme for payment of grants to first home owners.

It appears that, in making the application for the loan, it is irrelevant where the money actually goes. The only requirement is that there be proof that you have taken out a loan and the first payment is made to the building contractor. This is an area which needs to be tightened up by some regulation ensuring that all of that money is indeed spent on the home, thus lessening the value of the mortgage that people take out. The issue was raised in the South Australian parliament at the time of estimates, and the South Australian Treasurer dismissed the loophole as of little or no concern. I think that is a deplorable attitude to be taken by any Treasurer in any jurisdiction. It is reported that the South Australian Treasurer, Rob Lucas, was ‘indifferent’, under questioning, towards the thousands of taxpayers’ dollars being issued by his department with no follow-up checks and balances. This truly does need some attention paid to it.

If a person is in the fortunate situation where the family can borrow money to build a house, then why should they as individuals then use part of that money to sponsor other projects, which could include gambling or paying off other debts that had been built up in other areas? By doing that, they place their families in jeopardy of facing years of hardship in trying to service a home loan that could have been $7,000 or $14,000 less had the grant been put to its proper use. Even more distressing is that builders and entrepreneurs are actually advertising in a way which encourages people not to use all of the grant on their home loan. One such advertisement reads:

First home buyers
Half your Government Grant = full deposit
You keep $7,000
That’s right, $7,000 of the Government Grant is all the deposit you need and you keep the other $7,000.

That is a blatant encouragement for people to take advantage of what I believe is a good scheme to give people the opportunity to move into homes, but the scheme has this flaw that you do not have to actually use it for what you claim to be using it for. Another advertisement says:

NO DEPOSIT HOUSE & LAND PACKAGES
Available at over 30 locations throughout Adelaide

With the Devine Pioneer 100% home loan, you pay no deposit, no legals and the $14,000 Government Grant is not used as the deposit.

‘Not used as the deposit’—so what is it used for? It certainly does not have to be used on the purchase of or the building of a home! The government of South Australia was, rightly, quite proud of itself for increasing the grant, and its webpage says:

The Government has increased the Grant available under the First Home Owner Grant scheme from $7,000 to $14,000 for first home buyers who sign a contract on or after 9 March 2001 to build a new home or purchase a new home already built but not previously occupied or sold.

The measure is a short term one, and it is proposed that the Grant will revert back to $7,000 for
new home contracts entered into after 31 December 2001.

As I said, the government should be proud that it took this action to stimulate the industry and to assist first home buyers, but that pride is diminished immediately you see how the scheme is administered. Once you have the money, you show that the builder has started and he has taken a payment from you, that is it—the government washes its hands of everything after that point. It is public money and should go through a very serious and thorough system of checks and balances. Any pride or pleasure that the government—be it a state or federal government—could take out of that is diminished by that lack of requirement to prove that the money has been spent.

The payment of the grant is somewhat complicated, but there is no compliance at all placed on the borrower to utilise the money as it is to be used for. In fact the act says:

A first home owner grant is to be paid—
... to the applicant; or
... to some other person to whom the applicant directs in writing that the grant be paid.

That in itself is a quite tragic piece of drafting of legislation, because who is the other person? There are no regulations to suggest that the grant has to be paid to the bank as part of the mortgage to reduce the debt that is created with the mortgage. There is no regulation to say it must be paid to the builder or directed to legal fees or other fees associated with home purchase. The act just says it is to be paid to the applicant or to some other person to whom the applicant directs in writing that the grant be paid.

Until something of this nature is rectified by proper and thorough regulations, I think we have a great responsibility not only to educate people as to how to manage the money that they are borrowing or are getting through the grant but also to set in place regulations that will properly insist on the money being forwarded to the rightful area for which they have been given it. The penalty for not doing it is somewhat vague as well, because the act only deals with those who are dishonest. The act says:

A person must not dishonestly make a false or misleading statement in or in connection with an application for a first home owner grant.

Saying you are buying a home and showing that indeed you have applied for the application and have paid a first payment is not being dishonest. But there could be a degree of dishonesty among some to use the grant for reasons which would, on first appearances, not be towards their home. The person must not make a ‘misleading statement in, or in connection with, an application for a first home owner grant’. There are penalties of $20,000 and $2,500 for the various offences. I think that, until something is done about the regulations to ensure that all of that money goes to the mortgagor of the borrowings for the home, we will continue to have a very serious problem on our hands.

Sitting suspended from 1.52 p.m. to 2.00 p.m.

QUESTIONS WITHOUT NOTICE

Australian Taxation Office: Rulings

Senator MURPHY (2.00 p.m.)—My question is to the Assistant Treasurer, Senator Kemp. Can the minister confirm that the ATO’s taxpayers charter requires the ATO to give a taxpayer who requests a ruling a decision within 28 days or at an agreed time? Can the minister confirm that figures were provided to the National Tax Liaison Group on 6 June showing that the tax office has been unable to meet this standard in 28 per cent of cases since the introduction of its new provisions in the advice process? Why doesn’t the government ensure that the ATO dedicates sufficient resources to ensuring that taxpayers who seek rulings get them in a timely way, as required by the taxpayers charter?

Senator KEMP—It is important, as Senator Murphy says, that all the services of the tax office are applied in a fashion which is timely and efficient. In quite a range of areas, the tax office has benchmarks to give an indication to the public on what is an appropriate response. This government believes
that it is very important to have an effective tax office which is responsive to its client base and appropriately resourced. This is what I believe the government has done. I will have a look at the matters you have raised to see whether there is any additional information that I am able to provide to you, but let me just agree with the general point: it is very important that the tax office provides services in an efficient and timely manner.

Senator MURPHY—Madam President, I have a supplementary question. The minister says that he wants to make sure there is an efficient tax office. Given that the uncertainty for taxpayers is only going to get worse—given the hundreds of new changes about to commence on 1 July—what commitment can the minister give that taxpayers seeking answers from the ATO about these new changes will get them when they actually need them? Or will the government just agree with the general point: it is very important that the tax office provides services in an efficient and timely manner.

Senator KEMP—The general principle is one which I think you would fully agree with: it is important that these things be provided in an efficient and timely manner. If we needed to provide additional resources to assist in this area, we would have to get advice from the commissioner and we would make sure people were provided with advice in an appropriate manner.

Telecommunications: Internet Access

Senator COONAN (2.03 p.m.)—My question is to the Minister for Communications, Information Technology and the Arts, Senator Alston. Would the minister update the Senate on the roll-out of high-speed Internet services in Australia and how access to such services is increasing? Is the minister aware of any alternative policy approaches and what their impact would be?

Senator ALSTON—I thank Senator Coonan for that question, because it is a very important issue if we really want to be a clever country. We have made enormous strides in the last five years. In fact, only yesterday the ACCC announced that telecom prices have fallen 17½ per cent across the board over the last four years. We introduced ISDN as part of our digital data service obligation, and that means that the number of ISDN lines has gone from some 200,000 five years ago to almost 1.2 million. Telstra is committed to providing ASDL to up to 90 per cent of the population over the next 12 months or so. Of course, that will make a huge difference, because it will give people the opportunity to obtain high-speed access to the Internet. If they want minimum standards, we are guaranteeing them at 19.2. If they want higher standards, they will be able to get them. Telstra estimates that there will be up to 2½ million Australian broadband subscribers by 2005.

What is the alternative? We read in the Financial Review that the Barry Jones task force, which must have the longest gestation period in history, has ‘outlined an ambitious program to ensure all Australians have access to broadband digital services by 2005’. Whether they like it or not, they are going to get them. That is basically the message. We are also told that the report will recommend that the Commonwealth use majority ownership in Telstra to ensure that affordable digital broadband services are available to all Australians. In other words, they are going to force people and force Telstra to have this facility available. Let us not worry about whether it will cost an arm and a leg; let us just look at how sensible and feasible it might be.

We know how much Mr Beazley draws spiritual inspiration from the UK and from Mr Blair, so let us listen to what Mr Blair’s UK Online has said about broadband:

A program of action aimed at achieving universal broadband access by a given date would be costly, of uncertain benefit and with a range of potential negative consequences for competition and consumer choice. The market is still too immature to assess whether there will be demand for universal broadband. For example, in Singapore, where they have a broadband infrastructure which reaches 98 per cent of the population, the take-up rate has been two per cent.

They go on with the killer blow. I know Labor do not want to listen to this. That is why they are back in the sandpit. They are burying their heads and their ears. They do not want to listen to the message. But the message from the UK is loud and clear: ‘Kim,
don’t do it.’ Intervention to supply might create a costly white elephant. So there is the lesson from the UK. The Service Providers Industry Association in Australia says the reality is that demand in Australia for broadband access does not yet justify cheaper pricing. We have an article in the *Sydney Morning Herald* today which again demonstrates that those who thought that you could simply build it and others would come have been left lamenting. It has been a devastating outcome. There is more than 60 million kilometres of fibre optic but only a 2.6 per cent take-up rate to date.

We have Mr Blair’s own e-envoy telling Mr Beazley in no uncertain terms that broadband roll-out is a white elephant, we have Australia’s service providers saying that it is a recipe for financial market suicide and we have the US experience pouring cold water on this ridiculous proposal. Yesterday, we had Carmen Lawrence’s debt bonds, now dead in the water; today, we have Kim Beazley’s white elephant. We all look forward very much to Monday’s launch. I suspect it is going to be stillborn.

**Senator COONAN**—Madam President, I ask a supplementary question. The minister has detailed increased access to high-speed Internet services. To what extent, then, is Australia not already a knowledge nation? What would address the problem, if so?

**Senator ALSTON**—Sadly, there are still pockets of ignorance. And there is a very big pocket over there, and I point to the senators opposite—those who will not listen. They are the worst. They are the hardest to get to. You can throw as much money as you like at them but, if they do not want to know, there is not much you can do about it. You do not have to take our word for it about the Knowledge Nation disaster that is looming for the Labor Party. This is a 10-year commitment. They cannot give you a solid gold commitment now, in the lead-up to the election, but they can blithely promise what will happen 10 years down the track. I do not think that is going to wash. Perhaps that explains why Mr Beazley has actually said that he does not think Labor’s Knowledge Nation is necessarily going to be a huge vote winner. What a salesman! He does not even believe in his own product. Not for a moment does he think this is going to persuade the punters. And if they will not buy this vision, why on earth would they sign up to Knowledge Nation? That is why Mr Tanner is out there saying that he does not believe in airy-fairy promises. It is quite easy to get carried away with particular proposals. 

(Time expired)

**Australian Hearing Services: Board Appointment**

**Senator CHRIS EVANS** (2.09 p.m.)—My question is directed to Senator Vanstone, in her capacity as representing the Minister for Aged Care. Can the minister confirm that Ms Jennifer Harris was appointed to the board of Australian Hearing Services late last year? Is that appointment by Minister Bishop the same Jennifer Harris who was president of the Avalon branch of the Liberal Party, state electorate council president and close friend of Minister Bishop? Can the minister explain what skills another North Shore lawyer, Liberal and close friend of the minister brings to this $18,000 a year honorary job?

**Senator VANSTONE**—I thank the senator for his question. As the question is generally on the relationship between ministers and appointments, the suggestion from opposition members—and Senator Evans, in particular—is that someone who is known to a minister or who happens to have a particular political affiliation should somehow be rubbed out of the equation. That is the point that is made here. You make the jokes about the North Shore Liberals. On this side of parliament, if we mentioned a suburb and looked down our noses, we would get into trouble. But you are allowed to mention one and put your noses up in the air and get away with it. I am trying to think, but I have Carmen Lawrence’s disease and I cannot quite recall—

**The PRESIDENT**—Dr Lawrence, Senator.

**Senator VANSTONE**—who appointed Bill Kelty to the Reserve Bank board. Is that the same Bill Kelty from the union movement? I think my memory is coming back—it was your party. Senator Evans. While we are on the question of the board of Australian
Hearing Services, again, I have Carmen Lawrence’s disease and I cannot quite re-
member who appointed Tom Roper. Who appointed Tom Roper, the Labor member of
the Victorian parliament, to that board from 1982 to 1992? He was a minister under Pre-
mier Cain and Joan Kirner. I think my mem-
ory is coming back to me—it was your party,
Senator Evans.

The PRESIDENT—Senator Vanstone,
your remarks should be addressed to the
chair.

Senator VANSTONE—I am turning my
mind again to wonder: who appointed John
Bannon, the former Premier of South Aus-
tralia, to the ABC board? Senator Evans,
through Madam President, I think it was the
Labor Party.

I thought it might be worth demonstrating
to anyone who is listening to the Senate the
absolute hypocritical transparency displayed
in the asking of such a question. But, since
you ask about Jennifer Harris’s qualifica-
tions, I will list them. She is a principal at
Jennifer Harris Solicitors. You probably hold
that against her. Because she is in small
business, you think she is rich or something.
She was a principal legal officer and solicitor
to the Australian Broadcasting Corporation.
She is a past director of the Defence Housing
Authority, she is an early member of the St
James Ethics Centre, she is an honorary legal
adviser for the Medical Women’s Society of
New South Wales and she advised and ap-
peared before the Australian Law Reform
Commission, state and federal parliamentary
committees, the Copyright Tribunal and
various royal commissions before establish-
ing her own firm. On that brief summary, it
seems to me that Mrs Bishop has made an
excellent choice.

Senator CHRIS EVANS—Madam Presi-
dent, I ask a supplementary question. While
the minister is working on her memory,
could she perhaps find out from the minister
why this appointment was never publicly
announced and why the information was not
publicly available anywhere, until today’s
answer to my question? It is not on the web-
site, there is no press release and you cannot
get the information from Australian Hearing
Services. Can the minister also ask Minister
Bishop what other appointments she has
made to the Hearing Services board and
whether she would do us the courtesy of
making public those appointments, given
that they are taxpayer funded paid positions?

Senator VANSTONE—I find, through
Senator Evans’s question, that I am getting a
very strong interest in this matter. I may ask
someone to make some inquiries so that
Senator Evans is fully informed on these
matters. With all the appointments that
Senator Bolkus—who is not in the chamber
at the moment—made to the Immigration
Review Tribunal when you were in power, it
was pretty much a case of ‘No Labor Party
ticket, no job.’

Senator Chris Evans—Did he announce
them publicly or did he hide them?

Senator VANSTONE—I do not know
whether this has been announced.

Senator Chris Evans—It hasn’t.

Senator VANSTONE—I am not prepared
to take your word for it—not because you
are known to be a liar; I do not say that at all.
But I do say that you do not read every
newspaper. I do not know if Mrs Bishop put
out a press release or even if she thinks it is
newsworthy, but I will take your supple-
mental question on notice, Senator Evans. I
will forward it to Mrs Bishop and, if she has
additional remarks to make, I will bring them
back to you.

Education: Innovation Action Plan

Senator TIERNEY (2.14 p.m.)—My
question is to the Minister representing the
Minister for Education, Training and Youth
Affairs. Will the minister advise the Senate
on how the Howard government’s $2.5 bil-
lion innovation action plan will increase
education and research opportunities for
young Australians at schools and universi-
ties? Is the minister aware of any alternative
policies, and what would be their impact if
implemented?

Senator ELLISON—This is a very good
question from Senator Tierney, who has a
longstanding interest in education, and he
has done a lot of good work in relation to
that. The innovation action plan from the
Howard government is a $2.9 billion initia-
tive which is going to help Australia’s best
and brightest minds. We have over 465,000 full-time equivalent university places, an increase of 42,000 full-time equivalent places since the Howard government came to office. That spells good news for young Australians, particularly those who want to go on to tertiary education.

We are not content to rest there. We have initiatives which will involve investing over $736 million to double the funding for the Australian Research Council and to invest an extra $246 million over five years to upgrade essential university infrastructure, such as scientific equipment and libraries. There is also an extra $151 million over five years for an additional 21,000 full-time equivalent university places, with priority for mathematics and science. That has been a big concern in the community for some time, and we are addressing that. Also, there is an investment of $995 million over five years in an interest-free student loan scheme for postgraduate students. That will assist some 240,000 Australian students to go on to postgraduate education. That is very good news for those who want to go on and further themselves with tertiary education.

In schools the government will provide an additional $130 million of the Commonwealth share of the EBA funding to foster science, maths and technology skills in the classroom. There will also be a further $34 million over five years to support the development of online curriculum resources in schools. We will also increase funding to ensure that the full level of funding required is available to independent schools, so they are not disadvantaged by the new arrangements for special education per capita funding. These initiatives form the cornerstone of the Howard government’s approach to education in this country.

The question also asked about alternative policies. What are the opposition going to do in relation to these initiatives? Are they going to delay these initiatives? Are they going to block them? Any delay will cause great disadvantage to the sectors that I have mentioned. In fact, if we do have a delay with our legislation, schools will suffer a delay in the funding that they so sorely need. In fact, if it is blocked, based on the 2000 census of enrolments, the Labor opposition will be taking just under $1 million away from the sector. Of course this could affect schools such as Catholic schools, Lutheran schools and independent schools, such as Montessori and Steiner schools, not to mention Jewish and Islamic schools. These initiatives are very important, and we need to get them through as quickly as possible.

Senator Carr—Why didn’t you bring them into the parliament, then?

Senator ELLISON—I hear Senator Carr. Do we have the support of the opposition to get this through quickly? Do we get this to help us get funding to the education sector? Do we get the support to help us get money for the 240,000 new postgraduate scholarship places that will be put at risk if we do not? These are very important initiatives, and if Labor is dinkum about Knowledge Nation, it will help us get these initiatives through quickly. But we are getting a delaying tactic from the opposition, which is not concerned about or interested in seeing these benefits delivered by the Howard government to the education sector, in particular to schools and universities. As Glenn Milne said in the Australian last week, we have the Leader of the Opposition engaging in scare tactics. (Time expired)

Family Tax Benefit

Senator HOGG (2.19 p.m.)—My question is to Senator Vanstone, Minister for Family and Community Services. Can the minister confirm that almost half of the two million families who receive their family payments have registered changes in their family payment income estimates with Centrelink? Isn’t it the case that many of these families risk a family payment debt, even though they advised Centrelink of their change in earnings? How many of these families are going to discover that they owe the government hundreds or even thousands of dollars when they get their tax returns?

Senator VANSTONE—I thank the senator for the question. It is an issue of some interest, and in particular to the families who have benefited so dramatically by the changes made by this government. As you know, Madam President, in the new tax

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package we rolled together 12 payments or tax benefits and put them into three. We increased the funding. There was something like over $2 billion per year of additional payments to Australian families—nearly a 20 per cent increase, as I am advised. We gave families the choice in relation to these payments of whether they would take them through the tax system. Some people choose that. Some people choose it as an annual payment, because they regard not having it during the year as a form of compulsory saving, and they have some sort of reward at the end of the year. Others choose to take it by reduced tax instalments, and others again choose to take the payment fortnightly through Centrelink.

Some families choose to take the payment through the tax system and are paid on the basis of their taxable income for that year. We want to make sure that all families receive the same. Obviously, the families who choose to take it on a fortnightly basis—either through the tax system or through cash payments—have been paid on estimates of their income. I would like to congratulate Centrelink on the tremendous job it has done in trying to assist families to shift to a new system where they do need to change the income statement to Centrelink if their income changes. If a family overstate their income—that is, they imagine that they are going to get more than they actually get through the workplace—they might be missing out on benefits. Unlike the previous government, we will, at the end of the year, with the reconciliation, top that family up. Even though they have made a mistake in their assessments and got less during the year than they otherwise might be entitled to, we will top them up.

The converse of course applies, and that means that if a family understates its income and as a consequence has received higher benefits that it would otherwise have been entitled to, it will have to pay that money back. I believe families are aware of that. Centrelink has done a tremendous job in advising families as they ring up of the necessity to make sure that their assessments are correct.

The previous government paid, on a variety of bases, this complex system of payments and collected money back if you were overpaid. But here is what they did not do: they never topped families up if they had been underpaid. It was all right for the previous government to collect money back but not to say to families, 'You've been underpaid,' and to give them the money. That is the essential difference.

It is very difficult to assess exactly how many families will be affected with a top up or with having to pay some money back. But the one thing families do understand is that they now have far more money in their pockets through direct family assistance and, I might add, through better management of the economy—for example, lower interest rates. They have got plenty of money—enormous amounts of money; hundreds of dollars more in their pocket—because of cheaper mortgage repayments and because of good management of the economy. I believe families who have been underpaid deserve to be topped up and I further believe that families who have been overpaid understand that it is the generosity of taxpayers and will be happy to come to an appropriate arrangement to pay the money back.

Senator HOGG—Madam President, I ask a supplementary question. Thank you, Minister, for that answer. But isn’t it the case that Centrelink staff are being warned to expect a surge in complaints, appeals and Ombudsman investigations following the reconciliation of family payments in July? Does the minister believe that this result is a satisfactory outcome of the new payment system which the Howard government insisted on imposing on Australian families?

Senator VANSTONE—Undoubtedly Centrelink are aware of the fact that reconciliations will have to take place. We have millions of families that are getting these dramatically increased benefits. Some—as I indicated, Senator—are choosing to take it through the tax system and are being paid at the end of the year on their exact incomes. Others have chosen to take it fortnightly on estimates. Those families understand and Centrelink understand that a reconciliation is about to come. I would not say they are be-
ing warned but of course they are doing every-thing they can to get ready for that. You would expect nothing less.

As for whether this is a better system, I do not want to ever go back to a system where you do not top families up for underpay-ments, like the one your mean government had, Senator—through you, Madam Presi-dent. I do not want to go back to a system that has 12 payments instead of three, so families have to spent five hours working out what they should be applying for. I think a simpler system with higher payments, offer-ing the choice of annually or fortnightly, is a better system. It does mean that there will be more reconciliations. You had some under your programs; we will have more. (Time expired)

Renewable Energy Legislation

Senator ALLISON (2.25 p.m.)—My question is to the Minister for the Environ-ment and Heritage. Minister, are you aware that the latest projections in electricity con-sumption to 2010 have increased by 27,000 gigawatt hours, or 13 per cent, over the pre-vious projection? What does this mean for the government’s two per cent renewable energy legislation?

Senator HILL—I have heard it suggested that demand is up but it does not affect the legislation at all. The legislation has been passed, the program is in place, it is working and it is going to result in—we believe—an extra $2 billion of capital investment in Australia in renewable energy. That drawing effect is complemented by a very substantial capital expenditure program—in the hun-dreds of millions of dollars—that the gov-ernment has for renewable energy. Together, both programs make up as good a renewable energy program as any existing anywhere in the world.

Our interest is to get on with the job, to get the capital actually invested and to get the new renewable energy projects out there delivering the outcomes we are seeking. That will be a significant benefit in terms of greenhouse gases and it will be a significant benefit in terms of new economic opportuni-ties, as there is going to be an enormous market for renewable energy products in the future, both within Australia and internation-ally. It will also bring other environmental benefits, including in areas such as air qual-ity.

The fact that demand might have in-creased across Australia for various rea-ons—perhaps linked to the economic suc-cess of the Howard government: this un-precedented period of strong economic growth that we have been able to achieve is an interesting issue in itself—does not in any way affect the legislation that has been passed.

Senator ALLISON—Madam President, I ask a supplementary question. Minister, doesn’t this mean that to source an additional two per cent—which was the Prime Minis-ter’s promise—of our energy from renew-ables the mandated target should be 13,000 gigawatt hours of electricity, not the 9,500 provided for in the legislation? Isn’t it also the case that, when you take into account the hydro windfall, the native forests ripped up to generate electricity and these latest fig-ures, the commitment to renewable energy by your government is negligible? If this 27,000 gigawatt hour figure is accurate, do you agree that that means an extra 35 million tonnes of CO₂ will go into the atmosphere? What does that mean to our Kyoto commit-ment?

Senator HILL—If the honourable senator cannot see benefit in the investment of $2 billion in capital projects to improve our re-newable energy outcome, and if she cannot see benefit in a capital investment of gov-ernment, from memory, of somewhere around about $350 million in renewable en-ergy projects, then I do not think there is much I can do to help her. This country is investing a very large sum of money in re-newable energy, which will bring significant environmental benefits and significant eco-nomic benefits. If she is saying that in the future as a country we will need to do more, then she is probably right. But who would want to dispute that? But for the moment, we have major programs that we are seeking to achieve and we are seeking to turn them from process into outcomes to deliver good economic and environmental gains. That is where our focus is.
Family Tax Benefit

Senator MACKAY (2.30 p.m.)—My question is to Senator Vanstone, the Minister for Family and Community Services. Isn’t it the case that the Department of Family and Community Services and Centrelink have secretly engaged in crisis planning in order to deal with complaints arising from the issue of up to 500,000 family tax benefit debts and 200,000 child-care benefit debts after July this year? Hasn’t Centrelink issued impact assessments for each region detailing the measures to cope with the backlash, and don’t these measures include the formation of a national command and control group, Saturday morning office openings, flying squads, cancellation of staff leave, 400 new call centre staff and a total of 700 new staff and instructions to minimise ‘normal work’?

Senator VANSTONE—Senator, as I indicated in answer to the earlier question in relation to the reconciliation process, it does represent quite a significant increase in the number of reconciliations that will take place this year, more than would have ever taken place before. That is because—and I will not go into the full details—when you roll 12 benefits or payments into three, when you significantly increase them, and when you give families the choice of taking all of that amount either annually for fortnightly, you consequently have quite a dramatic increase in the numbers of people who choose to take a benefit fortnightly on the basis of their estimated income and who will therefore require a reconciliation.

I should add that there is an additional reason for the higher number of reconciliations this year—because the government changed the shared care arrangements. Under your government, Senator, the previous arrangements were such that for a non-custodial parent—if I may be forgiven for using the old language—to get any share of the family payments the non-custodial parent had to have the child for 30 per cent or more of the time. Non-custodial parents thought that was very unfair because they obviously have to have housing that has a room for the child and they have to have a whole variety of things whether they have the child for five per cent, 10 per cent or 60 per cent of the time. We changed that so that if the other parent has the child for 10 per cent of the time or more then that parent is entitled proportionately to the family benefits. That is completely new and, in itself, will require additional reconciliation, more than in the past.

There will be an expected significant increase in the number of reconciliations. The figures you mentioned are not the ones that I am anticipating, but I certainly do not want to indicate to you that I think they are small numbers. I would not choose to use the wording that you have but I would be very upset, Senator, if a government were introducing such a dramatic change that was going to affect families and Centrelink simply said, ‘We will just go on as normal. We will not try to cater for the extra demand that is going to be there at this time of year.’ I would be very upset if a government agency did not put itself out to deliver the benefits to the Australian community and cater for a time of extra pressure, perhaps, when the reconciliation has to take place, by making whatever appropriate arrangements need to be made. I have not seen the memo that you are referring to. As you know, Minister Anthony is responsible for the administration of Centrelink, but it pleases me greatly to have confirmed that Centrelink is actually on the job, as it usually is, trying to make sure that the right benefits go to the right people.

Senator MACKAY—Madam President, I ask a supplementary question. Minister, I indicate to you that the figures I used came from estimates, from the department. If Centrelink can anticipate a deluge of complaints before the July date of impact, why can’t the minister do something to solve the family payment problems before they hit struggling Australian families at tax time?

Senator VANSTONE—You can drag a horse to water but you cannot make it drink. This will be the third time that I have explained this, Senator. Families have the choice. If families do not want to have the money paid fortnightly, if they do not want to have the money paid on their own assessment of their income, they can choose to have it through the tax system at the end of the year. It necessarily means that when you offer the choice to have it fortnightly there
must be a point in time when a reconciliation is made. It would not matter whether it was 30 June, 30 March or 30 September; the time would come when the reconciliation had to be made. There is no drama about the time. It just happens to be a 12-month period. It is a much fairer system whereby families are paid on exactly what their incomes are. We understood when we did this that there would be more work for the government in offering this choice but we believe it is appropriate that families be offered the choice. (Time expired)

Taxation: Private Binding Rulings

Senator HARRIS (2.37 p.m.)—My question without notice goes to the Minister representing the Treasurer. Minister, is it correct that, when the ATO reverses a private binding ruling and that results in a person having to repay tax and penalties, upon the issue of those notices the Treasurer credits those amounts directly to the budget surplus?

Senator KEMP—Senator, let me make a couple of comments on your question. The budget surplus, as you know, is worked out at the start of the year with the May budget, and then we go to the midyear assessment which is made public and, finally, we have the final figures which come out after the end of the year. The government makes the assessments on those broad figures.

Private binding rulings bind the tax commissioner for the individual taxpayer. But the private binding rulings do not extend to other taxpayers and, as you would know, the private binding rulings must be based on the taxpayer’s accurate assessment of the particular project or scheme. In other words, the private binding ruling cannot be based on information which may have turned out to be false. So they are the basic principles around private binding rulings.

You have raised the budget surplus and this government, I might say, has a very fine record in returning budget surpluses. One of the reasons that we have been able to put the downward pressure on interest rates is that we have been able to run a very responsible fiscal policy. I have outlined that we do not make any apology for the budget surpluses that this government has returned. We actually feel extremely proud of them and it is a great credit to the Prime Minister and to the Treasurer that we have been able to achieve those outcomes which have distributed large benefits to the wider community. In answer to the specifics of your question, I have made very clear the general principles on which private binding rulings are based.

Senator HARRIS—Madam President, I ask a supplementary question. I thank the Assistant Treasurer for his answer. My supplementary question relates to the ATO having reversed approximately 60,000 previously eligible deductions in relation to Budplan, Oracle, Satcom and Surfcom. Can the minister advise the chamber whether the government will use the ATO commissioner, Commissioner Carmody, as a sacrificial lamb in the upcoming election to appease those 60,000 Australians?

Senator KEMP—To be quite frank, there were not 60,000 private binding rulings issued in relation to Budplan, Oracle and other schemes. I do not know who does your research, Senator—

Senator Harris—I do.

Senator KEMP—It is you, is it, Senator? Because of your obvious interest in this, I advise you to join Senator Shayne Murphy and Senator Brian Gibson on the committee which is dealing with this particular issue. The first point I would make is that there were not 60,000 private binding rulings issued. The information on which your supplementary question is based is not correct. The second point is that running a tax office is a very complex affair. It is a very difficult and challenging job. It would be one of the hardest jobs in this country. It may not be the hardest; there may be a few which are a little bit tougher, but it is certainly one of the hardest jobs. (Time expired)

Family Tax Benefit

Senator JACINTA COLLINS (2.40 p.m.)—My question is to Senator Vanstone as Minister for Family and Community Services. Can the minister confirm that around 15,000 families in the electorate of Aston receive family payments which will be reconciled from 1 July? Is it not the case that around half of these families risk receiving a
family payment debt at tax time under the Howard government’s new system? Is this the reason why Centrelink’s first batch of debt letters, or any other information, will not be sent out until 16 July, two days after the Aston by-election?

Senator VANSTONE—I have to admit that I haven’t got the faintest clue how many people are getting these benefits in the electorate of Aston, and I do not have the faintest clue how many in any other particular electorate are getting them. Senator, let me tell you that the payments are on the basis of your need and entitlement, and not on where you live. So it might be of interest to people who want to represent Aston. I am sure lower house members have a very good idea about how many people there are in their individual seats. But is this something that ever occupies my mind? No, it isn’t. With the greatest respect, Senator, you are not going to get a gold star for this because you just were not listening earlier, were you?

Senator Jacinta Collins—Yes, I was.

Senator VANSTONE—No, you weren’t, because the point was that people would choose whether to get their payments through the tax system or through the Centrelink system. We will not know until the end of the financial year—which incidentally we have not reached yet, so I do not know how we can possibly know who is going to need a reconciliation and who is not; we can only make our best estimates of these matters—when people put in their tax returns what their final incomes are. We will not know until the end of the financial year, when we will then do some calculations, who owes some money and who does not. If you are expecting that to be done Australia-wide by July whatever it is, I think you are whistling Dixie in a west wind. Senator, this is a big change and a significant number of people will need a reconciliation. I am sure Centrelink will do its job as quickly as it possibly can. But I am not envisaging that this is a matter where the front-end, if you like, of the difficulty will come in July; I think it would come much later than that, more likely in October or November.

Senator JACINTA COLLINS—Madam President, I ask a supplementary question. Minister, consistent with your earlier answers in question time today, why haven’t the many families in Aston who are likely to get a debt notice been informed of this fact earlier? Why were they not told as soon as the government realised that this was an inevitable outcome of your flawed family income estimation process, insisted on by your government?

Senator VANSTONE—I am going to nominate Senator Collins for the Institute of Dramatic Art after the great flurry with which that question was delivered. The bad news for you, Senator, is that you are again ill informed. You do not seem to understand. Centrelink has been working since the introduction of this system last year, especially with people on family assistance, constantly advising them that they needed to keep Centrelink informed of any changes in the estimates of their income. This is not something new. It may be new to you, Senator, as you have sort of popped in at the last minute, but is a matter that Centrelink has been turning its mind to for the last 12 months or so, at least since 1 July when the system came in. There are numerous ways in which families have been advised that they need to make sure that their income estimates are right and that they are not overclaiming and would therefore have to pay some of the money back because they have got more than they were entitled to. (Time expired)

Welfare Recipients: Government Policy

Senator KNOWLES (2.44 p.m.)—My question is also to Senator Vanstone, the Minister for Family and Community Services. What measures has the government taken to ensure that job seekers do not rort the welfare system? How have those measures ensured that welfare goes to those who are in need? Will the minister inform the Senate of the measures that the government is taking to help disadvantaged job seekers to comply with the activity tests?

Senator VANSTONE—I thank the senator for the question. I did not realise that it would be such an appropriate question, following questions from the opposition about this government’s determination to make sure that families get everything that they are entitled to, but not more, and, unlike the pre-
vious government, not less. We will top up. We feel very strongly that welfare payments should go to people in need, according to the rules that are laid down. We are always extremely conscious that we are spending taxpayers’ hard-earned money. Our compliance measures have been particularly successful. In 1995-96, Centrelink raised only $426 million in new debts as a result of compliance activity. Last year, the figure was $779 million—an 80 per cent increase. This year’s budget announced additional measures of compliance, including improved reporting of proof of identity to try to diminish fraudulent claims, improved risk profiling to better target our compliance measures, a new data-matching program with the tax office to identify undeclared property assets, more resources to deal with tip-offs from the public, and expansion of the random sample surveys. We know that taxpayers support our approach.

Tip-offs by the public have increased dramatically. Nationally, reviews of welfare fraud resulting from public tip-offs have increased by 58 per cent in the six months to December 2000—nearly a 60 per cent increase in six months. We know that unemployed people themselves support the government’s approach to mutual obligation. Labor is simply out of touch on the issue. Labor allowed people who were not genuinely entitled to benefits to get them because they were lazy on compliance. That meant that Labor could not and would not be able to provide more money for those in genuine need. That is the benefit of compliance: when you do not overspend because you keep in touch with the rules, you have more money to give to other people in need.

This is not about being mean. We have increased pensions in real terms and massively increased family payments in real terms. The introduction of the family tax benefit has been of real assistance to hundreds of thousands of families on income support payments. We also recognise that some disadvantaged job seekers have difficulty in complying with activity tests. Senator Bartlett asked me about this matter a couple of weeks ago, and I indicated to him at the time that I had a particular interest in this area. At my first meeting with the Centrelink board members, I raised the issue of the effect of activity tests on disadvantaged job seekers, and in May I answered the question from Senator Bartlett.

I have announced today two new measures to help disadvantaged job seekers to comply with their activity test requirements. From next week, job seekers who have been breached for failing to meet their activity test requirements without good reason will be able to have the breach waived if they meet the requirements of the Community Support Program and take up an offer of attending it. That will be of great benefit. It is specifically designed to help disadvantaged job seekers to stabilise their lives.

In addition to waiving breach penalties for those who can go onto the Community Support Program, from August there will be a pilot project in three sites, including the one that has the highest level of non-compliance in Australia—that is, Fairfield in Sydney—to work with the number of job seekers who risk losing their unemployment benefit after eight weeks if they fail to meet requirements for the third time. As I have said, the first pilot will be in Fairfield, and there will be two others. In total, 1,000 job seekers will go through that pilot, which we will use to inform of the changes that we make with the welfare reform implementation in July next year.

**Family Tax Benefit**

Senator O’BRIEN (2.49 p.m.)—I had better ask this question of Senator Vanstone, the Minister for Family and Community Services. Can the minister confirm that, in most instances, the Howard government’s response to the family payment debt problem will be to claw back Centrelink family payments by stripping some or all of families’ tax returns, rather than by providing them with comprehensive information as soon as possible? Is it not just a deceptive strategy that is designed to hide the debt problem? If the government believes that its actions on this matter are justifiable, why will it not be up front with Australian families?

Senator VANSTONE—This government is being up front with Australian families.
who rightly deserve these dramatically increased—as I am advised, by about 20 per cent—and simplified benefits. Rolling 12 direct payments or tax benefits into three necessarily means, as I have indicated in several answers, that, if you offer the choice, some families will choose to take an annual payment—and they will get that through the tax system—and some will choose to have it fortnightly. They were asked to estimate their income. There have been numerous ways in which families have been notified of the need to keep Centrelink up to date with their income changes, should they have income fluctuations—that is not the vast majority of families, of course—so that the payments will be as close as possible to the exact amount they are entitled to.

As I have said, Senator, we will top up people who have not got the right amount—unlike the previous government, which refused to do that—but we will take back the money from people who have been overpaid. I am sure that that will be worked out in a most fair and harmonious way. Senator MacKay said that we will get complaints. The people who understand about getting no more than you are entitled to are the families who are in need. I do not think that they are going to be unhappy, if they have been overpaid, to pay it back into the till. It is usually the people who have got everything who are worried about that. The ones who need some assistance understand that it has to be paid in accordance with rules. Where they have not had their estimates right and they have been overpaid, sure, some of them will not be able to pay back quickly. Some of them, of course, are on quite high incomes, Senator. This payment, by and large, is to all families with children, and to a very high income level compared with that which was previously allowed.

We are not talking simply about low income families. I believe that they understand that, yes, they are going to be paid on their exact income. They do understand that they need to keep their estimates up to date. They do understand that, if they underestimate their income and are overpaid, they will have to pay it back. This, Senator, is a caring and friendly government, and I am sure that there will be appropriate and friendly arrangements for taking back the overpayments. It is not taking back someone’s money; it is taking back money to which they were not entitled.

Senator O’BRIEN—Madam President, I ask a supplementary question. I take it, then, that the minister can guarantee that there will be full agreement between the taxpayer and the Commonwealth before there is any clawback of tax returns in relation to the overpayment of the Centrelink benefit? Isn’t it a fact that when families or accountants calculate their likely tax return they will not know the amount of family payment clawback, with many families making financial decisions based on what their expected tax cheque will be? Isn’t the government strategy to hide the debt problem going to cause many families great hardship, or will you guarantee that they will know in advance?

Senator VANSTONE—Senator, with respect, I do not think you can have it both ways. You cannot say that families are so aware of their financial circumstances that they know down to the last dollar what they will do with their tax returns—but that they do not know how much their tax return is. This is a nonsensical argument for you to be raising, Senator. You say, ‘Will there be complete agreement before any money is taken back?’ If you are suggesting, Senator, that on behalf of hardworking taxpayers we are going to say to people who have an overpayment, ‘Gee, would you like to pay it back some time?’ ‘No.’ ‘Okay, you don’t agree; forget it’—no, it will not be conducted on such a loose arrangement until someone feels like paying it back. So I cannot give you a guarantee that if someone does not feel like paying back an overpayment we will leave them sitting there with the overpayment. I cannot give you that guarantee.

Australian Taxation Office: Form

Senator STOTT DESPOJA (2.54 p.m.)—My question is addressed to the Assistant Treasurer. Is the minister aware that in the government’s attempt to simplify the red
tape that is strangling small business in Australia the ATO has produced ‘The application for a personal services business determination—personal services entity’ form, which contains 68 questions, 10 subsections and is eight pages long, just to determine whether a person is an employee or a contractor? Is the minister aware that, despite the length and the complexity of this new form, the ATO will still be incapable of clearly distinguishing between genuine contractors, particularly in the building industry, and tax cheats?

Senator KEMP—Madam President, let me make some comments on the matters raised by Senator Stott Despoja. The issue of complexity in the tax system is one which I think every government has to grapple with. I think in many areas this government has been able to create a system which is more straightforward and better understood by people. So the first point I make to you, Senator, is that this is something which the government is always particularly conscious of. One of the reasons that we brought the regulation impact statement into the explanatory memorandum was to make it clear that the government takes account of the costs of various matters that it brings before this parliament in legislation. This is an issue which the government, I can assure you, Senator, is particularly conscious of. The second point, and an associated point, is that one of the things people in small business are most afraid of is roll-back. Whether you are speaking to the ACCI, whether you are speaking to Rod Bastian or whether you are speaking to the various accounting institutes, one of the areas which they universally agree on is that roll-back will cause major issues. Those are the two points I make.

The fact of the matter is that in the collecting of information the tax office has to put out forms to get the information in. Others have mentioned to me their concerns about the complexity of that particular form, Senator, but in order to properly administer the scheme—and it is one I suspect that you support; I assume that this is what you support—the information is required by the tax office. But this government will always look at ways in which compliance costs can be cut and will always examine ways in which forms can be simplified.

Senator STOTT DESPOJA—Madam President, I ask a supplementary question. I thank the minister for the answer. Can the minister clarify whether he has actually seen the form, which he did not specifically refer to in his response? Has he tried to fill out the form? Given the fact that he alluded to the notion that people have complained about the complexity, can he state to the chamber if he has had specific complaints from small business about this form? Failing that, because the minister says, ‘We have to put out information and get the information in,’ can he please advise us, if that supplementary information goes out with this particular form, that the Australian Taxation Office will ensure that it is in short, simple and plain English-speaking text, if he is so concerned?

Senator KEMP—Senator, this may come as a surprise to you but in the administration of the tax system there are many people who write in and there are many people who raise particular issues. There would barely be an area of the tax system on which I would not receive letters or about which calls have been made to my office. In each case we try to deal with those issues. The point I am making is that I have seen the form, Senator. The fact of the matter, as I said to you, is that where we can work with business to make sure that the forms are simplified, this government is always in favour of that.

Family Tax Benefit

Senator GIBBS (2.59 p.m.)—My question is to Senator Vanstone, the Minister for Family and Community Services. How does the minister respond to families such as the Meyer family from Crestmead in Brisbane who have been told that the Howard government will take around $700 from their tax return after 1 July this year, simply because Mr Meyer’s income has changed from $32,700 to $35,950 per annum? Does the minister think it is fair that the Howard government requires families like the Meyer family to estimate their income a year in advance, and then punishes them at the end of the financial year for every dollar they earn over that estimate?
Senator VANSTONE—I remind you, Senator, that there were occasions when the previous government worked on estimates. I will not respond, as a matter of practice, to individual cases that are raised, because I cannot be satisfied on the basis of a few words that any one person offers me here that I have all the information. The classic example that comes to mind—so that the senator does not think I am referring to her and suggesting any lack of credibility on her part, because I am not—is the allegation that was raised in this place by Senator Collins that this government was being mean to large families on low incomes. Labor went on and on about it until I made some inquiries about the particular family and was able to assure them that the family was getting $25,000 or thereabouts in payments from this government. Then, all of a sudden, the ruse was up and what I think was a false claim being made in this place could not be run any more. I do not know what the tax office have told people, or how they would tell them if their payment is through the tax office. I understood your question implied that this person had opted to go onto an annual payment and, since they would not have put in their tax return yet, I am not familiar with what arrangements the tax office might have made for people to adjust estimates of their income.

I remind you that anyone who has been overpaid has been overpaid on their entitlement. You are not taking back their money; you are taking back money they have been overpaid on their entitlement. If families who take their payment on a fortnightly basis are not comfortable with estimating their income, they can choose to take it through the tax office. I understood your question implied that this person had opted to go onto an annual payment and, since they would not have put in their tax return yet, I am not familiar with what arrangements the tax office might have made for people to adjust estimates of their income.

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You see, even in the supplementary, a little more information comes out. Now I understand that I am answering a question about a family not where there is a single income earner but where there are two income earners, one of whom has been getting a particular family benefit designed to assist families who have the benefit of only one tax-free zone. There is a benefit to try to help families that do not have two tax-free zones. Of course, when those families move someone back into the work force—and get the benefit of another tax-free zone—if we do not ask for the money back, they have the benefit of three tax-free zones. It does not seem fair to families who have one or two tax-free zones that another family can get three. The person moving back into the work force is actually getting the benefit of the third tax-free zone through reduced tax instalments on the basis—like we all do—that certain parts of our income are not in the first instance taxed. They are getting paid that, if you like, in substitute for the money they received when they were not getting it. You cannot get the equivalent of three tax-free zones. (Time expired)

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

ANSWERS TO QUESTIONS WITHOUT NOTICE

Family Tax Benefit

Senator CHRIS EVANS (Western Australia) (3.05 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 relating to taxation and family benefit payments.

I think the questions tried to focus on the concern that is emerging in the community about the government’s attempt to claw back
family tax and child care benefit payments. We now know that hundreds of thousands of Australian families will be faced with paying debts to the Commonwealth government at the end of this financial year—debts that they do not know they are incurring; debts that they did not know they would incur throughout this financial year. We now know that hundreds of thousands of families will receive debts. They will receive these in a number of ways. Firstly, they will most likely get a shock when they get their tax return. They will find that their tax return has been garnisheed. They will have calculated their tax return either on their own, using the TaxPack, or in consultation with their accountant but, if they expected a $300, $400 or $500 tax return, they will find that when they get their assessment that money will not be there. They will find that the government might have taken anywhere up to $1,000 out of their tax return and they may have a debt. Families will get the shock of their lives when they receive a tax return assessment notice and they suddenly find that they are worse off by up to $1,000 or more than they expected. The small tax return that they had perhaps hoped to use to buy a fridge or to use for some particular domestic purpose—which we all look forward to using our tax return to do—will not be there, and many of them will have a debt. They will be asked to pay back money that they had never expected to have to pay back. For many families, they will get a second whammy in October because those who access the child care benefit will run the risk of having to pay a debt.

The government have so mismanaged the child care benefit system that they are not in a position to do this in July, and they have had to put it off until October. Families may potentially get a notice in July saying that they have a debt because they have been overpaid the family tax benefit and that they owe the government hundreds of dollars. Those same families might then get a notice in October saying that, because of the income estimation scheme—the same scheme that determines family tax benefit—they have a debt because they have been overpaid the child care benefit. So average working Australian families will potentially get two debt notices from the government in a matter of months, claiming overpayment of entitlements that the government promised them as part of the tax package—as part of the GST compensation deal.

This is clawback of money on a massive scale from ordinary Australian families, clawback to the Commonwealth. The government has completely mismanaged the income estimation scheme and ordinary Australian families will be faced with debts they never knew they were incurring. Already I am getting telephone calls from families who are saying that one of the family members, most usually the wife, is going back to work after having had time off for raising children and that they have notified Centrelink before going back to work. They have done the right thing, contacted Centrelink and said, ‘I’ve got a job and I’ll be going back to work in a couple of weeks. Can you make adjustments in terms of the family tax benefit?’ And they have been told, ‘Yes, we can make the adjustments. We$700. Even though you have done everything right and you have notified us before earning income—you have done the right thing and declared interests and given full financial disclosure to Centrelink—you still owe us money before you start work because, on the annual income estimation scheme, you have a debt to us already in the order of $700.’

I have a number of these examples already, but most families do not know it is coming. Most families will only get the whack when they put in their tax return and suddenly find that the tax cheque they expected is instead a debt notice because the adjustment has been made. But, even worse, many families who are also accessing the child care benefit will get hit twice. They will get hit some time after October with a child care benefit debt notice as well. Many families who work on very tight budgets will find that, rather than getting a tax cheque, they will get two bills from the Commonwealth that say, ‘Pay up.’ Through no fault of their own, through no knowledge of their own, they now owe the government, in some
cases, quite substantial amounts of money. Those families will find it very hard to find that money, and I think they will be very angry that they have not heard about it.

It is interesting, isn’t it? The government is spending millions of dollars on advertising campaigns selling the benefits of government policies, wasting millions of dollars of taxpayers’ money that could be better used to help support families, pensioners and people on disability support pensions. But there is not one word of advertising about this—not one cent has been spent on advertising the fact that families are going to incur huge debts as a result of the maladministration of the social security system by the government. There is no advertising money for that. (Time expired)

Senator KNOWLES (Western Australia) (3.10 p.m.)—Here we go with another scare campaign. Let me start where Senator Evans finished: he said that people have not been informed. That is just wrong, wrong, wrong. Senator Evans came in here last week and made a whole lot of assertions that were wrong. I stood up in this place and went through them one after the other—and I would say that there were probably 20 of them. He had every single assertion wrong. This time, yet again, he is wrong. Saying that families have not been notified about the impacts of changed income test, shared care arrangements or anything else under the tax regime is simply wrong. Senator Evans is just appalling in his misrepresentation. Families have been well informed about the changes to family assistance. The information campaign began in March 2000 and is continuing. But Senator Evans makes the assertion and then does not listen to the response, and he is now just standing there with his back to me. It would be a great pity if one day Senator Evans actually listened to the facts. The new system of family payments is fairer. It ensures that families receive their exact entitlements—no more, no less.

I find it amazing that the Labor Party comes in here and argues the case for people to be able to not only claim more than they are entitled to but also keep that extra money that they have wrongly claimed as some sort of tax-free windfall. It is not a tax-free windfall; someone’s taxes are used to pay those overpayments. Centrelink does everything that it possibly can to try to guide and encourage people to let them know in advance of their income possibilities so that they are not going to be hit with any unnecessary bills. Yet the Labor Party comes in here and starts this fear campaign today—which, mind you, it has been running for months now, and it will obviously continue to get worse in the lead-up to the election—that people are somehow going to be hit with huge, unwarranted bills. I ask anyone out there in Australia whether they honestly believe that people should be paid something out of someone else’s pocket to which they are not entitled. The answer is no. Remember, governments do not have their own money; governments only have what taxpayers give them. Yet the Labor Party comes in here and argues the case that taxpayers should pay people for the fraud in the system, whether it be willingly or unintentionally. If it is unintentional, people are asked to pay back the money. If it is willingly, people are prosecuted and also asked to pay the penalty.

Let us get the facts straight: the government’s policy is to ensure that people get paid what they are due—no more and no less. A comprehensive communication campaign is being undertaken by the Family Assistance Office to reduce the risk that customers will incur an overpayment. So, for Senator Evans to come in here and say that no such campaign is being undertaken, is just patently incorrect. The FAO staff use the ‘every customer, every contact, every time strategy’ to remind customers to update their income estimates. Other elements of the communications strategy include direct mailouts of letters and brochures to targeted customer groups, direct contact with customers, the use of posters and flyers in FAO offices and child care services, non-targeted mailouts, information sessions and briefing kits.

These are a lot of the things that have been done, yet Senator Evans comes in here and says that not one thing is being done to inform these poor unfortunate families. I think it is so unfair to go out there and
frighten people unnecessarily and, not only that, to misrepresent the truth yet again. I have some time for Senator Evans generally, but I have to say that it is slipping lately because of the absolute and utter misrepresentations that he made last week about aged care and that he is making about family assistance this week. Where is respect in this place? Where is honesty in this place when the Labor Party and Senator Evans come in here and deliberately frighten people? That is so unwarranted and it does not reflect the truth in any way, shape or form.

Senator HOGG (Queensland) (3.15 p.m.)—I do not know whether Senator Knowles and I are speaking in the same debate, because the Labor Party is not protecting fraud in any way. If one looks at the previous report, one finds that fraud accounted for 0.1 per cent of the reviews that were made. So it is a small amount indeed that one considers when one looks at the issue of fraud. However, what has changed, of course, is the tolerance level in terms of the reviews. The tolerance level was previously 10 per cent with respect to an underestimate or an overestimate of one’s projected income. Now the tolerance level has been reduced to zero. So there is no margin for error for the people who are registering their incomes to receive these benefits. There is no margin whatsoever for error.

Who are the people who are registering for these benefits? Invariably they are low income families—people at the lowest end of the socioeconomic scale. They are not high-flyers; they are low income people who are invariably shiftworkers, casual workers, seasonal workers or the like. They are people who are moving from place to place and moving in and out of jobs and do not have either the facilities or the ability of some people at the high end of town to get their tax accountants to minimise their tax, avoid tax or cover their tax debt in family trusts—which this government has failed to attack anyway. The people we are talking about are at the low end of the socioeconomic scale.

If you looked at what happened under the 10 per cent tolerance system, you would find in the previous annual report that there were 51,000 debt recoveries and that they averaged $955 or $20 per week per family. That is a significant amount of money in anyone’s language. We are not talking about high-flyers; we are talking about low income people who are shiftworkers, casual workers and seasonal workers. We are not talking about people who set out to defraud the system, to rort the system or to take the system down in any way. We are talking about people who, because of their circumstances, find themselves in the position where they have incurred a debt. Where there was previously a 10 per cent tolerance level and there was some margin for the error in their estimate, they now find themselves saddled with a bill.

The Department of Family and Community Services will have more complaints, more appeals and more ombudsman investigations as a result. This should not necessarily have occurred. If this system were working properly, in a way that was fair and reasonable for these people, one would see a system that had a little bit of tolerance in it. But that is not the system that we apparently have today.

As to the families being aware of the system, I do not believe that is necessarily the case at all, as my colleague Senator Evans outlined. Awareness is facilitated when you have the advice before you—when the advice is promulgated and is easily understood. In my experience, that is not necessarily the case with people who are receiving these payments. This will hit these people post 1 July, when they put in their tax returns and find, as Senator Evans said, that their tax return will be garnisheed to recapture, claw back, some of the overpayment that was made.

We are not advocating that people should be rewarded for deliberate fraud. We are not advocating that at all. We have said that there are a small number of people who are properly prosecuted when they are involved in fraud. But one should not lose sight of the fact that it is only 0.1 per cent; that the vast majority of people who do receive a benefit are honest, responsible people who find themselves caught up in a system that bears no tolerance for them and which will impose a burden upon them at a time when they can ill afford to have that burden placed upon
them. When they are expecting a reasonable tax return or at least a positive tax return, they will find that they have incurred a debt because the system is completely unkind to them. (Time expired)

Senator TCHEN (Victoria) (3.20 p.m.)—I have to agree with Senator Hogg. I was glad to hear him say that he accepted that the majority of people who would require a Centrelink service are honest, hardworking people who may have a need for help at a particular moment. But I do not agree with Senator Hogg’s assumption that, because these people need help, they are likely to be in the lowest socioeconomic bracket and are incapable of handling their own finances. I think it is a slur on the ability of ordinary Australians to look after their own affairs. We do not believe that. If people do need help, Centrelink has been organised so that it can give support to the people who need it.

I agree with Senator Knowles that Senator Evans’s scare campaign—as Senator Knowles so aptly described it—is a little out of character with Senator Evans. I have a lot of time for Senator Evans too. He seems to be a hardworking, honest senator. I am not sure what brought on this sudden distortion of the facts. Senator Evans made a great deal about the evidence given by a Centrelink officer in a recent budget estimates hearing. He claims that an answer given by the Centrelink officer demonstrates how this government is heartlessly trying to put hardship on the public. Let me put the record straight.

At the budget estimates hearing on 30 May 2001, a Centrelink officer was asked, I believe by Senator Evans, whether it is a formal government policy that family tax benefit customers are encouraged to overestimate their income. The officer said, ‘Yes, they are.’ The officer also explained that it is not a formal government policy as such but an administrative decision of the Centrelink officers that they will advise the customer in this way so that the customer can choose to overestimate their income, if they wish to avoid an overpayment.

An overpayment would occur if there were an understatement of income and an overpayment of benefit at the end of the year. When the total income has been established, the customer may be required to make a repayment for any overpayment. Centrelink officers, because they are concerned about their customers’ welfare and are concerned not to add possible hardship for these customers who are on fairly low incomes, made an administrative decision to encourage them to overestimate their income by a slight amount so that they would be less likely to have a lump sum repayment due at the end of the tax period. This is a totally sensible and responsible way to do things. There is nothing sinister about it, yet Senator Evans chooses to focus on this point and say, ‘This is where the government’s administration of Centrelink is not working.’ This is a total distortion of facts. It is totally illogical.

The reconciliation process to match a customer’s taxable income to the lowest estimate during the year occurs continuously. Customers who choose to receive the family tax benefit as a regular Centrelink payment or as a tax deduction need to estimate their taxable income for the current year to determine their fortnightly entitlement. That is straightforward. There is nothing difficult about that. There is no limit on how many times a customer can adjust their estimate. This is for the benefit of the customer. Perhaps it makes the Centrelink officers work a little harder because they have to do it more often, but certainly it is to the benefit of the customers. There is no question about that. The customers are entitled to top up their income if they have underestimated their entitlement, otherwise they are required to make a repayment if they receive more than they are entitled to. (Time expired)

Senator O’BRIEN (Tasmania) (3.25 p.m.)—I think we have to understand that we are talking about the fact that, in relation to the family tax benefit issue, a lot of people potentially having debts to the Commonwealth. From estimates, as I understand it, the department have revealed that there are about three million families receiving family tax benefit A and family tax benefit B combined, and they are sure that a significant number of families will have debts. Their guess is that it is less than 40 per cent of those three million families, but the department just do not know. Let us make the as-
consumption that they are right and that it is fewer than 1.2 million families. It is going to be a hell of a lot of families.

Mr Acting Deputy President Hogg, I will make you a bet, even though we are not talking about the Internet gambling bill at the moment, that this government does not spend one cent of the half billion dollars that it has put into advertising programs and political propaganda in this country to tell those approximately 1.2 million families that when they do their tax return they had better factor in a significant reduction in their tax return. In some cases, I am sure it will be so significant that they will still have a debt after the Commonwealth has taken all of the tax return. This government are prepared to—and let us look at the Agriculture Advancing Australia package—$6 million to advertise a program to farmers that has been advertised on a number of occasions and which they could, by writing to every farmer, limit the spending required to $105,000. But they are going to spend $6 million, and they are going to tell everyone in the cities around the country about the Agriculture Advancing Australia package. But how much is this government going to spend to tell almost 1.2 families that they are going to have their tax return garnisheed, that when these families calculate their tax return they had better make a significant reduction in that tax return and perhaps recalculate their family finances on the basis that they will get nothing?

My understanding is that it is not the intention of the department—contrary to the statements of the minister in question time that this was a caring department and that they would handle this matter sensitively—to send letters to the families explaining the matter and setting out the details of their indebtedness and inviting them to come to some arrangement as to how that debt might be paid and perhaps offering them, as an alternative, the surrender of their tax return. My understanding is that that will not be what this department does: it will take what it considers to be the most cost-effective action and simply take the tax returns of these families. I know that has a precedent. It is a precedent which has been used against defaulters in the child support area. This government is treating these families in the same way as governments have treated defaulters in the child support legislation area. This government is just going to take the tax returns of these families to recover a debt.

What sort of people are going to face these problems? There will be some people who are on relatively high incomes, but I suspect they will not be anywhere near in the majority. Families who were on a single income and then the second parent in those families discovered an opportunity to earn some income—but they have perhaps not properly factored in the actual cost of earning that income being a forfeiture of hundreds of dollars in family tax benefit—are going to be the families who are caught. Those families are going to need, more than anyone else, the tax return that they were expecting at the end of the year. They are the ones who will have forgone things and who expect to spend that tax return on something the family needs. But they will not get it because this government has withdrawn that 10 per cent margin for error that was previously in the system, and these families will be the ones who will pay.

Of course, it is not a surprise that this government does not want to advertise. It will not spend a cracker on advertising it, because the only advertising this government is interested in is advertising its own political self-interest. Because of that, these families are going to get a rude shock. Today in question time the opposition has tried to make sure that those families know a bit more about what is going to happen to them, because one thing is certain: this government will do nothing, and it certainly will not do anything before the Aston by-election. (Time expired)

Question resolved in the affirmative.

Renewable Energy Legislation

Senator ALLISON (Victoria) (3.30 p.m.)—I move:

That the Senate take note of the answer given by the Minister for the Environment and Heritage (Senator Hill) to a question without notice asked by Senator Allison today relating to renewable energy.
I am glad the minister is here to hear my response. The minister says that this does not matter at all, that it does not affect anything and that there is still a $2 billion investment in renewable energy in this country. That may or may not be the case, but it is quite clear that the two per cent renewables promise from the Prime Minister has been weakened through the legislation, through subsequent events and, as it turns out today, through the new figures, which we know are projected for the consumption of electricity until the year 2010.

The point is that the two per cent was converted to an actual gigawatt hour figure at the time the legislation was developed, so it became 9,500 gigawatt hours. But the new figures show that there is an increase projected in consumption over that time of 27,000 gigawatt hours. That means that, if the two per cent were applied to the actual figures as opposed to the earlier projected ones, we would need to look at 13,000 gigawatt hours of electricity by the year 2010. That may not sound like a terribly substantial problem, but the point is that this bill has been weakened and watered down since day one.

A couple of months ago, it came to light that the hydro-electricity generators were going to be delivered a $40 million windfall in their certificates for renewable energy without doing anything. That in itself has taken up at least one of the years for the uptake of the legislation, possibly two. It has always been a weakness for the Democrats that Australia has renewable legislation which allows native forests to be burned to generate electricity. We know that there are 10 new proposals in Australia already which will use product from native forests to generate electricity and therefore attract certificates and get extra funding for doing so. I think most Australians do not want to pay extra for electricity which is sourced from our native forests. We should not be clearfelling them in the first place, but we are cutting them down in some places, which is clearly unsustainable. It is a great pity that neither of the major parties are able to see this, nor are they prepared to stand up for native forests.

This legislation remains a disappointment to the Democrats. It could have been a good piece of legislation but, as we have seen by subsequent projections in electricity, it is not what it was cracked up to be. In fact, it causes another problem that I thought the minister would refer to, and that is the fact that 27,000 gigawatt hours of electricity generated from fossil fuels equates to 35 million tonnes of CO₂. What does this do to our commitment to Kyoto? As we know, the last inventory showed that we had increased our output of greenhouse emissions by 116.9 per cent when we were supposed to be aiming for a target of 108 per cent—generous in itself. But this increase of 27,000 gigawatt hours in electricity consumption right around the country should be seriously taken on board by the government in terms of our greenhouse emissions.

I suggest to the minister that he go to the renewable energy regulator and check out these figures. When he gets those confirmed, as I am sure he will, he should go back to cabinet and say, ‘We should redo this legislation. Let’s go back to the original concept of two per cent. Let’s deliver on that promise.’ There will be two advantages in that: firstly, we will reduce our greenhouse emissions; and, secondly, we will give a much greater boost to the renewable energy industry—based on solar and wind—and we can deliver for them the promise that the Prime Minister gave us some years ago to boost that industry sector.

Question resolved in the affirmative.

PETITIONS

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

Great Barrier Reef: Prawn Trawling

The Petition of the undersigned shows strong disappointment in the Australian Government’s inadequate protection of the Great Barrier Reef World Heritage Area from the destructive practices of prawn trawling. Prawn trawling destroys up to 10 tonnes of other reef life for every one tonne of prawns while clearfelling the sea floor. There are 11 million square kilometres of Australia’s ocean territory of which the reef represents just 350,000 square kilometres.

Your Petitioners ask that the Senate support the phasing out of all prawn trawling on the Great
Barrier Reef World Heritage Area by the year 2005.

by Senator Bartlett (from 20 citizens)

**Australia Post: Deregulation**

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

The Petition of the undersigned shows that we are opposed to the Howard Government’s proposals to deregulate Australia’s postal service as they will drastically reduce the revenue of Australia Post resulting in adverse impacts for most Australians including increased postal charges, reduced frequency of services, a reduction in counter and other services currently provided and a loss of thousands of jobs.

Your petitioners request that the Senate reject the Howard Government’s proposals and support the retention of Australia Post’s current reserved service and the uniform postage rate, the existing cross-subsidy funding arrangement for the uniform standard letter service and require a government assurance that no post office (corporate or licensed) will close due to these proposals.

Further we call on the Senate to support the expansion of the existing community service obligation of Australia Post to encompass a minimum level of service with respect to financial and bill paying services, delivery frequency, a parcels service and access to counter services, whether through corporate or licensed post offices.

by Senator O’Brien (from 49 citizens)

**National Youth Roundtable**

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

The petition of the undersigned shows:

Young people in Australia, and their supporters, would like to draw to express their disappointment at the Government’s constant refusal to make public youth policy recommendations put forward by members of the National Youth Roundtable.

Since the defunding of AYPAC, Australia’s national youth peak advisory body, the National Youth Roundtable has become the primary source of fresh youth policy initiatives and is the only formal mechanism for young Australians to consult with the Government on issues of concern to them.

To date the Government has provided little evidence to demonstrate a genuine interest in considering the practical implementation of youth policy recommendations. This is despite the Roundtable members being told that they would be a ‘direct line to Government.’

Your Petitioners request that the Senate should make public the National Youth Roundtable Outcomes Packages for the 1999, 2000 and subsequent National Youth Roundtable programs and call on the Government to renew its commitment to implementing Youth Roundtable recommendations.

by Senator O’Brien (from 22 citizens)

**Occupational Health and Safety Legislation**

To the Honourable the President and Members of the Senate in Parliament Assembled: The petition of the undersigned draws attention to the House concerns over the proposal to introduce two (2) Bills before Parliament to amend the Safety Rehabilitation and Compensation Act and the Occupational Health and Safety Act.

These proposed amendments will disadvantage many workers and their families making it harder to obtain Workers’ Compensation and will restrict the capacity of employees and their unions to ensure the workplace is healthy and safe.

Your petitioners therefore request that the powers of the Safety Rehabilitation & Compensation Act 1988 and the OHS Act be preserved and that the proposed changes to these Acts be rejected.

by Senator O’Brien (from 20 citizens)

**Chronic Fatigue Syndrome**

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

The undersigned citizens and residents of Australia draw to the attention of the Senate, the lack of a coherent public health policy and disability services/provisions for persons impaired by Myalgic Encephalomyelitis/Chronic Fatigue Syndrome/Fibromyalgia Syndrome and respectfully request that the Senate legislate the following:

1. Recognition that ME/CFS/FMS can be a severely disabling and even life threatening illness.
2. Recognition that the ME/CFS/FMS impaired are genuinely disabled persons entitled to access disability support services/benefits.
3. Establishment and maintenance of a comprehensive national register of ME/CFS/FMS patients, to enable statistical evaluation of the prevalence and outcomes in the community.
4. Commitment of National Health and Medical Research Council funding for research into the physical/organic aspects of ME/CFS/FMS.
5. Regulation of Government and Private Insurance Sectors everyone ensure the fair and
transparent assessment of ME/CFS/FMS disability claims.

by Senator O’Brien (from 17 citizens)

Petitions received.

NOTICES

Presentation

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

That the Senate—

(a) notes that:

(i) 1 July 2001 marks the 69th birthday of the Australian Broadcasting Corporation (ABC), which commenced its first broadcast at 8 pm on 1 July 1932,

(ii) the then Prime Minister, Joseph Lyons, proclaimed that the ABC was committed to ‘serve all sections and to satisfy the diversified tastes of the public’,

(iii) the Australian Broadcasting Corporation Act, proclaimed in 1983, embodied that statement in section 6 of the Act, the ABC Charter, which is equally relevant today as it was then, and continues to enable the ABC to provide a range of quality programs and services, which meet the diverse range of interests of Australian audiences, and

(iv) the ABC’s role and functions have been expanded and extended over the years to include: a national classic music network (Classic FM); a national youth network (Triple J); a national specialist radio network (Radio National); a parliamentary and news network (PNN); a local radio service in 48 regional centres and in each capital city throughout Australia; an international shortwave service (Radio Australia); an online, multimedia Internet service; ABC shops and centres; and the national television network; and

(b) congratulates the ABC, and its dedicated staff over many years of continued service, for reaching this milestone.

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

That the following matter be referred to the Standing Committee for the Scrutiny of Bills for inquiry and report by 28 February 2002:

The application of absolute and strict liability offences in Commonwealth legislation, with particular reference to:

(a) the merit of making certain offences ones of absolute or strict liability;

(b) the criteria used to characterise an offence, or an element of an offence, as appropriate for absolute or strict liability;

(c) whether these criteria are applied consistently to all existing and proposed Commonwealth offences; and

(d) how these criteria relate to the practice in other Australian jurisdictions, and internationally.

Senator Ian Campbell to move, on the next day of sitting:

That the following bill be introduced: A Bill for an Act to amend legislation relating to the environment, and for related purposes. Environmental Legislation Amendment Bill (No. 2) 2001.

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

That the time for the presentation of the report of the Rural and Regional Affairs and Transport Legislation Committee on the import risk assessment on New Zealand apples be extended to 23 July 2001.

Senator Jacinta Collins to move, on the next day of sitting:

That there be laid on the table, by the Minister representing the Minister for Employment Services, no later than immediately after motions to take note of answers on 28 June 2001, a copy of the following documents:

(a) a full copy of the interim report of the investigation undertaken by the Department of Employment, Workplace Relations and Small Business into allegations of impropriety by Leonie Green and Associates, as raised in the Employment, Workplace Relations, Small Business and Education Committee’s hearing of 4 June 2001, which the Minister for Employment Services has undertaken to provide to the Parliament;

(b) all documents provided to the Minister for Employment Services on his visit to the offices of Leonie Green and Associates on 10 April 2001; and

(c) all notes, diary entries or file notes in relation to the visit by the Minister for Employment Services to the offices of

Senator Allison to move, on the next day of sitting:
That the Senate—
(a) notes that:
(i) 2 July 2001 is the 35th anniversary of French nuclear weapons testing at the Mururoa Atoll, and
(ii) 5 years ago all members and senators from all parties joined in condemning the French tests at Mururoa; and
(b) urges the Government to:
(i) renew its opposition to nuclear weapons testing and proliferation in the international arena, and
(ii) exercise the greatest diligence in repairing the damage to land and people caused by exposure to the British nuclear weapons testing in Australia in the 1950’s.

Senator Ian Campbell to move, on the next day of sitting:
That on Thursday, 28 June 2001:
(a) the hours of meeting shall be 9.30 am to 6 pm and 7.30 pm to adjournment;
(b) consideration of general business and consideration of committee reports, government responses and Auditor-General’s reports under standing order 62(1) and (2) not be proceeded with;
(c) the routine of business from 7.30 pm till the adjournment shall be government business only;
(d) divisions may take place after 7.30 pm; and
(e) the question for the adjournment of the Senate shall not be proposed till a motion for the adjournment is moved by a minister.

Senator Carr to move, contingent on the Innovation and Education Legislation Amendment Bill 2001 being read a second time:
That it be an instruction to the committee of the whole that:
(a) the committee divide the Innovation and Education Legislation Amendment Bill 2001 (the parent bill) into three separate bills as follows:
(i) a bill dealing with extra funding for research and higher education, comprising clauses 1 to 3 and Schedule 1 of the parent bill;
(ii) a bill dealing with extra funding for primary and secondary education, comprising Schedule 2 of the parent bill; and
(iii) a bill dealing with the postgraduate education loan scheme, limits on student debts to the Commonwealth and electronic communications with students, comprising Schedules 3, 4 and 5 of the parent bill; and
(b) the committee amend the title of the first bill and add enacting words and provisions for titles and commencement to the second and third bills.

Senator Brown to move, on the next day of sitting:
That the Senate—
(a) expresses deep sadness and concern at the death of three people in Port Moresby following student protests;
(b) recognises the right of Papua New Guinea (PNG) to plan its future without selling major public assets; and
(c) calls on the international funding and banking agencies to aid PNG’s debt repayments by requiring foreign logging, mining, fishing and tourism companies, including BHP, to pay a fair and adequate royalty for their exploitation of this small, but beautiful, nation’s resources.

Senator Murray to move, on Tuesday, 7 August:
That the following bill be introduced: A Bill for an Act to implement Article 25 of the International Covenant on Civil and Political Rights so that elections for State legislatures shall be by equal suffrage. State Elections (One Vote, One Value) Bill 2001.

Senator IAN CAMPBELL (Western Australia—Parliamentary Secretary to the Minister for Communications, Information Technology and the Arts) (3.38 p.m.)—I give notice that, on the next day of sitting, I shall move:
That the provisions of paragraphs (5) to (7) of standing order 111 not apply to the following bills, allowing them to be considered during this period of sittings:
Alcohol Education and Rehabilitation Account Bill 2001
I also table statements of reasons justifying the need for these bills to be considered during these sittings and seek leave to have the statements incorporated in *Hansard*.

Leave granted.

*The statements read as follows—*

**STATEMENT OF REASONS FOR INTRODUCTION AND PASSAGE IN THE 2001 WINTER SITTINGS**

**ALCOHOL EDUCATION AND REHABILITATION ACCOUNT BILL 2001**

**Purpose of the bill**
This legislation provides for the establishment of the Alcohol Education and Rehabilitation Account for the appropriation of funds to the Alcohol Education and Rehabilitation Foundation. The purpose of the Foundation is to reduce the harm caused by misuse of alcohol and other licit substances, supporting evidence-based treatment, rehabilitation, research and prevention programs as well as community education programs.

**Reasons for urgency**
The excise revenue, which is to be redirected by the Commonwealth to the Foundation, has been collected since 1 July 2000. The Government has publicly committed to making the funding available to the Foundation as a matter of urgency.

(Circulated by authority of the Minister for Health and Aged Care)

**STATEMENT OF REASONS FOR INTRODUCTION AND PASSAGE IN THE 2001 WINTER SITTINGS**

**BROADCASTING LEGISLATION AMENDMENT BILL (NO. 2) 2001**

**Purpose of the Bill**
To make a number of relatively minor but important amendments to the Broadcasting Services Act 1992 (the BSA) and the Radiocommunications Act 1992 relating to:
- High Definition Television (HDTV) programming;
- the allocation of additional commercial television licences in underserved remote or regional markets;
- anti-siphoning arrangements;
- and some technical amendments relating to datacasting services.

**Reasons for Urgency**
Unless the Bill is passed:
- the simulcast provisions will prevent broadcasters from transmitting demonstration HDTV programs, which would allow retailers to show consumers the benefits of HDTV receivers at point of purchase, and thus encourage the early take-up of HDTV, an important feature of the new digital television system which commenced on 1 January 2001;
- pay TV operators would be required to continue to undertake onerous consultation procedures required by the anti-siphoning regime, reducing the program choices available to subscribers; and
- potential applicants for a third commercial television licence in underserved two station markets will be prevented from applying in some cases, denying regional communities access to a third commercial television service.

(Circulated by authority of the Minister for Communications, Information Technology and the Arts)

**STATEMENT OF REASONS FOR INTRODUCTION AND PASSAGE IN THE 2001 WINTER SITTINGS**

**MIGRATION LEGISLATION, AMENDMENT (IMMIGRATION DETAINES) BILL 2001**

**Purpose of the Bill**
The Bill will introduce new and revised offences and penalties relating to the behaviour of immigration detainees in immigration detention and additional security measures for visitors seeking to enter detention facilities.

**Reasons for Urgency**
The Bill is an integral part of a range of strategies which the Government is introducing to ensure that immigration detention centres are safe and secure for detainees, visitors and staff.

The Bill has been prompted by major disturbances and mass escapes from immigration detention centres in June and August last year. In January, April and June of this year there have been further outbreaks of violence at, and mass escapes from, detention facilities. These disturbances have also led to serious assaults on staff and extensive damage to property. As further incidents of violence and other inappropriate behaviour cannot be discounted in the
future, it is critical that the Bill gains passage and commences as soon as possible.

(Circulated by authority of the Minister for Immigration and Multicultural Affairs)

STATEMENT OF REASONS FOR INTRODUCTION AND PASSAGE IN THE 2001 WINTER SITTINGS

PASSENGER MOVEMENT CHARGE AMENDMENT BILL 2001

Purpose of the Bill
The main purpose of this Bill is to amend the Passenger Movement Charge Act 1978 to increase the rate of passenger movement charge from $30 to $38 with effect from 1 July 2001.

The increase was announced in the 2001-02 Budget.

Reasons for Urgency
The Passenger Movement Charge is to be increased as a cost recovery measure to fund inspection activities which have been introduced at airports and seaports to counter the introduction of Foot and Mouth Disease into Australia. In order to recover costs as quickly as possible the charge is to be raised from 1 July 2001.

(Circulated by authority of the Minister for Justice and Customs)

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

That the Senate—

(a) notes:

(i) the adverse consequences of a delay in the passing of the Innovation and Education Amendment Legislation Bill 2001 upon the development of Australia’s capacity as a leading nation in innovation and its competitiveness internationally in research, and

(ii) that the Australian Labor Party and the Australian Democrats have delayed this bill by agreeing to an extension of the tabling date of the Employment, Workplace Relations, Small Business and Education Legislation Committee report into the bill until the final day of the winter parliamentary sitting; and

(b) criticises this delay, which will mean a setback in the amount of time that universities, the Australian Research Council, postgraduate students, research faculties within universities and other institutions have to implement measures under the Federal Government’s $2.9 billion ‘Backing Australia’s Ability’ program; and

(c) calls on all parties to back this legislation, which will provide the groundwork for Australia’s future in the 21st century.

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

That the Senate congratulates President Wahid of Indonesia on the success of his visit to Australia and the friendly and positive impression he has left, which enhances relationships between our nations.

COMMITTEES
Selection of Bills Committee
Extension of Time

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

That the presentation of the report of the Selection of Bills Committee be postponed till a later hour.

NOTICES
Postponement
Items of business were postponed as follows:

General business notice of motion no. 945 standing in the name of Senator Cook for today, relating to the establishment of a select committee on the impacts of the new tax system, postponed till 6 August 2001.

General business notice of motion no. 881 standing in the name of Senator Greig for today, relating to shark finning and unsustainable shark fishing, postponed till 28 June 2001.

PUBLIC INTEREST DISCLOSURE BILL 2001

First Reading

Motion (by Senator Murray) agreed to:

That the following bill be introduced: A Bill for an Act to encourage the disclosure of conduct adverse to the public interest in the public sector, and for related purposes.

Bill read a first time.
Second Reading

Senator MURRAY (Western Australia) (3.42 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—

It is with pleasure that I introduce the Public Interest Disclosure Bill 2001, a Bill for an Act to encourage the disclosure of conduct adverse to the public interest in the public sector.

This Bill is based on one simple principle. That principle is that those who have the courage to speak out against corruption and impropriety deserve protection.

Successive governments have shown a reluctance to embrace this principle and establish comprehensive protection for whistleblowers. This Bill offers a proven model for establishing such protection, and is long overdue.

Whistleblowers

Whistleblowers play an important role in ensuring the accountability of government. They are individuals who, by reason of their employment, come across information that reveals corruption, dishonesty or improper conduct at any level of government. When such people bring this information to the attention of appropriate authorities, they must be protected from retribution.

Whistleblowing is often the only way that impropriety can be exposed. However, this can come at a significant personal and career cost to the whistleblower. The often justified fear of reprisal can stop potential whistleblowers from coming forward. As a result corruption or improper conduct can continue unchecked.

This state of affairs is clearly not in the public interest. While the exposure of improper conduct can be embarrassing for governments, this does not justify allowing such conduct to continue by refusing to protect those who would expose it.

My own state of Western Australia suffered a massive financial scandal in the 1980s, centred around the government’s involvement in commercial dealings. This prompted a major analysis by the ‘Commission on Government’ of WA’s system of Government. The COG explored the issue of whistleblowing in some depth, and offered some interesting comments:

“During the 1980s many of those who were aware of the improper activities underlying the so-called WA Inc. kept quiet. This was understandable given the likely consequences of speaking out: there was no protection for whistleblowers…”

Experience both in Australia and overseas has shown that whistleblowers and their families are often harassed and suffer emotionally and financially as a consequence of the whistleblower having exposed unacceptable conduct within the organisation. De Maria and Jan (1994) examined the experiences of 102 whistleblowers in Queensland. Reprisals were noted in 71% of the sample and included: sacking, psychiatric referral, demotion, being charged and being sued…

The WA Royal Commission recommended that notwithstanding the embarrassment or difficulties it may create, whistleblowing legislation is desirable. The WA Royal Commission stated that in one particular matter, a disclosure could have been made by an individual which might have avoided the loss of many millions of dollars of public funds, but that person was advised his contract prevented such a disclosure being made.”

The public interest demands that public employees be able to expose impropriety without fear of reprisal. The WA Royal Commission identified three vital prerequisites for a whistleblowing scheme.

Firstly, it must be credible so that officials and others not only feel that they can use it with confidence but also can expect their disclosures will receive proper consideration and investigation.

Secondly, it must be purposive in the sense that the procedures it establishes will facilitate the correction of maladministration and misconduct where found to exist.

Thirdly, it must provide reassurance both to the public and to the people who use it. There should be appropriate reporting to Parliament as the public is entitled to know that where allegations are made, they have been investigated and, if substantiated, remedial action will be taken. Those using it are entitled to expect that they will be protected from reprisal.

The current protection given to whistleblowers falls well short of these prerequisites.

Current Protection for Whistleblowers

The Public Service Act 1999 introduced a whistleblowing scheme for the Commonwealth public sector. Section 13 of that Act sets out the ‘APS Code of Conduct’. Section 16 prohibits anyone from victimising or discriminating against an APS employee because they have reported breaches of the Code of Conduct, provided the breach was reported to the Public Service Com-
missioner, the Merit Protection Commissioner, or the relevant agency head.

Of course, there is no right without an effective remedy. The remedy available under the Act is set out in section 33.

Section 33 establishes the general right of APS employees to have APS actions relating to their employment reviewed. Most notably, there is no right of review under that section of an APS action that consists of the termination of the employee’s employment. Nor are there any specific rights established for whistleblowers.

Section 16 prohibits victimisation of whistleblowers but does not provide that such victimisation is an offence, and offers no penalties for breach. It is not mandatory for genuine public interest disclosures to be investigated. The Act does not provide for whistleblowers to be given support, such as counselling to deal with the consequences of their actions. Nor does it provide for a right of relocation where working conditions are such that the whistleblower cannot continue in his or her current position. The Act does not provide for civil remedies such as compensation for unlawful reprisals taken against the whistleblower.

So while section 16 prohibits the victimisation of whistleblowers, it is not supported by a comprehensive scheme that is credible, purposive and reassuring - the three criteria offered by the WA Royal Commission.

The Public Interest Disclosure Bill 2001

This Bill is based on the existing ACT Public Interest Disclosure Act. However, it has been adjusted so that it builds upon existing Commonwealth legislation and institutions. For example, rather than nominate the Auditor General and Ombudsman as ‘proper authorities’ as the ACT legislation does, this Bill nominates the Public Service Commissioner and the Public Service Merit Protection Commissioner in light of their existing roles under the Public Service Act.

The Bill also builds on the WA Commission on Government Report and the 1994 Report of the Former Senate Select Committee on Public Interest Whistleblowing entitled ‘In the Public Interest’. This Private Senator’s Bill is necessary due to the Government’s failure to make a substantial legislative response to that report.

The Public Interest Disclosure Bill 2001 establishes that all APS employees have the right to disclose impropriety. It provides that it is an offence punishable by fine or imprisonment to take unlawful reprisals against such a person.

The right to disclose is curtailed in important ways. Most importantly, the disclosure must be to a ‘proper authority’. This will often be the head of the relevant agency. However, in some cases this will not be appropriate and disclosures can be made to the Public Service Commissioner or the Public Service Merit Protection Commissioner.

Disclosures can be made anonymously but it is at the discretion of the authority receiving the disclosure as to whether it should be investigated. Where the disclosure is not anonymous and is not ‘frivolous’ within the meaning of the Bill, then the authority must investigate it.

These requirements go to the criteria of credibility and purposiveness. The scheme is purposive in the sense that it is directed at encouraging genuine public interest disclosures and ensuring that they are investigated. It is credible in the sense that whistleblowers will be able to rely on being protected, on their disclosures being investigated and, where appropriate, on action being taken.

The scheme is also reassuring. It is reassuring because whistleblowers will know that the legislative scheme is both strong and compassionate.

As indicated earlier, the Bill establishes the offence of taking unlawful reprisals against a person who has made a public interest disclosure. The maximum penalty is one year imprisonment and a fine.

Where a proper authority receives a public interest disclosure it must provide the person with information and assistance in relation to the rights established by the Bill. Where a person is in danger of suffering unlawful reprisals in his or her current position then the agency must make arrangements to relocate that person, provided the person consents to that relocation. Counselling services will also be made available to the person.

The Bill also recognises that, even with the best whistleblower protection regime, some people making disclosures in the public interest will suffer as a result of unlawful reprisals taken against them. This Bill provides that a person who engages in an unlawful reprisal is liable in damages to any person who suffers detriment as a result. It also entitles whistleblowers to seek injunctions to restrain any person who proposes to engage in an unlawful reprisal against them.

Under this legislation, those who encounter unlawful or improper activities in the public sector can be reassured that there are significant measures in place to protect them should they chose the courageous path of making a public interest disclosure.

This legislation lives up to the criteria of credibility, purposiveness and reassurance. Public officials can rely on their disclosures being investigated and acted upon – the Bill requires it. This
Bill will promote government accountability by encouraging those who encounter impropriety to come forward. While human nature will inevitably result in some of these people experiencing a degree of harassment, whistleblowers will have a comprehensive set of rights to protect them from reprisal.

In conclusion I would return to the principle that people should be encouraged to make disclosures that are in the public interest to proper authorities without fear of recrimination. Those people who put their careers and their livelihoods on the line to expose impropriety for the benefit of the community as a whole deserve our protection.

I commend this Bill to the Senate.

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

NORTHERN TERRITORY
LEGISLATION: PUBLIC ORDER AND ANTI-SOCIAL CONDUCT BILL

Motion (by Senator Brown and Senator Ridgeway) agreed to:

That the Senate—

(a) notes that:

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

(ii) the legislation:

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

(B) allows confiscation of property in certain circumstances,

(C) removes private property rights in certain circumstances,

(D) allows certain areas of private habitation to be declared places of 'anti-social conduct' for up to 12 months, and

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

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

COMMITTEES

Environment, Communications, Information Technology and the Arts References Committee

Reference

Motion (by Senator Brown) proposed:

That the following matter be referred to the Environment, Communications, Information Technology and the Arts References Committee for inquiry and report by 25 September 2001:

The development and implementation of options for methods of appointment to the board of the Australian Broadcasting Corporation (ABC) that would enhance public confidence in the independence and representativeness of the ABC as the national broadcaster.

Senator BOURNE (New South Wales) (3.44 p.m.)—by leave—I thank the Senate for granting leave. The Democrats will be supporting this motion, but I recommend to Senator Brown and to the committee—and I have said this on Senator Brown’s answering machine, but not to him directly—that the committee, when they look into this, take as their first point of reference the committee of 1996 which looked into this. More particularly, my own private members bill, which was written as a result of the deliberations of that 1996 committee, looks into providing for the establishment of a parliamentary joint committee on the ABC and related purposes. Can I recommend to the committee and to Senator Brown that these be a starting point for the reference for that committee.

Question resolved in the affirmative.

Senator Brown—By way of a point of order, I endorse Senator Bourne’s suggestion.

The ACTING DEPUTY PRESIDENT (Senator Hogg)—That is not a point of order.

Foreign Affairs, Defence and Trade References Committee

Extension of Time

Motion (by Senator O'Brien, at the request of Senator Hogg) agreed to:

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.
DRUG ACTION WEEK

Motion (by Senator Lees) agreed to:
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.

WORKPLACE RELATIONS AMENDMENT REGULATIONS 2000 (No. 3)

Senator JACINTA COLLINS (Victoria) (3.47 p.m.)—I ask that business of the Senate notice of motion No. 1 standing in my name for today, relating to the disallowance of the workplace relations regulations as contained in statutory rules No. 328, be taken as a formal motion.

Senator MURRAY (Western Australia) (3.48 p.m.)—by leave—I just need to put down our reasons for supporting the Labor Party in this disallowance motion. This regulation, introduced in 1997, continues the lodgment of $50 filing fees for termination of employment applications. The filing fee is instrumental in the discouragement of frivolous and vexatious claims and ensures that genuine termination of employment applications are dealt with efficiently. The Australian Democrats support the $50 lodgment fee but have previously disallowed an attempt to increase it. Previous regulations have always included the sunset clause, usually in 12-month increments, but most recently until 31 December 2003. Therefore the current regulation will survive until then. This new regulation gets rid of the sunset clause.

This has been done as a result of a request from the Senate Standing Committee on Regulations and Ordinances. The Committee was concerned with the repeated changes to the sunset date in regulation 30BD. The sunset clause was put into these regulations as a result of the following, and I quote from the Hansard of 19 June 2000:

As part of the agreement between the Government and the Australian Democrats, the Government undertook to review the operation of the lodgment fee, as part of a broader review of the unfair dismissal provisions of the Workplace Relations Act 1996 (the broader review was conducted pursuant to More Time for Business, the Government’s response to Time for Business, the Report of the Small Business Deregulation Task Force). The sunset period was extended to 31 December 1998 (by SR 1998 No. 101) after it became apparent that the review would not be completed by 30 June 1998.

I am provided with monthly figures on unfair dismissals, and I have in the past asked for figures on fees that are waived. Strictly speaking, a review has not occurred in the manner originally proposed. However, the bill currently before the Senate and other failed bills have included review type commentary on the unfair dismissal provisions. I suggest to the Senate that I have been remiss in not asking the government to conduct such a review. As soon as they do conduct such a review, the Australian Democrats would support the removal of the sunset provision. For the purposes at present, we do support Labor in the disallowance, because that review has not occurred. I thank the Senate.

Senator BOSWELL (Queensland)—Leader of the National Party of Australia in the Senate and Parliamentary Secretary to the Minister for Transport and Regional Serv...
Minister for Transport and Regional Services) (3.50 p.m.)—by leave—Senator Collins’s motion seeks to disallow a $50 lodgment fee on unfair dismissals. This fee would prevent frivolous and vexatious claims being made. It is no secret—as both you, Mr Acting Deputy President Hogg, and Senator Collins, as former members and probably current members of the shop assistants union would know—that there is nothing so detrimental to small business as this unfair dismissal clause in the industrial relations. It is the bugbear of the entire small business community.

Mr Acting Deputy President Hogg, as you have knowledge of this, I also have knowledge of this as a former employer of nine or 10 people—it varied over time—in a small business. This does concern people who want to put on new employees and are terrified at the prospect in case they get someone who does not suit or is a dud. What people do is try in any way they can, and in as many ways as they can—paying excessive overtime; paying people who are not full-time employees—to get around actually employing people.

We have here a piece of the unfair dismissals legislation—and this is only a small part of it; you want to weaken it even further—that prevents many small business people putting on an additional one or two people. I understand that this is red-letter law in the unions. I understand that, and I understand Senator Collins is a former member of the shop assistants union and she has to hold the line for the unions on this. But let me tell you, Senator Collins, that it prevents many thousands of people from being employed in small business. People will not take the risk of increasing employment. The message you are sending out by trying to remove this $50 fee is: ‘Please come and move vexatious and frivolous claims. We’ll take the lot!’ If that is the message you want to send to small business, Senator Collins, you might get three cheers from the union movement but you will get absolutely no support from small business. Senator Murray is not an unintelligent person. You should know, Senator Murray—and you do know; you have been around—that this is of the greatest detriment to employment. (Time expired)

The ACTING DEPUTY PRESIDENT (Senator Hogg)—The question is: is there any objection to the motion moved by Senator Collins being taken as a formal motion? There being no objection, it is so ordered.

Senator JACINTA COLLINS (Victoria) (3.56 p.m.)—I move:

That the Workplace Relations Amendment Regulations 2000 (No. 3), as contained in Statutory Rules 2000 No. 328 and made under the Workplace Relations Act 1996, be disallowed.

I seek leave to take five minutes to make some comments in response.

Leave granted.
Senator JACINTA COLLINS—To expedite the government’s business agenda, we were prepared to deal with this as briefly as possible but I was correct in anticipating that I would need to respond to Senator Boswell’s comments because the record will now need to be corrected.

We are not dealing with a piece of legislation here; we are dealing with a disallowance motion in relation to a regulation. On this occasion—unlike some previous attempts where Minister Reith has sought to introduce legislation through regulations that failed in the Senate—we are simply dealing with the government’s attempt to regulate out a sunset clause which was put in place back in 1997 with respect to, as Senator Murray has said, an agreement with the Australian Democrats regarding the $50 filing fee.

Our intention—or certainly my intention—is not, at this point in time, to abolish that fee but rather to hold the government to the commitment that was given to the Australian Democrats back in 1997. As Senator Murray has indicated, strictly speaking the review that was anticipated back then has not been conducted. If we go back to Minister Reith’s letter that was tabled in the Senate back in 1997, Minister Reith indicated that he appreciated Senator Murray’s:

.. concerns to ensure that the system which allows for the waiver of a filing fee operates as intended. He indicates:

... we would be prepared to favourably consider any necessary changes. This will be reinforced by a sunset clause of 18 months on the operation of the $50 filing fee.

History has told us that the only changes this government has been prepared to consider have been upping the filing fee to $100 and trying to exempt small businesses from provisions regarding unfair dismissal.

What they have not done, and what a serious review of this matter would do, is to consider changes such as ensuring the proper advertisement of this waiver of the fee and how that would be applied. This has been consistently suggested by the non-union organisation Job Watch, which deals with these unfair dismissal matters time and time again. In fact, most recently the Senate estimates highlighted the point again: it is not clear to a person filing an application regarding an unfair dismissal how they can access this fee waiver, and that should be made clear.

We are also waiting for information from the department or the Industrial Registrar about how these provisions are currently operating. We asked that they expedite their responses ahead of the normal response to estimates process. Unfortunately, that has not occurred, so we do not have the up-to-date information before us in dealing with this disallowance motion. We are simply holding the government to its commitment back in 1997 to conduct a proper review. In the meantime, until 2003, the $50 filing fee will stay in place, and it is up to the government to satisfy all concerned with a review before that time.

Let me conclude by saying that the comments of the Regulations and Ordinances Committee were solely process related. It is not within their purview to comment upon the adequacy of any review that was proposed. That is why that is not mentioned in relation to the government’s discussion on these regulations. That issue could not be covered by the Regulations and Ordinances Committee. I agree with them: this government should not have allowed a sunset clause to roll on and on and on since 1997. They should do what they initially proposed and give this issue a serious review.

Question resolved in the affirmative.

Senator Ian Campbell—Mr Acting Deputy President, I seek leave to have the vote of the coalition senators present recorded against that motion.

Leave granted.

COMMITTEES
Scrutiny of Bills Committee
Report

Senator DENMAN (Tasmania) (4.01 p.m.)—On behalf of Senator Cooney, I present the eighth report of 2001 of the Standing Committee for the Scrutiny of Bills. I also lay on the table Scrutiny of Bills Alert Digest No.8 of 2001, dated 27 June 2001.

Ordered that the report be printed.
DOUGMENCS
Auditor-General's Reports
Report No. 53 of 2000-01
The ACTING DEPUTY PRESIDENT (Senator George Campbell)—In accordance with the provisions of the Auditor-General’s Act 1997, I present the following report of the Auditor-General: Report No. 53 of 2000-01—Performance Audit—Commonwealth Management of Leased Office Property.

HIGHER EDUCATION: PROVIDERS
Return to Order
The ACTING DEPUTY PRESIDENT (Senator George Campbell)—I present a response from the Minister for Financial Services and Regulation, Mr Hockey, to a resolution of the Senate of 5 April 2001 concerning universities.

Senator CARR (Victoria) (4.03 p.m.)—by leave—I move:
That the Senate take note of the response.
I will be brief on the matter. I just draw the Senate’s attention to this letter from Mr Hockey concerning a resolution of the Senate on the issue of the use of the word ‘university’. In March 2000, ministers from the state and Commonwealth governments agreed to a set of new national protocols for higher education approval processes. In particular, in regard to the Commonwealth’s responsibilities, there was a range of matters that went to the operations of the programs within universities and accreditation of higher education courses. In particular, in regard to the Commonwealth’s responsibilities, there was a range of matters that went to the operations of the programs within universities and accreditation of higher education courses. In particular, in regard to the Commonwealth’s responsibilities, there was a range of matters that went to the operations of the programs within universities and accreditation of higher education courses. In particular, in regard to the Commonwealth’s responsibilities, there was a range of matters that went to the operations of the programs within universities and accreditation of higher education courses. In particular, in regard to the Commonwealth’s responsibilities, there was a range of matters that went to the operations of the programs within universities and accreditation of higher education courses. In particular, in regard to the Commonwealth’s responsibilities, there was a range of matters that went to the operations of the programs within universities and accreditation of higher education courses. In particular, in regard to the Commonwealth’s responsibilities, there was a range of matters that went to the operations of the programs within universities and accreditation of higher education courses. In particular, in regard to the Commonwealth’s responsibilities, there was a range of matters that went to the operations of the programs within universities and accreditation of higher education courses. In particular, in regard to the Commonwealth’s responsibilities, there was a range of matters that went to the operations of the programs within universities and accreditation of higher education courses. In particular, in regard to the Commonwealth’s responsibilities, there was a range of matters that went to the operations of the programs within universities and accreditation of higher education courses. In particular, in regard to the Commonwealth’s responsibilities, there was a range of matters that went to the operations of the programs within universities and accreditation of higher education courses.

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As of today, in June 2001, still no deliberative action has been taken to actually change the law. Frankly, this is pretty sloppy work. It indicates that, as far as Minister Hockey is concerned, ministerial council resolutions on such an important issue that goes to the question of quality assurance in Australian universities has not been taken seriously. I think it ought to be noted that this minister finds it so difficult to actually get on and do his job on a speedy basis.

Question resolved in the affirmative.

BUSINESS
Hours of Meeting and Routine of Business
Senator IAN CAMPBELL (Western Australia—Manager of Government Business in the Senate) (4.06 p.m.)—by leave—I move:
That on Wednesday, 27 June 2001—
(a) the hours of meeting shall be 9.30 am to 6.30 pm, and 7.30 pm to 11.10 pm;
(b) the routine of business from 7.30 pm to 10.30 pm, shall be government business orders of the day relating to the:
Interactive Gambling Bill 2001,
Migration Legislation Amendment (Immigration Detainees) Bill 2001 (subject to introduction),
Passenger Movement Charge Amendment Bill 2001 (subject to introduction),
Alcohol Education and Rehabilitation Account Bill 2001 (subject to introduction), and
Health Legislation Amendment (Medical Practitioners’ Qualifications and Other Measures) Bill 2001,
second reading speeches only;
(c) if a division is called for after 7.30 pm, the matter before the Senate shall be adjourned till the next day of sitting at a time fixed by the Senate; and

(d) the question for the adjournment of the Senate shall be proposed at 10.30 pm.

Senator Mark Bishop—In relation to that motion, in respect of the Interactive Gambling Bill 2001, will that apply for second reading speeches only or for committee stage as well?

Senator IAN CAMPBELL—Second reading only.

Senator CARR (Victoria) (4.07 p.m.)—The opposition will be supporting these measures. We have reached the point in the program that we often reach at this stage in the session where, essentially, the government has to acknowledge that it has run out of time to consider its normal routine of business and that it has not been able to manage the program as effectively as it might have. It has taken its eye off the ball a bit in this regard.

Clearly, the government feels that it has a series of matters that require the attention of the Senate prior to us rising on Thursday night. The government had proposed that we sit all night tomorrow night and on Friday. Essentially, as a result of discussions today, it has been agreed that we will sit until 10.30 tonight on the basis of second reading speeches only. I ask the parliamentary secretary if my understanding on this goes to the question of no quorums. That is not in the motion, which may need to be amended to that effect if that is not understood. That would allow senators who have other commitments—and we know that many people have other arrangements on Wednesday nights, and I understand that there are certain functions on tonight that some senators particularly feel the need to attend, as is their prerogative—to meet those commitments. The motion will allow a considerable amount of legislation to be considered. If a vote is required, one will not be had tonight. As I understand it, there will be no divisions on that basis tonight.

The other issue that comes to mind relates to the statements that have been made in the House of Representatives today concerning the alleged intransigence and obstructionism of the opposition with regard to the consideration of certain legislation. I understand that Senator Tierney has been parroting this sort of nonsense in this chamber. That is a complete and total misrepresentation of the opposition’s very reasonable approach to legislation. We take the view that it is important for legislation to be given proper consideration and to be debated. We give an undertaking that legislation will be debated. We do not give an undertaking that we will vote for all the government’s propositions, only that they will be treated seriously and debated fully.

In that light, I am somewhat disturbed to hear that the government feels it necessary to embark upon these rather silly statements about the opposition’s attitudes to the processing of legislation. I draw to the attention of the Senate the fact that throughout this parliament the opposition has agreed to the extension of sitting hours to the tune now of 146 hours and 26 minutes. I would have thought that, by any measure, that was a very substantial addition to any of the government’s business programs throughout a parliament. If we calculate it on the basis of an average of 15 hours of government business time during any parliamentary sitting week, that effectively amounts to an additional 15 weeks of parliament. In anyone’s language, that can be seen to be a very reasonable and responsible attitude being taken by this opposition to the consideration of government business. Therefore, I think it is totally unreasonable and totally out of order for the government to suggest that this is an obstructionist opposition.

There are issues that do require very careful consideration, and not all of the government’s measures will be supported because, frankly, they are wrong. They will not do justice to this country, but will do a great disservice to the country. It is up to us to draw attention to those shortfalls. However, in a situation where we have basically agreed to the equivalent of 15 extra sitting weeks, it is not reasonable for this government to suggest that this is an obstructionist opposition.

Senator IAN CAMPBELL (Western Australia)—Manager of Government Busi-
ness in the Senate) (4.12 p.m.)—in reply—I would like to respond to some of the points raised by Senator Carr, particularly in relation to quorums. In relation to quorums, advice confirms my understanding that you cannot, by a motion of the Senate, overrule the standing orders that give senators the right to call a quorum and, ultimately, to call a division as well. That is why the motion allows that if a senator breaches what I think it is fair to say is wide-ranging cooperation in relation to the program—and it worked in relation to the consideration of the appropriation bills last night on the same basis of no divisions and no quorums—that is breaching an agreement reached between senators. It allows people who want to make contributions to the second reading debates to do that. It allows the program to move ahead and it also allows other senators to go off and do other things.

For the record, sitting on a Wednesday night is an extraordinary thing for the Australian Senate. I think it is the first time it has happened in my time in this place. I genuinely thank all senators for reaching this historic agreement to sit on a Wednesday night. For the record, I just state that the matter of quorums can be dealt with only by agreement. Having once called a quorum myself a few years ago during a luncheon debate when there was a general agreement not to call quorums, I know that the odium of members on the other side of the house, and that of members on your own side, is enough to discourage most senators from ever pursuing such a folly. Let that be regarded as Campbell’s folly in relation to quorums. That is why there should be no quorums and certainly no divisions. That will allow us to get on with a lot of business and allow senators to make contributions to these important debates.

Question resolved in the affirmative.

BUDGET 2000-01

Consideration by Environment, Communications, Information Technology and the Arts Legislation Committee

Additional Information

Senator McGAURAN (Victoria) (4.15 p.m.)—On behalf of the chair of the Environment, Communications, Information Technology and the Arts Legislation Committee, Senator Eggleston, I present additional information received by the committee relating to hearings on the additional estimates for 2000-01.

COMMITTEES

Reports: Government Response

Senator MINCHIN (South Australia—Minister for Industry, Science and Resources) (4.15 p.m.)—I present the government’s response to the President’s report of 7 December 2000 on outstanding government responses to parliamentary committee reports, and I seek leave to incorporate the document in Hansard.

Leave granted.

The response read as follows—

GOVERNMENT RESPONSES TO PARLIAMENTARY COMMITTEE REPORTS

RESPONSE TO THE SCHEDULE TABLED BY THE PRESIDENT OF THE SENATE ON 7 DECEMBER 2000

Circulated by the Leader of the Government in the Senate

Senator the Hon Robert Hill

27 June 2001

AUSTRALIAN SECURITY INTELLIGENCE ORGANISATION (Joint)

The Nature, Scope and Appropriateness of ASIO’s public reporting activities

The Attorney-General is considering the report and an appropriate response. The response will be tabled as soon as possible.

COMMUNITY AFFAIRS REFERENCES

Report on Proposals for Changes to the Welfare System

The response is expected to be tabled shortly, during the current sittings.


This report was considered during debate of the Bill which was passed on 7 December 2000.

Healing our Hospitals: Report on Public Hospital Funding

The response is expected to be tabled shortly.

CORPORATIONS AND SECURITIES (Joint Statutory)


The response was tabled on 15 December 2000.
Report on the Draft Financial Services Reform Bill
The response was tabled on 29 March 2001.

Shadow Ledgers and the Provision of Bank Statements to Customers
The response is being finalised and is expected to be tabled shortly.

ECONOMICS REFERENCES
Report on the Operation of the Australian Taxation Office
A response is expected to be tabled shortly.

ELECTORAL MATTERS (Joint Standing)
The response was tabled on 1 March 2001.

EMPLOYMENT, WORKPLACE RELATIONS, SMALL BUSINESS AND EDUCATION REFERENCES
Jobs for the Regions: A Report on Regional Employment and Unemployment
The response was tabled on 8 February 2001.
The response was tabled on 8 March 2001.
Aspiring to Excellence – Report into the Quality of Vocational Education and Training in Australia
The response was tabled on 16 May 2001.

ENVIRONMENT, COMMUNICATIONS, INFORMATION TECHNOLOGY AND THE ARTS LEGISLATION
Report on the Postal Services Legislation Amendment Bill 2000
The Postal Services Legislation Amendment Bill 2000 was discharged from the House of Representatives Notice Paper on 29 March 2001. The Government does not propose to respond to the report.

ENVIRONMENT, COMMUNICATIONS, INFORMATION TECHNOLOGY AND THE ARTS REFERENCES
The response to the report has been considered in the context of the Environment Protection and Biodiversity Conservation Act 1999. It is being finalised and will be tabled as soon as possible.

Report on the Development of Hinchinbrook Channel
The Government response was tabled on 8 February 2001.

Inquiry into Gulf St Vincent
The Government is finalising its response to the report for tabling as soon as possible.

The Government addressed the comments by the Committee in the Senate debate on the Bill which passed the Parliament on 7 December 2000. It does not intend to respond further to the report.

The Heat is On: Australia’s Greenhouse Future
The Government is finalising its response to the report for tabling as soon as possible.

FINANCE AND PUBLIC ADMINISTRATION LEGISLATION
The Format of the Portfolio Budget Statements (3rd Report)
The response was tabled on 8 February 2001.

FINANCE AND PUBLIC ADMINISTRATION REFERENCES
APS Employment Matters – First Report: Australian Workplace Agreements
The response was tabled on 21 June 2001.

FOREIGN AFFAIRS, DEFENCE AND TRADE (Joint)
Australia and ASEAN: Managing Change
The response was tabled on 1 March 2001.
Funding of Australia’s Defence
The response was tabled on 29 March 2001.

Australia’s Trade Relationship with India
The response was tabled on 1 March 2001.
Military Justice Procedures in the Australian Defence Force
The response was tabled on 5 April 2001.

From Phantom To Force – Towards A More Efficient and Effective Army
The response is expected to be tabled shortly.

Building Australia’s Trade and Investment Relationship with South America
The response was tabled on 24 May 2001.

Australian Government Loan to Papua New Guinea
The response was tabled on 8 March 2001.
Conviction with Compassion: A Report into Freedom of Religion and Belief
The response is expected to be tabled shortly.

FOREIGN AFFAIRS, DEFENCE AND TRADE REFERENCES
Australia and APEC: A Review of Asia Pacific Economic Cooperation
The response was tabled on 1 March 2001.
Japan's Economy – Implications for Australia
The response was tabled on 1 March 2001.
East Timor
The response was tabled on 5 April 2001.

INFORMATION TECHNOLOGIES (Select)
Netbet: A Review of On-line Gambling in Australia
The Interactive Gambling Bill 2001 was introduced into Parliament on 5 April 2001. The Bill represents the main element of the Government’s response to the Netbet report. The Government will consider the need for a response once the Interactive Gambling Bill 2001 has been debated.

In the Public Interest: Monitoring Australia’s Media
The Government decided it would be appropriate to consider together the common issues raised in the reports of the Senate Select Committee on Information Technologies Report In the Public Interest: Monitoring Australia’s Media, certain content recommendations of the Productivity Commission’s Report on Broadcasting and the Australian Broadcasting Authority’s Final Report on its Commercial Radio Inquiry.

The Department of Communications, Information Technology and the Arts recently released a Discussion Paper seeking views on suggestions for legislative change made by the Australian Broadcasting Authority in the context of the Commercial Radio Inquiry. The results of the consultations will be considered by the Government before it responds to the three reports.

Cookie Monsters? Privacy in the Information Society
Responsibility for responding to this report was transferred to the Attorney-General on 28 March 2001. The response is expected to be tabled in the 2001 Spring sittings.

Final Report
This report summarises earlier reports which have been responded to or will be responded to. A response to this report is not required.

LEGAL AND CONSTITUTIONAL LEGISLATION
Family Law Amendment Bill 1999
The Family Law Amendment Bill 1999 passed the Parliament as the Family Law Amendment Act 2000. The Government believes that it responded to the recommendations made by the Committee during the course of the debate on that Bill.

Inquiry into the Provisions of the Privacy Amendment (Private Sector) Bill 2000
The Government response was tabled on 1 March 2001.

LEGAL AND CONSTITUTIONAL REFERENCES
Inquiry into the Commonwealth’s Actions in Relation to Ryker (Faulkner) v The Commonwealth and Flint
The Attorney-General is considering the report and appropriate response.

Inquiry into Sexuality Discrimination
The Government response to the report will be considered in due course.

Inquiry into the Australian Legal Aid System (3rd report)
The Attorney-General is considering the report and an appropriate response. The response is expected to be tabled shortly.

Privacy and the Private Sector: Inquiry into Privacy Issues, including the Privacy Amendment Bill 1998
The response to this report was tabled during consideration of Additional Estimates hearing of the Senate Legal and Constitutional Legislation Committee on 19 February 2001 and was tabled in the Senate on 24 May 2001.

Inquiry into the Human Rights (Mandatory Sentencing of Juvenile Offenders) Bill 1999
Consultations are continuing in relation to the Government’s response. The response will be tabled as soon as possible.

A Sanctuary Under Review: An Examination of Australia’s Refugee and Humanitarian Determination Processes
The Government response was tabled on 8 February 2001.

The response will be tabled as soon as possible.

Implementation of Recommendations made by the Human Rights and Equal Opportunity Commission in Bringing Them Home

The response is expected to be tabled shortly.

MIGRATION (Joint)

Not the Hilton – Immigration Detention Centres: Inspection Report

The response will be tabled as soon as possible.

Review of the Migration Legislation Amendment Bill (No. 2) 2000

The report was taken into consideration in the debate of the legislation which was passed in the House on 7 February 2001, and was included in the Minister’s Second Reading speech on 7 February 2001. Hansard pages 24045-24049. Full details of the Government’s response to the report were also sent to the JSCM in a letter dated 7 February 2001.

NATIONAL CAPITAL AND EXTERNAL TERRITORIES (Joint Standing)

Island to Islands: Communications with Australia’s External Territories

The response was tabled on 1 March 2001.

NATIONAL CRIME AUTHORITY (Joint Statutory)

Street Legal: the Involvement of the National Crime Authority in Controlled Operations

The response was tabled on 29 March 2001.

Witnesses for the Prosecution – Protected Witnesses in the National Crime Authority

A response is not required.

NATIVE TITLE AND THE ABORIGINAL AND TORRES STRAIT ISLANDER LAND FUND (Joint Statutory)

CERD and the Native Title Amendment Act 1998

The Government is considering the report. It is anticipated that a Government response will be tabled during the 2001 sittings.

PUBLIC ACCOUNTS AND AUDIT (Joint Statutory)


Recommendations 1, 4, 5 and 7 of the report have already been accepted and implemented by Government, through letters to the relevant GBE Boards. The Government is presently considering its response to the remaining recommendations and will respond in due course.

Contract Management in the Australian Public Service (Report No. 379)

The Government is considering the report and it is expected that a response will be tabled shortly.

RURAL AND REGIONAL AFFAIRS AND TRANSPORT LEGISLATION

Report on the Albury-Wodonga Development Amendment Bill 1999

The response was presented to the President of the Senate on 8 January 2001.

An Appropriate Level of Protection? The Importation of Salmon Products: A Case Study of the Administration of Australian Quarantine and the Impact of International Trade Arrangements

A response is not expected before the Spring 2001 sittings.

Administration of the Civil Aviation Safety Authority: Matters related to ARCAS Airways

A response is expected to be tabled shortly.


The response was tabled on 17 April 2001.

RURAL AND REGIONAL AFFAIRS AND TRANSPORT REFERENCES

Deregulation of the Australian Dairy Industry

The response was tabled on 8 February 2001.

Report on the Development of the Brisbane Airport Corporation’s Master Plan for the Future Construction of a Western Parallel Runway

A response is expected to be tabled shortly.

Air Safety and Cabin Air Quality in the BAe146 Aircraft

A response is expected to be tabled shortly.

SCRUTINY OF BILLS (Senate Standing)


The Government is considering the proposals in the report. It is anticipated that a response will be tabled in the 2001 Spring sittings.

TREATIES (Joint)

Treaties Tabled on 18 March 1997 and 13 May 1997 (8th report)

The response will be tabled in the 2001 Winter sittings.
Agreement with Kasakstan, Treaties Tabled on 30 September 1997 and 21 October 1997 (11th report)
The response will be tabled in the 2001 Winter sittings.

UN Convention on the Rights of the Child (17th report)
The response is under consideration by relevant Ministers. The response is expected to be tabled shortly.

Two Treaties Tabled on 26 May 1998, the Bougainville Peace Monitoring Group Protocol and Treaties Tabled on 11 November 1998 (20th Report)
The response was tabled on 8 February 2001.

Three Treaties Tabled on 7 March 2000 (31st Report)
The response was tabled on 8 March 2001.

Six Treaties Tabled on 7 March 2000 (32nd Report)
The was tabled on 24 May 2001.

Two Treaties Tabled on 6 June 2000 (34th Report)
The response was tabled on 5 April 2001.

**ALCOHOL EDUCATION AND REHABILITATION ACCOUNT BILL 2001**

**First Reading**

Bill received from the House of Representatives.

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

Bill read a first time.

Motion (by Senator Minchin)—by leave—agreed to:
That the provisions of paragraphs (5) to (7) of standing order 111 not apply to the bill, allowing it to be considered during this period of sittings.

**Second Reading**

Senator MINCHIN (South Australia—Minister for Industry, Science and Resources) (4.16 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—*
are culturally responsive, meet the needs of marginalised groups, recognise the unique settings of local communities and improve access to services. The Alcohol Education and Rehabilitation Foundation will support such strategies by targeting much of its activity to population groups identified to be at particular risk.

Aboriginal and Torres Strait Islander communities are one such group and at least 20 per cent of the foundation’s expenditure will be for projects targeting indigenous Australians.

Young people are also recognised as a particularly vulnerable group and the foundation will assist with the development of programs that will support and promote the development of understanding, attitudes and behaviours that enable young people to minimise and avoid the harmful consequences associated with excessive alcohol use.

The focus of this initiative is on the provision of effective education, prevention, treatment and rehabilitation services that target alcohol and other licit substance misuse. The best evidence and experience has found that this comprehensive set of activities can effect change to behaviours and outcomes. The foundation’s constitution, which will be developed in consultation with the government and the Democrats, will specifically incorporate each of these objectives, providing the framework for community organisations to access grants for delivering services to people in our communities who are most vulnerable to abusing alcohol and other licit substances.

Whilst the foundation is being intentionally set up as an independent body, it will be rigorously accountable for expenditure of Commonwealth funds in those areas identified as priorities.

Debate (on motion by Senator Denman) adjourned.

Motion (by Senator Minchin) proposed:
That the resumption of the debate be made an order of the day for a later hour.

Senator O’BRIEN (Tasmania) (4.17 p.m.)—It remains to be determined whether this matter is to be referred to a committee. I was unaware that there was an agreement to exempt the matter from the cut-off. However, I was not in place to deal with that matter when it was dealt with. At this stage, we certainly are not agreeable to the motion that the matter necessarily be dealt with today until the matters which were outstanding and about which I have had discussions with the Leader of the Government in the Senate and the Manager of Government Business in the Senate are resolved. Perhaps Senator Minchin has not been advised of that, but that is the situation. I have just been checking with Senator Carr; he is unaware of any arrangements that have been made outside my knowledge on the matter. Unless the government can agree with that, I would appreciate it if the government agreed to defer the motion until we have resolved the matter.

Senator MINCHIN (South Australia—Minister for Industry, Science and Resources) (4.18 p.m.)—I am not sure what will happen to the motion, but I can give an undertaking that the bill will not be dealt with until we resolve the question of whether it is to go to a committee. I am not sure what will happen to my motion.

The ACTING DEPUTY PRESIDENT (Senator George Campbell)—You can still put it.

Senator MINCHIN—On that undertaking, I will do so.

Question resolved in the affirmative.

MIGRATION LEGISLATION AMENDMENT (IMMIGRATION DETAINES) BILL 2001
First Reading

Bill received from the House of Representatives.

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

Bill read a first time.

Motion (by Senator Minchin)—by leave—agreed to:
That the provisions of paragraphs (5) to (7) of standing order 111 not apply to the bill, allowing it to be considered during this period of sittings.

Second Reading

Senator MINCHIN (South Australia—Minister for Industry, Science and Resources) (4.19 p.m.)—I table a revised explanatory memorandum relating to the bill, together with the draft protocol for powers in relation to visitors to immigration detention centres, and move:

That this bill be now read a second time.
I seek leave to have the second reading speech incorporated in *Hansard*.

Leave granted.

*The speech read as follows—*

The Migration Legislation Amendment (Immigration Detainees) Bill 2001 is an integral part of a range of strategies the government is introducing to promote safety and security at immigration detention centres.

The bill:

- establishes a new offence for the manufacture, possession, use or distribution of a weapon;
- increases the maximum penalty for escape from immigration detention from 2 years to 5 years imprisonment;
- applies the Criminal Code to all offences relating to immigration detention; and
- introduces additional security measures for visitors to immigration detention centres.

These measures seek to deter the anti-social and violent behaviour that, in recent times, has threatened the good order and security of immigration detention facilities.

Senators will recall there have been major disturbances at the Woomera, Curtin and Port Hedland immigration reception and processing centres.

These disturbances have led to serious assaults on staff, mass escapes and extensive damage to property.

It is regrettable that the violent actions of some detainees continue to endanger the safety of others.

Whatever its reason, this kind of behaviour, which would be unacceptable in the Australian community, cannot be tolerated.

In addition to major disturbances at the detention centres, there have also been numerous instances where detainees have fashioned weapons from materials obtained within these facilities.

Examples include razor blades melted into toothbrushes, a shard of mirror attached to a piece of wood to make a knife, and a ball point pen with a needle fastened to its centre.

While state laws provide some coverage, they do not adequately address these particular circumstances.

This bill, therefore, introduces a uniform offence for the manufacture, possession, use or distribution of a weapon which carries a maximum penalty of 3 years imprisonment.

The bill also increases the maximum penalty for escape from immigration detention from 2 years to 5 years imprisonment.

This is consistent with the Crimes Act 1914, which contains an offence of escaping from custody other than immigration detention.

In addition, the bill will apply the Criminal Code to all offences relating to immigration detention.

For example, it will be an offence for a detainee to incite or urge another detainee to escape from immigration detention.

The maximum penalty for this offence depends on the penalty for the offence incited.

Finally, the bill introduces additional security measures for visitors entering immigration detention centres.

These measures are essential to the effective management of security at detention centres.

There are grounds for concern that some visitors may be bringing aids for escape, or weapons, into the detention centres.

This endangers safety and security at immigration detention centres.

The bill provides that officers may request visitors to walk through screening equipment and to allow things in their possession to pass through screening equipment or to be examined by x-ray.

These screening arrangements are similar to those existing at airports or, indeed, Parliament House, and are not intrusive.

An authorised officer can also request a person seeking to enter the centre to allow closer inspection of any items in their possession or to leave items at the entrance to the centre for the duration of their visit.

A visitor does not have to comply with any of these screening measures. However, if they do not comply, they may be refused entry to the detention centre.

I am pleased to advise that a draft protocol regarding the exercise of the power in relation to visitors has been settled in conjunction with the Attorney-General.

The draft protocol will be incorporated into written directions pursuant to section 499 of the Migration Act.

It will provide operational guidelines for the power and will be binding on all officers.

In summary, the measures in this bill are essential to ensure that immigration detention centres are safe and secure places for all those within them.
I commend the bill to the chamber and table the draft protocol for the powers in relation to visitors to immigration detention centres.

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.

**BILLS RETURNED FROM THE HOUSE OF REPRESENTATIVES**

Message received from the House of Representatives agreeing to the amendments made by the Senate to the following bill:


**COMMITTEES**

**Electoral Matters Committee**

Message received from the House of Representatives notifying the Senate of the appointment of Mr Danby and Mr Melham to the Joint Standing Committee on Electoral Matters in place of Mr McClelland and Mr Ferguson.

**BUDGET 2001-02**

**Consideration by Foreign Affairs, Defence and Trade Legislation Committee**

Report

Senator McGauran (Victoria) (4.21 p.m.)—On behalf of Senator Sandy Macdonald, Chair of the Foreign Affairs, Defence and Trade Legislation Committee, I present the report of the committee in respect of the 2001-02 budget estimates, together with the Hansard record of the committee’s proceedings and additional information received by the committee.

Ordered that the report be printed.

**MEASURES TO COMBAT SERIOUS AND ORGANISED CRIME BILL 2001**

**Report of Legal and Constitutional Legislation Committee**

Senator McGauran (Victoria) (4.21 p.m.)—On behalf Senator Payne, Chair of the Legal and Constitutional Legislation Committee, I present the report of the committee on the Measures to Combat Serious and Organised Crime Bill 2001, together with the Hansard record of the committee’s proceedings and documents presented to the committee.

Ordered that the report be printed.

**VOCATIONAL EDUCATION AND TRAINING FUNDING AMENDMENT BILL 2001**

**Second Reading**

Debate resumed.

Senator Buckland (South Australia) (4.22 p.m.)—To continue with the agreement and its needs, embodied within the agreement there needs to be an Australian recognition framework with clearly defined quality assurance measures. Non-TAFE RTOs should only be granted a licence to operate in an area or region if TAFE is unable to provide a service and where the RTO meets TAFE human and capital resource standards. This is not a case of keeping RTOs out of the marketplace but rather of maintaining national standards of quality learning and a national recognition of achievement framework. The agreement needs to provide a youth guarantee of a fee-free year in TAFE.

One of the real dilemmas now being faced by industry is that, because of the changes in the method of training apprentices in particular, there is a shortage of trained and skilled tradespeople coming through for the future. Many of the larger longstanding industries have ageing work forces and work forces that are more productive in a single industry environment, but the need today, with outsourcing and because of the ageing of the current work force, is to have more and more young apprentices coming through to carry on where their forebears left off.

Very few large organisations today are operating with their own trained trade work force. When they are in a highly productive environment, the trend today is to outsource or to bring in contractors. Without these contractors getting retraining through the TAFE sector to deal with the multitude of industries they now service, and without young people getting access freely and openly to the TAFE institutions, we are losing this very important component of manufacturing industry. Not only are we losing it in the large manufacturing industries of smelting, steel making and car manufacture;
we are also losing these people at the farm gate—those who would normally work in small businesses dotted throughout the country where farm machinery is serviced and maintained and those who operate plant and machinery on farms and in small business environments. Unless we do something about this, unless we have a national accreditation system whereby a person can freely move from state to state, from industry to industry and from business to business, then we will lose much of what we have today.

I cannot see the day when we will go back to large industry employing large numbers of their own tradespeople. That seems to be a thing of the past. It is sad that is occurring but, as companies rationalise and move into a more competitive environment, they tend to see the maintenance of their plant and machinery and the trade requirements as not core to their business operations. I think there is a great need for this government to revisit the ANT A agreement and to start taking into account what those people who work within the system are saying—that there needs to be more money to provide good education and good training for people within the TAFE sector, more money available for staff to travel to isolated communities and a greater availability of funds so that those living in isolated and remote communities can have access to computers, even though they may be laptops, to help them do their training so that they, too, can contribute to a more vigorous industrial environment in the future.

I think the TAFE Directors Association were right when they questioned whether the ANT A agreement was the best way to go forward to achieve a truly national vocational and educational training system, when they expressed their disappointment with the government’s response to the Senate’s Aspiring to excellence report and when they said that they were concerned that the recommendation to appoint an educator to the ANT A board had not been endorsed. The government seems to have lost the plot on this particular matter. It is of great interest and of great importance to the nation. I will be supporting the opposition’s amendment.

**Senator CARR (Victoria) (4.28 p.m.)**—I seek leave to incorporate the speech of Senator George Campbell on the Vocational Education and Training Funding Amendment Bill 2001.

Leave granted.

The speech read as follows—

Funding of Vocational Education and Training is integral to Australia’s future and the cornerstone of our ability to become a knowledge nation—something the government is clearly ignorant about. After all, the Howard government approach to vocational education in the past has been nothing more than to cut funding, and squeeze resources.

It is bodies like ANT A and the quality of education we provide our youth, that suffer through a lack of funding, so that the government can afford their massive wasteful advertising budget in the lead up to the next federal election.

Labor supports this bill and supports VET. It is vital that our nation provides the educational infrastructure necessary to support a vibrant vocational education sector.

While this bill aims to increase funding for Vocational Education and Training (VET) to meet CPI increases, it is insignificant compared to the pressures on the VET system and does not provide for its future needs. The VET system should be at the centre of Australia’s innovation and knowledge economy. Investing in skills and training gives us the ability to compete in a global economy.

If Australia wants to be a skilled nation it has to increase expenditure on VET. A significant funding increase to the VET system would be a key way of fostering the formation of the knowledge / innovation economy—which is the high road to better economic development.

This government has clearly ignored the importance of developing our knowledge and skills base. The funding agreement for 2001 to 2003 is only concerned with addressing price adjustments. In real terms there is no increase in funding just a partial restoration of the previous cuts.

The Bill will also make additional growth funds available to ANT A for distribution to a State. At first glance this is a step forward but we find that “it is contingent on that State approving the ANT A Agreement, the Minister determining that the State complies with the Agreement, and the Minister determining that a specified amount is to be paid to ANT A in respect of that State.”

If that isn’t difficult enough a further hurdle is included in that the Minister's determinations in
respect of a calendar year for all States may not exceed the limit provided for in the table—$50 million in 2001 and $75 million in 2002. In this day and age the last thing we should be doing is running down our skill base by freezing funding or making it impossible to obtain.

Don’t forget also that this Government has already slashed an estimated $240 million off VET funding since coming to office in 1996.

Moreover, they have cut the former (Labor) Government’s commitment to fund $70 million per annum for growth of the VET system.

When you consider that there is now, in fact, increasing demand for vocational and education training, the system combined with this funding freeze is at breaking point. In 1999, 1.8 million people participated in the VET system—a 7.3 per cent increase since 1998, and an increase of 29.4 per cent since 1995.

Capped funding plus the increased demand for vocational and education training leaves the system cash strapped with the quality of service failing as the system stretches itself to meet demand.

So all in all, there’s not much in this Bill for the VET system and in fact it shows a continual failure by this Government to recognise the importance of skills and training to Australia’s future social and economic prosperity.

It is imperative that there is a coordinated, national approach to Vocational Education and Training and the Australian National Training Authority is the best model available to deliver this national coordination. The ALP supports the allocation of funds to the Australian National Training Authority for vocational education and training.

ANTA was an initiative of the former Labor government that was outlined under the One Nation package. The One Nation package brought Vocational education and training into the 21st century with the creation of ANTA. Unlike the coalition government, which constantly and desperately clings to outdated notions of state sovereignty over the commonwealth, Labor recognises that the real issue is Australia’s place in this region and its place in the world.

Workers skills are becoming more and more portable today than they ever have been before. They change jobs within their industry regularly and even cross industries several times in their career. Employers need to know what skills potential workers have and workers need to have portable skills that are marketable. For these reasons a national system of qualifications based on industry developed training standards is essential. From its formation in 1992 to 1995, the Labor Government lived up to our national responsibility in funding ANTA, and did much more. It provided $70 million per year to fund further growth of ANTA until 1995 and provided an additional $100 million for growth in the vocational education and training sector.

In comparison the coalition’s record in this area is a disgraceful blight on our national reputation. Since the Howard Government’s election in 1996 they have failed to deliver adequate funding to vocational education and training. Immediately after coming to office the first act of the Howard Government was to begin to cut funding to ANTA.

It introduced a five per cent cut to ANTA’s overall funding but didn’t stop there. It also ended the five per cent real annual growth increment on base funding to ANTA. These cuts were a fundamental reversal of policy and ripped at the heart of the entire vocational education and training system in Australia.

Two years after their election in 1998 the Howard government dealt another significant blow to vocational education and training by reducing annual funding to states and territories for vocational education and training in the budget. This measure was explained as ‘an incentive to the states to achieve efficiency gains in their vocational education and training operations’.

This government has taken every opportunity available to cut funding to the vocational education and training sector and reduce the standard of education available. There is a close link between investment in education and training and research and the development and the capacity for firms, individuals and the economy as a whole to adapt to take advantage of growth opportunities.

The VET system should be a central component of this strategy. It’s a key training system for our manufacturing sector, which is an essential driver for the economy. Yet, the funding freeze in the VET system undermines our ability to adequately grow the manufacturing and services sectors as part of a growth strategy in the global economy.

It’s indicative of this government’s failure to adequately fund investment in education and training, and for that matter research and development.

It would be appropriate to mention some recent figures that highlight this Government’s poor investment in knowledge and training. Our investment in knowledge is on all counts below the OECD average. Public expenditure on education is 4.3% compared with the OECD average of 4.6%. Our R&D spending is half that of the
The effective funding freeze in this VET bill together with our wider under-investment in education and research is significant. Simply, this under-investment in knowledge-based activities is fundamentally linked to the decline in manufacturing as well as a constraint on other sectors such as IT, communications and key service industries.

Australia’s under-investment in core assets of the knowledge economy has widened to around 1 to 2 per cent of GDP – well in excess of $7 billion dollars. And if left to grow this knowledge deficit will widen to around $135 billion in terms of education / innovation spending.

All of this undermines our ability to compete and the results of this are now starting to show up in our trade performance. There is now a widening intellectual trade imbalance. For example, IT&T is the fastest growing area of world trade. Yet Australia imports more IT&T products and services at twice the rate of exports. An efficient well-funded VET system is an essential part of solving this imbalance.

Australia’s trade deficit on IT&T has increased $3 billion under the Coalition from $6.73 billion to $9 billion in 1998-99. And the deficit on IT&T is predicted to triple to $28.7 billion in deficit by 2010-11

What this Government is doing by undermining the VET system’s funding is undermining our ability to compete, grow and adjust. This is not a satisfactory situation.

This government claims to support VET, they say that it is a good thing for employment and the economy more generally, which is true, we agree with that, and listening to Minister Kemp you would really think that the Coalition believes in the virtues of vocational education and training, the following is a quote from a speech Minister Kemp made in July of last year to the ANTA conference in Melbourne;

“The Commonwealth Government is committed to developing a social coalition in Australia based on strong partnerships between individuals, families, business, government and the community and welfare organisations…

And education and training is at the heart of that social coalition.

Education and training is the foundation for a prosperous, democratic society. It is more than the acquisition of knowledge. Education helps develop analytical and problem solving skills. It develops an inquiring mind and promotes innovation.”

Fine words indeed, but they do not have a scrap of serious commitment to the VET system in them. If there were, Minister Kemp would be drastically increasing the funding to make up for the Coalition’s past cuts and to cope with growth in demand.

When we consider the funding freeze the VET sector has been placed under since this government came to power you begin to realise that the VET system is just not being given its due respect. They support VET, they support training and apprenticeships, but won’t fund it so that it works properly.

The other false claim this Government makes in relation to the VET Bill is that it improves the quality of the VET system. They claim this by arguing that their so-called ‘growth through efficiencies’ measure, is improving the standard of courses and training. But in reality, with increased demand for courses and a funding freeze, the quality of VET courses is only going to decline further.

I want to now briefly expand on the problems with this so-called “growth through efficiencies” funding arrangement. The growth through efficiencies funding model is a cynical attempt by the Coalition to shirk its funding responsibilities onto the State Governments.

Rather than make up its share of the funding, the Government demanded that the states accommodate the growing numbers of VET students through efficiency gains. While some efficiencies may have been achieved, the Senate References Committee VET inquiry found that funding cuts have reduced the quality of training. Particularly as efficiency gains have quickly reached their limit with little slack to make up the funding short fall.

In reality most of the ‘efficiencies’ have been gained at the expense of reduced service quality, especially in the TAFE system.

Most State governments, both Labor and Coalition gave testimony that they have had their VET systems cut to the bone. To quote from the Victorian Government’s submission:

“In the last few years Victoria has been able to achieve some significant growth in apprenticeships and traineeships, but it has been at the expense of some these [quality] issues … we cannot have quality and growth in a national system without additional resources. From our point of view we have no interest in nationally consistent mediocrity”.

Even ANTA, who generally support their Minister to the hilt, have been forced to admit that:
“... if growth in new apprenticeships were to continue at the current rates, current funding arrangements would be unsustainable and they would expect to have difficulties restoring future demand for new apprenticeships”.

Not only has this Government frozen funding they have also aggravated the situation by turning around and aggressively promoting apprenticeships and traineeships.

Under the funding arrangement the State governments are forced to divert further funds to pay for a new apprentice or trainee’s courses. So long as the States continue to treat a new entrant as an entitlement the Commonwealth promoted growth of new apprenticeships calls on their VET budget outside their control. This means State governments are forced, by the Federal Minister’s own deviousness, to divert resources from the public TAFE system.

Another key facet of achieving a higher national skill and knowledge base is that every one has access to education and training. A nation is only as rich as its knowledge base.

The VET system, is providing training to a significant number of people from disadvantaged groups and backgrounds, who equally need to access well funded education.

In a Sydney Morning Herald article of 15 August 2000, it was highlighted that there were a disproportionate number of students from disadvantaged areas taking up VET, particularly in secondary schools. The survey conducted by the Australiasian Council of Educational Research said that the take up rate is higher among students who lived in country areas.

The Federal government cannot ignore these trends towards VET as a means of accessing further education and training to boost employment and hence alleviate disadvantage. Therefore a funding arrangement that does not recognise growth in numbers of recipients or the loss of revenue associated through the subsidising services is unacceptable and will only lead to a diminution of standards.

A report by the House of Representatives Standing Committee on Employment, Education and Training entitled “Today’s Training. Tomorrows Skills”, released in July 1998 recommended (point 6.2) that:

“....the Commonwealth should provide additional funds on a dollar for dollar basis to State/Territory Governments through the Australian National Training Authority, to assist TAFE institutes enrolling a disproportionately large number of disadvantage students.”

The Government in its reply stated it did not support this recommendation. This report was looking more specifically at TAFE as VET service providers, and highlights again the need for an adequate funding structure that is commensurate with growth in demand for services rather than price movements.

But the Coalition isn’t interested in measuring the success of the VET system on the basis of criteria such as the number of people from disadvantaged groups they educate.

No, they are only interested in reduction of unit costs. They couldn’t care whom these effective funding cuts effect. To quote from the NSW Government’s submission to the Senate VET inquiry:

“The key indicator of success under the (Commonwealth Government’s) policy is the reduction in unit costs. Other measures, such as quality, ease and cost of access, participation by disadvantaged groups are not considered relevant”

They only care about penny pinching and this undermines an important equity role performed by the VET system.

We should be pursing policies that help us become a highly skilled nation and increased expenditure on the VET system is an essential part of this approach. We should be increasing investment by firms and by government in education, vocational training and, for that matter, R&D.

We should progressively increase investment in education and training qualifications, especially computer literacy, until we are comparable to leading economies. And we should give existing and new workers the opportunity to acquire new skills and qualifications in the new economy, including computer skills. Unfortunately the Howard government just isn’t up to the task.

Senator CROSSIN (Northern Territory) (4.28 p.m.)—The purpose of the Vocational Education and Training Funding Amendment Bill 2001 is to amend the Vocational Education and Training Funding Act 1992 to supplement funding for vocational education and training provided to the Australian National Training Authority for distribution to states and territories in the year 2000 and to appropriate funds for vocational education and training for the year 2001. By way of background to this bill, and for information, we know that the VET Funding Act 1992 gave effect to the first ANTA agreement between the Commonwealth, states and territories for the establishment of the Austra-
lian National Training Authority. It was announced by the then Labor government. Under that first agreement, funding arrangements were made for the 1993-95 triennium. These included the Commonwealth’s agreement to maintain its then current financial support for VET, to provide an injection of $100 million in recurrent funding provided in the November 1991 One Nation economic statement and an additional $70 million of growth funding for each year of the triennium. These arrangements were subsequently extended to 1996 and 1997 by the then Labor government.

After only five years of this coalition government, the vocational education and training system is in crisis. The government has ignored the state of this industry, has turned its back on students undertaking VET courses and apprenticeships and has squabbled with ministers from each state and territory over the level of funding that is needed to assist in this vital sector of the education manifold of this country. This government has a responsibility to ensure that young people in particular have an opportunity to obtain a job and are either skilled, qualified or in a position to obtain training during their working lives. At the same time, the government has to be mindful of the needs and the skills required by this nation to be competitive, innovative and successful. Under this government, that is not happening.

This government needs to make sure that as many Australians as possible have access to quality training that suits their needs as well as the needs of employers. Lifelong learning is not a one-way street or a one-sided seesaw, but this government is dictated to by business at all or any cost, particularly when it comes to training and vocational education. The actions of this government over the last five years demonstrate that there is no commitment to providing better quality training or to improving the resources or the provisions or even the access to this sector of tertiary education.

In the 1996-97 budget, the new coalition government introduced an efficiency dividend on the Commonwealth’s own purpose outlays, which resulted in a five per cent reduction of funding provided to ANTA. In addition, the five per cent real growth on base recurrent funding was discontinued. Those massive cuts to education in the 1996 budget included a reduction in vocational education and training grants to the states and territories of $66 million; a reduction in ANTA’s operating expenses of $13 million; and the abolition of the five per cent real growth on the base recurrent TAFE funding, which was a cut of $91 million. Then, in its 1997-98 budget, the Commonwealth reduced annual funding to the states and territories, appropriated under the Vocational Education and Training Funding Act, to provide an ‘incentive’ to the states to achieve efficiency gains in their VET operations. The introduction of that term, which is now known commonly throughout the industry as ‘growth through efficiencies’ has subtracted another $72 million from the sector. These cuts over the last five years now total $240 million and constitute money that could have been invested over those years to at least maintain quality and to expand access to quality training.

As I said previously, Australia’s vocational education and training sector has reached crisis point. New Apprenticeships have contributed substantially to the growth of overall VET, yet the Commonwealth has exacerbated the effect of the withdrawal of growth funding by heavy marketing of the New Apprenticeships scheme. In August 1998, without any consultation with the states and territories, the government extended employer incentives to existing workers signed up as new apprentices. These actions have placed severe pressure on those within this system and have placed financial pressure on the states and territories so much so that, last year, the Senate conducted an inquiry into the quality of vocational education and training. Aspiring to excellence, as the report was titled, contained 28 recommendations to the government that go to the heart of restoring quality in vocational education, beginning with a renegotiation of VET objectives with major participants in the training network and strengthening institutional arrangements that ensure compliance with the quality control process.
The inquiry took many submissions. We heard from a number of witnesses who were very critical of the government’s policies and the effect that these were having on the needs and responsibilities in maintaining a quality system of VET, yet this government has chosen to reject the key recommendations of this report. Jacqui Elson-Green, in 6-12 June edition of Campus review, a newspaper dedicated to the post-compulsory sector, states that the actions of the government hit directly on the people who are challenged daily to keep the system running despite the worst funding crisis in the history of the sector.

New directions are urgently required for Australia’s vocational education system if it is to realise its full potential and to reshape vocational education and training by providing leadership in the development of a national, quality assured system. Even TAFE Directors Australia, at its annual meeting earlier this year, said the report of the Senate would be a good starting point for the development of a much needed charter for the VET sector. Some of the recommendations rejected by the government were not substantiated by a reasonable explanation, and most of them were shoved under the umbrella of ANTA’s mantra. Why is this government continuing to deny VET educational professionals a place on the ANTA board? What is the real reason and rationale for failing to embrace the suggestion that training plans play a more strategic and effective role in planning and delivering training? As the article in Campus review also comments, the government’s response to not accept a recommendation to strengthen and more rigorously monitor and enforce measures to avoid real or potential conflicts of interests between organisations operating such as the New Apprenticeships centres or group training companies is avoiding the issue, and the recommendation to protect students and workers to ensure a balance between portability of skills and enterprise based needs was also disregarded.

The historical monopoly on apprenticeship training has been broken, and recognised training is now offered by multiple training providers of variable capabilities in multiple sites of differing quality. Employer incentives combined with the proliferation of private providers, the opening of contracts to existing employers and full on-the-job training have all contributed to exponential growth, mainly in the traineeship component. Throughout all of this and, in these circumstances, the training system in this country has struggled to provide consistently good quality training.

Earlier this year we had the Prime Minister’s innovation statement that highlighted even further the marginalisation of this important education sector. Both the ACCI and the Allen Consulting Group have criticised the government for failing to include the contribution of the vocational training sector in the innovation statement. Vocational education must be a key instrument in the creation of a highly skilled, well-paid work force, which is critical to Australia’s economic prosperity. A truly collaborative partnership between government, employers and unions could achieve broad agreement on the application of available resources to develop a nationally consistent system. Such a system would combine legally enforceable national standards for quality assurance, with a focus on the creation of advanced skills training in areas of economic growth and employment demand.

The Prime Minister’s quick fix for Australia’s desperate skill shortage in technical areas is to import skilled migrants, according to the innovation statement. But this glib response to a grave situation fails to face the reality of the government’s own shortcomings in vocational education and training. Australia lacks tradespeople in technical and technological occupations, which is entirely due to the Howard government’s own short-sighted VET policies. Its so-called New Apprenticeships scheme has failed to deliver skilled workers where they are needed, because it lacks direction and does not identify priorities. Instead, it favours the delivery of cheap, low-level training in areas that are not capital intensive, such as office administration, retail and security.

Australia needs to turn around its approach to skill development and establish a robust, truly national system of vocational education and vocational qualifications. This
was also a central recommendation of last year’s Senate inquiry. The problems are well known, but the government has not been prepared to act by funding growth in the VET sector so that identified high priority areas can be expanded. Instead, its ‘growth through efficiencies’ policy has forced growth into the cheapest possible areas of training and has undermined the quality of that provision. Only a real commitment to growing a targeted, quality system of VET will meet Australia’s emerging needs. Five years of the so-called ‘growth through efficiencies’ policy, which has provided no real increases in a climate of rapid growth in student numbers, has seriously undermined the system and the quality of education it can provide.

Let us turn to the essence of this bill and the actions of the government since last November in funding and assisting this sector of the education industry. Several weeks ago, the Minister for Education, Training and Youth Affairs finally reached an agreement with the state and territory training ministers for a new funding agreement for ANT A. But this process has taken many months, and it is an arrangement that still comes with many strings attached. Federal and state training ministers had met several times to negotiate a new Commonwealth, state and territory agreement, the ANT A agreement, but they were unsuccessful because Dr David Kemp, the federal minister responsible, refused to meet the cost of growing student demand. This cost was estimated to be $152 million for 2001. This estimate is based on a report by the state training authority CEO’s National Resourcing Working Group in April 2000, which identified an estimated 5.7 per cent increase in growth in enrolments for 2001.

The state and territory ministers told Dr Kemp that Commonwealth funding must increase, particularly to provide funds for demand growth. As at last December, with a then surplus of $4 billion in the federal government coffers, the Howard government could have afforded to increase funding by at least $152 million to expand access to TAFE for all Australians. The ministers responsible for vocational education in all four eastern states united to call for a ‘sensible funding agreement’ that would provide for additional funds for the growth necessary in our training system. But Dr Kemp refused to engage with the states in any meaningful discussion on funding for the next three years in VET. While bragging about his government’s plans for growth in TAFE on the one hand, on the other hand he refused to allocate one extra dollar to pay the Commonwealth’s share of it.

The current funding ran out on 31 December last year, at the same time that the Commonwealth was handing back $220 million in unspent training money to Treasury. This amount was uncovered, of course, during the estimates process towards the end of last year. That money was fobbed off by this minister as being money that was identified for employer incentives and the like. It was still within his capacity, though, to transfer some or all of that money to growth and funding in the TAFE sector. But, at that time, the government had only offered a temporary one-year funding arrangement, which failed to meet its responsibility for growth or forward planning.

When the minister first started negotiating this ANT A agreement, his initial offer was for absolutely no growth at all when it was put on the table, despite the fact that, as I said, state and territory ministers had previously identified an estimated 5.7 per cent increase in enrolments. That has been the government’s policy throughout all of this. While there has been growth in the sector and increased student enrolments and increased demand, a demand that has been encouraged by the government in their employer initiatives and marketing of the New Apprenticeships system, there has not been one extra dollar from the government to assist the states and territories to actually cater to that growth.

We have seen massive changes in the TAFE sector over the last five years, and that was evident in the submissions presented to us during the inquiry last year. There has been increased casualisation of TAFE teachers, courses that have had to be cut and full on-the-job training that has led to a decrease in the quality that these students have had to
obtain. There has been a decrease in the access to equipment in institutions and a decrease in the access to library and computing skills. Generally, all in all, this is a system with which students are quite dissatisfied—they are unhappy with the outcomes and quality they are getting.

But let me go back to last December. After pressure from the states last December, which was the third time they had met in six months, Dr Kemp was forced to increase that offer from a one-year offer to a three-year offer of an extra $20 million in the first year, $25 million in the second year and $30 million in the third year—in a climate where it had been identified that at least $152 million is needed to cater for this increase in growth. As a result of the new pressure placed on the federal government by the states—except South Australia of course—the government had to significantly increase that offer to a total of $230 million over three years, which is the amount that is before us today. Immediately following the meeting in December, the New South Wales Minister for Education and Training branded the offer back then as ‘insulting and unfair’. He said that the Commonwealth’s offer amounted to an extra $14.50 per TAFE student, which he said at that time would barely buy a movie ticket—and he is correct.

When a further meeting was held in March this year, state and territory training ministers declared no confidence in their federal counterpart and labelled the offer illogical and unfair. The old agreement was rolled over until June, amid calls from the executive director of TAFE Directors to provide significant additional funding to meet the growth in demand for VET. Earlier this month, the Minister for Education, Training and Youth Affairs finally reached agreement with the state and territory training ministers for a new funding agreement for ANTA. It has taken well over eight months and at least half a dozen meetings. The minister for education described this as a ‘major milestone’ at the time. As my colleague Mr Michael Lee said in the House of Representatives, another milestone it may well be but not in the context that the minister implied.

This is another example of how this government has failed to provide appropriate support for vocational education and training by cutting $240 million from TAFE and then replacing it with only $230 million with this agreement and by contributing no growth funding for five years, thereby restricting training opportunities and damaging the quality of training. The structures and resourcing of the vocational educational system must be based on the recognition that TAFE is a vital public asset. The figures prove that the vast majority of students undertaking vocational education and training undertake that education and training in TAFE institutions, which are valued public assets to this day. TAFE institutions play a vital and complex role in the development of Australia’s skill base.

In conclusion, I would like to make a few comments about the new agreement. This new agreement comes with strings attached. There will be no capping or no limit on the user choice policy. In the Northern Territory, the Northern Territory Employment and Training Authority blew their budget on user choice and had to put a cap on it. In the Territory we have seen a proliferation of students who have gone to providers that have been encouraged to set up and to establish themselves as training providers, at the very unfortunate expense of the Northern Territory University, which was a significant and most important public provider of TAFE in the Northern Territory and one of the only providers that offers significant training in Aboriginal communities. Why? Because it is too expensive to deliver training out there. So, in this climate where we have private providers being encouraged to proliferate, we have a user choice policy now being expanded beyond belief and the value of our TAFE institutions as public assets continually being undermined.

This government stands condemned for allowing the Australian National Training Authority agreement to lapse by failing to make a realistic offer of funding and finally offering an amount of funding which is even lower than the amount of previous funding cuts and which fails to adequately address
the needs of Australian vocational education and training. (Time expired)

Senator FORSHAW (New South Wales) (4.49 p.m.)—I congratulate my colleague Senator Crossin on that excellent contribution in the debate on the Vocational Education and Training Funding Amendment Bill 2001. I seek leave to have my speech incorporated in Hansard.

Leave granted.

The speech read as follows—

This Bill seeks to amend two pieces of legislation – the Australian National Training Authority Act 1992 and the Vocational Education and Training Funding Act 1992.

The Bill gives effect to the new Australian National Training Authority (ANTA) Agreement for 2001-03 and provides funding to ANTA for funding vocational education and training.

The Government’s record on Vocational Education and Training

This Government has a very poor record on vocational education and training, just like they do on all education matters across the spectrum.

This Government has cut funding for TAFE by $240 million dollars, putting in jeopardy many vocational education and training programs.

This Government gutted the budget for vocational education and training since coming into office. Since then, they have been forced to come up with a new funding arrangements with the states, but this increase does not even replace what they have already cut in funding.

Independent reports show that funding for vocational education and training has been in decline for some time. Despite solid contributions from each of the States, total funding has remained static for several years due to the Government’s overall cutbacks.

The importance of Vocational Education and Training

Vocational education and training is critical in developing the skills and opportunities for working Australians.

For apprentices and school leavers looking for jobs in their post-school life, it is an essential stepping stone.

For existing workers keen to upgrade and develop their existing skills, it creates an important professional opportunity.

For those who are unemployed and out of the workforce, the need to re-skill is essential in finding a new job.

This Government has shown no commitment to developing and expanding the skill base of Australia’s workforce.

Dr Kemp’s earlier offers as part of the ANTA Agreement was for an extra $13 per student per year in the first year and then only a further $3 per student per year after that. Labor has highlighted this mean spirited approach to Vocational Education and Training funding.

The Minister did revise this offer. However, it will not go very far to funding places for the 45,000 Australians who are turned away annually from TAFE courses.

The Government’s record on education

This Government has a poor record in education. They have:

• Slashing TAFE funding by $240 million,
• Forced higher repayments for students on HECs loans,
• Cut $60 million from funding to public schools as a result of the enrolment benchmark adjustment,
• Reduced $170 million from rural and regional universities during this government,
• Inflicted massive cuts to student assistance schemes totalling more than $500 million, and
• Neglected research and investment which has led the Chief Scientist to condemn this Government’s approach which has resulted in Australia becoming the only advanced western nation where private business investment into R&D is going backwards.

Conclusion

The ALP has always been committed to a well-resourced system of public education.

A crucial aspect of this is an adequately funded vocational education and training system.

Underpinning this approach is access and equity in education for all Australians.

I look forward to the election of a Labor Government which will restore access, equity and adequate funding to our education system.

Senator MINCHIN (South Australia—Minister for Industry, Science and Resources) (4.49 p.m.)—I thank all the speakers for contributing to the debate on the Vocational Education and Training Funding Amendment Bill 2001.

Amendment agreed to.

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

**INTERACTIVE GAMBLING BILL 2001**

**Second Reading**

Debate resumed from 21 June, on motion by Senator Ian Campbell:

That this bill be now read a second time.

upon which Senator Mark Bishop had moved by way of an amendment:

At the end of the motion, add:

"but the Senate:

(a) condemns the Government for introducing an unworkable, internally inconsistent and hypocritical bill which:

(i) does not provide strong regulation of interactive gambling as the most practical and effective way of reducing social harm arising from gambling;

(ii) may exacerbate problem gambling in Australia by barring access to regulated on-line gambling services with in-built safeguards but allows access to unregulated offshore on-line gambling sites that do not offer consumer protection or probity;

(iii) does not extend current regulatory and consumer protection requirements applying to off-line and land-based casinos, clubs or wagering venues to on-line casinos and on-line wagering facilities;

(iv) damages Australia's international reputation for effective consumer protection laws and strong, workable gambling regulations;

(v) singles out one form of gambling in an attempt to create the impression of placating community concern about the adverse social consequences of gambling but does not address more prevalent forms of gambling in Australian society; and

(vi) is not technology neutral or technically feasible;

(b) calls on the Government to show national leadership on this issue by:

(i) addressing harm minimisation and consumer protection as well as criminal issues that may arise from on-line gambling;

(ii) ensuring a quality gambling product through financial probity checks on providers and their staff;

(iii) maintaining the integrity of games and the proper working of gaming equipment;

(iv) providing mechanisms to exclude those not eligible to gamble under Australian law;

(v) implementing problem gambling controls, such as exclusion from facilities, expenditure thresholds, no credit betting, and the regular provision of transaction records;

(vi) introducing measures to minimise any criminal activity linked to interactive gambling;

(vii) providing effective privacy protection for on-line gamblers;

(viii) containing social costs by ensuring that adequate ongoing funds are available to assist those with gambling problems;

(ix) addressing revenue issues that impact upon state government decisions relating to interactive gambling;

(x) establishing consistent standards for all interactive gambling operators;

(xi) examining international protocols with the aim of achieving multilateral agreements on sports betting and other forms of interactive gambling;

(xii) ensuring appropriate standards in advertising, in particular, to prevent advertising from targeting minors;

(xiii) investigating mechanisms to ensure that some of the benefits of on-line gambling accrue more directly to the local community;

(xiv) working with State and Territory governments to ensure that online and interactive gambling operators meet the highest standards of probity and auditing through licensing agreements;"
(xv) seeking co-regulation of interactive gambling by establishing a national regulatory framework that provides consumer safeguards and industry codes of practice; and

(xvi) coordinating the development of a co-regulatory regime through the Ministerial Council comprising of relevant State and Federal Ministers”.

(Quorum formed)

Senator HARRIS (Queensland) (4.55 p.m.)—In resuming my comments on the Interactive Gambling Bill 2001, I express my total support for the government’s intention in the bill to exclude wagering provisions covering horseracing and sports betting. These industries, particularly horseracing, have a long and colourful and exciting history in this country. Who has not heard of the likes of Bart Cummings, Gai Waterhouse, or our world-renowned horses of the ilk of the great Phar Lap? All are a great part of our history and, like most aspects of our relatively short history, we are proud of them. I support the government’s initiative for a representative gaming association that will establish the necessary guidelines for the industry across the country. This association, together with the AUS model standards, should be sufficient to provide for the real life realities of gambling and for the necessary social and consumer protections by establishing a desirable environment in which Australian gambling industries can operate.

My position on this bill is primarily that anyone with Internet access can, at any time, log on to a gambling site and proceed to gamble, irrespective of whether or not you or I approve. I feel the most obvious direction in which this chamber should proceed is to encourage gamblers to connect to a heavily scrutinised and regulated Australian site. This enables us to monitor this usage and to mitigate any unforeseen and undesirable consequences. This is in opposition to the prevailing views of the government that would leave these gamblers exposed to overseas venues. As some businesses are going to profit and, subsequently, generate more employment opportunities, I would of course support those businesses being Australian operations and for all of the investment and tax dollars to remain in Australia for the benefit of Australia and its citizens. Any cases of problem gambling could be readily noted and the person concerned could be subsequently referred to counselling organisations for guidance.

One of the outstanding failures of this bill is its total omission of any preventive measures to curb the real perpetrators of our gambling problems, which lie primarily at the feet of the pokie machines. The rampant proliferation of these machines in every pub or club, and anything in between, needs to be the target of the bill. Until a genuine attempt is made to address this problem area, nothing else can be taken seriously. This places some of the responsibility for the habit back on the gamblers themselves. This is not 1811, and I am not a Luddite. While I acknowledge the many difficult social and economic problems associated with gambling, I can also recognise the impracticalities and the possible heavy impositions on third parties. History has proven that prohibition has never worked and that, given the nature of human beings, it will not work in the future. We have both an opportunity and a responsibility to assist problem gamblers. It is up to those of us who are present in this chamber today to assess and to formulate how to optimise all of the best benefits of technology with practical and responsible legislation in order to implement legislation that contains the fairest and most realistic measures.

It is difficult to reach a balance between allowing Australians to be responsible for their actions and assisting and supporting those who have a gambling problem, and that is the balance that this bill will need to reach. While mindful of our responsibilities in a social sense, we also have to consider the effects on the IT industry. I have some concerns in relation to the different processes of blocking access to these sites, both in Australia and overseas. I believe that it is going to be difficult. As I have mentioned in previous debates, I was of the opinion that blocking the DNSs would be a way to actually close off the ability to access these gambling sites. However, several things have been brought to my notice. One of them is
that the sites continue to generate random DNSs that would make it difficult to block them. I also believe—and at this point in time I have not been able to substantiate this—that it is possible for the manufacturers of PCs to purchase blocked numbers of DNSs and appropriate them in different areas of the globe. If that is the case and a DNS is appropriated to Australia, it is going to be extremely difficult to ascertain whether it is in Australia or not.

I want to look at some of the issues that have been raised in particular by the Minister for Racing, Gaming and Licensing in the Northern Territory. The Northern Territory government’s position is that they would prefer the bill to be defeated outright. However, when we look at the industry—and that encompasses all aspects of the industry—we are getting the information that the industry desires this issue to be resolved once and for all. The wagering side of the industry provides approximately $600 million annually to our economy. If we look at Victoria, TABCORP pays $235 million to the Victorian government. Queensland provides approximately $100 million and New South Wales provides $195 million in revenue to those state governments.

The other issue that I believe we will need to address in relation to this bill is whether offshore operators can provide wagering within Australia. I believe personally that it would be preferable if they did not. If we look at Vanuatu alone, there is one single wagering provider that has a turnover of $500 million. The Australian government derive no revenue or employment from that, so I think it would be desirable to exclude wagering from being offered offshore. I will be seeking clarification from the minister to ensure that lotto, if excluded, continues to be provided electronically through the local newsagents. There are concerns that they may become unviable as a result of losing part of that turnover. I believe the other issue is the link. There are sections proposed in the bill that will put punitive costs—(Time expired)

Senator ALLISON (Victoria) (5.05 p.m.)—It was not so long ago that the only way Victorians could use poker machines was to take a bus up to the border with New South Wales and spend the day in the clubs there, which survived on the bus loads of mostly pensioners who came for a jolly day or a weekend. In less than a decade, Victoria has been transformed. We now have poker machines in pubs and clubs, and we have a huge, state nurtured casino in the middle of town, where family entertainment, shopping and eating seamlessly coexist with the acres of pokies and the roulette wheels. The casino was supposed to make its profits from high rollers from overseas, but of course the multistorey car parks surrounding the casino are full of Melburnians, the majority of whom come from the western suburbs. A woman recently allowed her baby to die in the car park of a suburban pub while she fed her habit at the pokies.

My mother, unlike her daughter, had never joined a public protest until recently, when she and her mates decided to rally against pokies going into what used to be a Coles store in their main street. They won that protest. What drove them was not the fear that their peace would be disturbed or that their house values would drop; it was the knowledge that parents, usually mothers, forget their parenting responsibilities when they are gripped by the need to feed their gambling habit.

This bill is not about poker machines or even casinos—I wish it was. In fact, it is disappointing that the government has not taken the opportunity to move on linked poker machine jackpots. This bill is really about the next great adventure in gambling. If the amendments which are to be put to this bill are accepted by the government, it is about stopping the expansion of gambling into a whole new realm of emerging technologically convenient ways of exploiting human weakness by those who stand to make millions.

We have not been able to look to our gambling revenue dependent state governments to exercise control over the debilitating and unfettered growth of casinos and poker machines. We have not been able to rely on them to regard the licensing of Internet gambling as anything more than another great opportunity for revenue raising. It is
good that the Western Australian state government have resisted the lure of the pokies. I am sure that they could do with the money to pay for their prison population, swollen by people given mandatory sentences or languishing in remand for months on end, but that is another story.

The Victorian state government has just offered business tax cuts that business did not even ask for, so flush is it with gambling dollars. It has increased the government take on poker machines to provide much needed money for public hospitals. The Victorian state government late last year introduced a footy tipping competition, which is expected to generate $30 million a year, 24 per cent of which will go to government revenue. I have nothing against footy tipping—I do it, when I remember to put the tips in—but this is yet another example of government fostered gambling and a reason why we cannot just rely on the states to make socially responsible decisions when it comes to gambling.

Between 1995 and 1999, gambling expanded more than twice as fast as the broader economy. Our controls on gambling promotion and advertising were amongst the slackest in the world. The Productivity Commission found that Australians spent about $11 billion last year on gambling and that it is a big and rapidly growing business. Some 2.1 per cent of the population, or nearly 300,000 people, are problem gamblers and they spend $3.5 billion a year on their habit. The most important finding of the Productivity Commission for this debate is the finding that the prevalence of problem gambling is related to the degree of accessibility of gambling. Problem gamblers and their families need access to gambling limited. They do not need a casino in the privacy of their lounge room—or, more likely, in a quiet part of the house, away from the rest of the family.

Gambling on the Internet is in its infancy in this country. In 1999-2000, there was a turnover of only $105 million, not counting the amount that Australians gambled online on overseas sites. It is a tiny proportion of total gambling but it is growing very rapidly. In the US, the figure is $US3 billion this year just on online casinos and this is predicted to increase fivefold over the next few years. There are now 1,200 to 1,400 Internet gambling sites around the world—twice as many as there were this time last year. Other countries are attempting to deal with this issue. Californian state legislation has been introduced to ban most forms of Internet gambling. The Danish tax minister advocates a ban on Danish citizens gambling on overseas sites. The state of New Jersey is suing three offshore gambling web sites because they accepted bets from residents of that state.

I have been particularly alarmed at the opportunities for not just Internet gambling but online gambling available through interactive television in datacasting and digital development. DataMonitor is an independent international business information company specialising in industry analysis which says it provides clients with unbiased expert analysis. In its report in April this year entitled It's only TV but I like it, it advised its clients:

ITV gambling could be a strong method of opening up the world of gambling to a whole new market. Younger demographic groups and women have traditionally shied away from the high street bookmakers but the opportunity of placing a bet from the comfort of their living room may entice more of these groups to partake in the gambling industry. High street bookmakers may feel threatened from the prospect of everyone having access to one or more bookmakers in their home. But interactive TV gambling could be a phenomenon that capitalises on new markets rather than cannibalising existing ones. Research suggests that the latter of these two options is what has actually occurred in France.

Enhanced TV will bring great new opportunities to the world of sports betting. Real-time betting on live sports events as they happen could become the killer application that helps to truly bring betting into the mainstream. Enhanced TV is an offering that many in the industry are looking towards as a means of generating new revenue streams.

The ITV industry will present new challenges to both games and gambling service providers as they adjust to the issues presented by the fact that they must now appeal to a new audience: the television audience. The report goes on to give advice about the three types of consumer behaviour that the
gambling service providers should look to exploit:

- Hard core gamblers—TV could attract serious horse betting punters from this group
- Sports fans—this group's natural enjoyment of sports will lead them to research sporting events for fun and they will occasionally decide to bet on their knowledge of the sport in question
- Impulse gamblers—these will be the most suitable group for the medium of television.

The report says that in the next five years in the US the growth of the subscriber base for digital television services will allow ITV gambling to reach out to a much broader demographic range than traditional gambling services have previously appealed to. A new range of gambling services will go live on interactive TV over the next five years, and this will allow the industry to experience a period of rapid growth in all of the markets where services are offered.

I found this report chilling. I also found chilling the warning by the American Psychiatric Association that young people are particularly vulnerable to Internet gambling. The Paris based Financial Action Taskforce said that Internet casinos are being used by criminal organisations to launder money. I welcome this legislation, as I did the moratorium legislation. It appears technically complex but, if we get it right, compliance ought to be simple. We do not have to control the messages sent on the Internet—everyone knows this is impossible—but this bill can ban the transaction of money for interactive gambling.

Agreements will not be able to be made for the transaction of money for illegal interactive Internet gambling, because they will be unenforceable. That means that a service provider will not be able to use credit or debit cards or other forms of e-commerce for securing funds from customers. I have no doubt that that will not stop 100 per cent of gamblers accessing Internet gambling—they can deposit their money in overseas accounts using money orders or cash. But if you were to go to all of that trouble, you would be better off spending a night at the casino.

John Elicott’s article in the Australian a week or so ago described this legislation as an 'enabling bill', and I hope that the amendments which have been put up by various people, including myself and my colleague Senator Woodley, will fix that. There is no justification in allowing Australian operators to target overseas gamblers in a way which is not wanted, regardless of how well regulated they might be or how much revenue would be foregone by state and territory governments in not doing so. If there is not an outright ban on Australian operators then at least there should be an opportunity for other countries to nominate whether or not they wish Australian operators to have access to their citizens and for Australia to enforce that.

I wonder how many countries would opt into that arrangement. Australia does not have to be a world policeman, but at the same time we cannot argue that online gambling is dangerous for Australians but not for others. Neither should we be afraid of the wrath of powerful interests in this country who see great opportunities in this area. Australia can lead by example, and our measures should encourage and give courage to other governments to do likewise. I am pleased to see that the government has moved to make wagering and lotteries exempt; however, these amendments will not achieve the stated purpose without further amendment.

I was not convinced that being able to engage in wagering on the horses or the dogs or buying lottery tickets using your computer as opposed to over the counter, on the telephone or at your newsagent has led to or will lead to an increase in those forms of gambling or an increase in social problems as a result. I may be wrong. None of us can be sure because this is still very early days for the uptake of the technology, and smart minds are looking for ways of interpreting what are, for instance, quite broad definitions of lotteries. For this reason, we have amendments which will require a review after two years to look at just this question, to examine the effectiveness of the legislation and to look at new and emerging technologies and opportunities that are being generated to relieve punters of their dollars.

I want to speak about the question of compensation, the loss of jobs and the so-
called loss of revenue that any restriction on gambling opportunities would cause. In my view, gambling has been effectively a licence to print money in this country. Quite frankly, I do not think that governments should feel any obligation to protect such lucrative but utterly unproductive, even destructive, businesses. This may be an old-fashioned view of the world, but while Australians are congratulating themselves on creating employment for 100,000 people in the gambling business, we do not have enough teachers and we do not have enough nurses. During the time in which gambling has had its meteoric rise in this country, scientists have left Australia in droves because there is no money to employ them to do their research. We cannot afford preschool teachers, the ABC cannot afford to make as many Australian programs, we cannot afford to support even our most successful writers, we cannot meet our overseas aid commitments—none theless, Australians spend $11 billion a year on gambling.

We have a choice to make before it is too late: do we sit back and allow this country to be seduced by interactive gambling, which could treble that amount, because we are afraid to challenge the technology and afraid of what the savvy technocrats might say about us; or are we prepared to say we do not want Australians, particularly young ones, to go there? Call me a middle-class socialist, call me a wowser, but I cannot see how interactive gambling adds to our wellbeing in this society. I do not see how Australia can, on the one hand, have one of the highest rates of gambling in the world and still consider itself to be progressive and egalitarian. I am lucky: I think that gambling is mindless, and I have better things to do with my money and my time, but nobody knows who will be seduced. If there are 300,000 people in this country with a gambling problem, there are probably 3 million people affected by their habit: their families, their business associates, the people they rob to feed that habit, or the people who pick up the pieces. On their behalf, I will support this legislation.

Senator O’BRIEN (Tasmania) (5.19 p.m.)—That was an interesting contribution from Senator Allison. I am not sure if one of the proposals that one should take from it was that we should raise an extra $11 billion in taxes from people who gamble on the basis that they gamble.

Senator Allison—It’s tax in another form.

Senator O’BRIEN—In terms of the programs that need to be met, that is how they could be met. Senator Allison interjects that it is a tax in another form. Yes, one of the problems is that it is a source of revenue in the states. Doing away with it would only deny the states the revenue and deny some of the social benefits that Senator Allison supports and the revenue they need to survive.

The first thing I wanted to touch on was a bit of a historical perspective in the role of the Commonwealth in its attempt to limit gambling. My state of Tasmania has been historically involved in just such a parallel. In fact, it goes back 100 years to 1901. I am indebted to Des Hanlon, an old friend and colleague of mine, who does a historical report for the ABC in Tasmania. I just happened to hear his report recently about this event, and I asked him for a copy of the transcript. I am proposing to read it into the Hansard, because I just could not help but see the absolute parallel to what occurred at the turn of the last century, in 1901. Let me read this into the Hansard, and I am sure that the Senate and listeners will understand the parallel. He said:

The new Commonwealth Parliament in 1901 debated and passed the Commonwealth Postal and Telegraphic Act, the purpose of which was to unify the various State postal and telegraphic departments.

One aspect of the new act was of greater interest to Tasmania than the other States. The Act prevented the use of the Royal Mail to sell or transact the buying of a ticket in a lottery. In the 1890’s the various colonies had made the running of lotteries illegal except in Tasmania.

In 1896 Tasmania had legalised the conducting of a lottery and issued a licence to George Adams. George then moved his Tattersalls lottery business from the mainland—

I think it was in Victoria—

Senator O’BRIEN—To Hobart.

The Tattersalls lottery then became a source of revenue for the Tasmanian Government, employing more than 100 people.
The Commonwealth under the new legislation allowed the Minister, by regulation, to restrict the delivery of mail to a particular address suspected of conducting a lottery. Sir Philip Fysh was the first Tasmanian to hold a federal ministry and the second Postmaster General. Not all Tasmanians supported the establishment of Adams lotteries and Fysh was one.

Mail as a result was not delivered to Tattersalls’ office in Collins St. Hobart. A series of strategies were then devised by Tatts using other Tasmanian addresses.

The Commonwealth in 1909 retaliated by issuing Regulations in the Commonwealth Gazette identifying various persons to whom mail would no longer be delivered. Many prominent Tasmanians were named and as a result denied deliveries of mail, in the belief that they were acting as fronts for Tattersalls. The size of the problem for both Tatts and the post office can be seen from the fact that 10,000 letters were returned on the first day of the regulation.

For example the Commercial Bank of Tasmania was named and denied mail deliveries in 1911—the head office building of the bank remains in Macquarie St, now the ANZ.

To enable the Bank to receive its other mail it was forced to agree not to accept mail on behalf of Tatts. All letters addressed to the Commercial Bank of Tasmania were opened and sent back at no cost to the letter writer. This was all done at the taxpayers expense including the loss of postal revenue. Overtime was worked by the Sydney Mail Exchange to carry out the task.

The number of letters not delivered to the bank alone numbered more than 100,000. Of course this provoked an outcry across the country but people still managed to buy a ticket in Tatts and the winners in Tatts managed to receive their prizes.

Throughout the history of the Regulation the Commonwealth’s role was very dubious. It created and printed a special money order that matched the cost of a ticket in Tatts. The majority of money orders issued for this amount were used to buy tickets in Tatts. Later in the 1920s the Commonwealth then attempted to tax the winnings of the lucky ticket holders.

No other State had a legalised lottery until the Queensland State Government started its Golden Casket lotteries in the 1920s. The Commonwealth took no action against Qld but continued to act against Tatts in Tasmania.

There were all sorts of ways one could use to send money, have it delivered to Tatts and in turn receive the ticket. Signs in shop windows which said ‘regular contact with Hobart’ meant leave your money and ticket application here and it will arrive at Tatts.

Only an outstanding reputation for honesty by Tatts, its agents and employees allowed this enormous business to grow and flourish, despite the efforts of the Commonwealth and the other states to stop the public getting a ticket in Tatts.

King O’Malley, who represented the Tasmanian West Coast in the federal Parliament, did not oppose the ban. He suggested that as no one else could start a lottery in opposition to Tatts it may not be a bad thing.

The Commonwealth had no power or authority to control gambling or lotteries or to stop a lawful Tasmanian activity. But no action was ever taken to have the High Court of Australia declare the Regulation illegal.

Tattersalls may have agreed with King O’Malley’s assessment because they had 30 years without any opposition. Despite the post office, the wowers and the opposition, Tatts prospered and became a national icon.

This situation went on until 1930 when Joe Lyons was made Minister for Posts. Joe was a Tasmanian who later became Prime Minister. Joe managed Tatts and the wowers and the opposition, Tatts prospered and became a national icon.

One hundred years ago, we had the federal parliament making laws and regulations to block a gambling activity in a state. It failed. Over a 30-year period, those regulations were avoided. We are not talking about science; we are not talking about technology. We are talking about the desire for people to buy a lottery ticket.

One would have to say: here we go again. We are being asked to pass legislation which will have precisely the same effect. It will not change the desires of people to gamble, it will not change the desires of states in relation to raising revenues through gambling, it will not change the fact that there are too many poker machines and too many opportunities for people to gamble in the states and it will not deny the availability of Internet gambling sites to people in Australia—that is the reality and I think we all know it. In fact, what this bill will do—as I understand the amendments that are proposed and if I understand what the support for them is—is to supply Internet gambling sites for people in other countries but not here.
This is a massive misuse of Commonwealth power, I suggest, but more importantly it is a massive missed opportunity. I think some people are supporting this legislation because they are desperate to do something. It is within the government’s power to do better things than to pursue this legislation on the basis of trying to get a few brownie points and a bit of publicity, because that is all they will get. They will not achieve what they propose is the real aim of this legislation.

What the Commonwealth could do and should do is to not pursue this legislation but go to the states and say, ‘We believe that there is a public concern about the availability of gambling.’ All of the statistics show that there is one mechanism that raises the most money, and it is not the subject of this bill. The Commonwealth ought to explore the possibility of some change to the regulatory regime for gambling in this country.

Let us face the fact that you are not going to change people’s desire to gamble. I heard Senator Woodley talking about the TAB and its growth. Why did the TAB come into effect? Because people were gambling with SP bookmakers; they were gambling off course. It was not regulated and there was the opportunity to say, ‘This money is being wagered; what is the public good in leaving it as an illegal activity when it is going to happen anyway? Let’s create an opportunity to regulate it and take some money from that activity, put it into industries that employ people, like the racing industry, and put it into social good in some of the expenditure that governments have in schools, hospitals and police.’ That is what happened. The fact that governments have taken advantage of that is probably down to their being realists and making a good business out of what was essentially illegal activity.

We are not going to change the desire of people to gamble and to use the Internet to gamble, if that is what they want to do. The passage of this legislation will not do that. We go back to the example that Des Hanlon gave us of 100 years ago to see precisely the same activity by the Commonwealth parliament and precisely the sort of desire to restrict the access of people to gambling opportunities. We see an outcome of failure. I do not think anyone—the supporters of this bill or those who oppose it—really expects that this will prevent people from gambling. If someone is not computer literate enough to find a gambling site outside this country if they want to, they just turn off the machine and walk down to the local hotel. There are any number of machines there that they can pour their money into with no preventions at all.

We are being asked to put on the blindfold and pretend that we are going to do good by passing this bill when the reality is that the opposition’s position on this matter is the only realistic one, that is, this government should be seeking proper codes of conduct in relation to gambling and using what may well be strong bargaining power with the states to deal with some of the other problems and perhaps to deal with some of the issues of financial need that removal, restriction or proper regulation of gambling opportunities might raise. It is a problem for the Commonwealth; it is a problem for the community. Let’s get fair dinkum about it and let’s not pretend that we are going to solve the problem with this bill, because we are not.

Senator TAMBLING (Northern Territory—Parliamentary Secretary to the Minister for Health and Aged Care) (5.33 p.m.)—Let me make a declaration of interest. Yes, I gamble! I take a Tatts lotto quick pick system 8 ticket each five weeks at a cost of $61. No doubt the newsagent transfers the transaction by some sort of Internet connection. I also take out six home art union tickets for charities per year. No doubt the payment is on my Internet banking facility. At electorate fundraising events my hand seems to be forever in my pocket and occasionally I win a bottle of wine. Soon, I am sure, the draws will be decided by Internet gizmos. On Melbourne Cup day I inevitably go to the online TAB and back a couple of nags that I have drawn in office sweeps.

The legislation before us, the Interactive Gambling Bill 2001, has certainly created a lot of political heat in the Northern Territory, but in reality it is a low order of priority for the general community. During last year’s
debates which addressed the moratorium on certain Internet gambling, I received no more than 12 representations from Northern Territory constituents. The complexity of the IT implications, the proposed regulatory controls and support for the gambling industry have until the past week also been low on the Northern Territory community radar screen.

Very obviously, the original bill, presented here in the Senate in April, was inadequate and was seriously questioned by commercial interests and social groups. The Senate Environment, Communications, Information Technology and the Arts Legislation Committee reported in May. Ironically, four separate reports were tabled by individual senators as part of the final report. This highlighted the complex and diverse nature of both technical matters and racing industry impacts, as well as the core issues of importance relating to national savings, personal debt and social policies. Associated moral and ethical issues have now surfaced as important considerations, particularly relating to problem and addictive gambling behaviour on the Internet and elsewhere. In the past week or so these controversies have been well aired. I have received numerous representations, largely on matters of principle.

Importantly, over the past few years the Northern Territory government has monitored the development of the Internet gambling industry very carefully. Several important commercial players have established themselves in the gambling scene in the Northern Territory in recent years. Their focus has largely been in meeting challenging international market opportunities, and the Northern Territory government has developed a comprehensive regulatory regime for this developing industry. Senators will be aware that I have constantly brought updated information to the attention of the Senate. Since May 1996 and through to February of this year, I have periodically commented on and tabled relevant reports emanating from the Northern Territory government and the Northern Territory parliament.

The Northern Territory Minister for Racing and Gaming, the Hon. Tim Baldwin, wrote to the communications minister on 1 March 2001. He has more recently made a ministerial statement in the Northern Territory Legislative Assembly on 5 June, and he wrote to senators and members of parliament on 15 June. I seek leave to table these documents.

Leave granted.

Senator TAMBLING—I thank the Senate. The Northern Territory government has had a clearly defined policy position for some time and as recently as last week was lobbying senators on states’ rights prerogatives and other possible amendments. I ask the minister, Senator Alston, to comment on the recent requests for more appropriate state and territory legislation and regulation.

Representatives from Lasseters Casino, Centrebet and Centre Racing—the three operators in Alice Springs—have keenly followed the legislation and were also actively working around senators’ offices last week in Canberra. I certainly met them. Whilst they are not particularly enamoured of the bill, they were all openly appreciative of the government’s amendments relating to the exemptions for wagering and sports betting.

A letter to me dated 22 June from the Darwin based International All Sports Limited begins:

I write to record with you our appreciation for the position you have taken to date to bring about changes to the original legislation as drafted. The exclusion of wagering for horse racing is a sensible and logical decision as is the intent to exclude sports betting.

The letter goes on to seek further advice and clarification of concerns and definitions of betting in the run and the advertising provisions. I referred those issues to the minister on Monday, together with a number of specific examples of betting in the run as they affect cricket, for example, tests in a series or one-day match competitions; tennis, for example, within a championship; golf, for example, within a tournament; football competition, for example, premierships or the Brownlow Medal; motor sports, for example, drivers’ championships; and especially the Melbourne Cup. I have advocated to the minister that these examples ought to be in
the exemptions, or as International All Sports put it:
This is a significant component of our business and we see no reason why it should be outlawed.

Last week in the second reading debate, Senator Crossin invited me to come on over and sit next to her on the opposition benches. I will not be obliging because the hypocrisy and cynicism of the ALP on this gambling issue hold no appeal or logic. So, Senator Crossin, there will be no crossing! When it comes to gambling, the ALP are the biggest and most dangerous risk takers I know, let alone such incredibly poor economic managers who live on hire purchase. The ALP show no interest or compassion in trying to solve any of the significant and personal problems associated with addictive gambling or to protect the weak and vulnerable in Australian society.

Of course, the links between gambling in the poker machine riddled Labor clubs and their networks of intrigue and underhand deals are well known. The question of just why no suitable corrective measures are ever implemented by Labor state governments is also well known, as is the attraction of the ALP to Las Vegas examples and controls. That rather reminds one of the networks of Al Capone, Jimmy Hoffa and their union cronies.

The legislation we are considering has a most important value in that it is predicated on deterrence. The community plainly does not want an increase in the accessibility of easy convenience interactive gambling. I have been surprised at the community concern expressed to me about addictive problem gambling and the need for governments to give a lead by legislative examples in setting moral issues and standards, especially as they affect the relatively new Internet medium. I mentioned earlier the numerous direct representations to me in the past few days. They have included some tragic family examples, the expressed concerns of professional, financial and debt counsellors, and, importantly, a number of community leaders caught up in helping people recovering from the social consequences of undisciplined and inadequately controlled gambling in many parts of the community, including, surprisingly, with youth in Aboriginal communities.

I am no prude and I am certainly not trying to deny the place or the relevance of sensible recreational gambling. I made my limited declaration of interest at the outset. But none of us can walk away from our responsibilities. Certainly, families and individuals have a role to play; so do commercial operators and social agencies; and governments—federal, state, territory and local—are all charged with considering what falls in their area of responsibility, not only for revenue collection but also with regard to the effects on family budgets and lifestyle.

Interestingly, medical studies in the USA and Canada are revealing strong links between ‘human brain events to ideas from behavioural economics’. It has certainly been established by research for the Harvard Medical School that ‘discrete parts of the human brain respond in an ordered fashion to the anticipation and reward of money’ and unfortunately that, in too many cases, gambling behaviour may be similar to drug addiction.

I have no doubt that the Internet is as perplexing as it is challenging. I know from my own health portfolio work in looking at the effects of Internet marketing and advertising on pharmaceuticals and complementary medicines that we cannot walk away from meeting head on the need for appropriate and responsible regulation. As I said earlier, the deterrence factor in this legislation is of paramount importance. The amendments conceded by the government go a long way to setting in place the commercial realities and bottom lines. I am equally confident that, whilst certain restrictions are being established for a level reflecting the majority of Australian views and expectations, the opportunities for the traditional Aussie style of betting through exemptions for horseracing, wagering, sports betting and lotteries will see a growth industry related to Internet technology that sees more jobs, not fewer, and a responsible regulated industry response and partnership.

Senator GREIG (Western Australia) (5.44 p.m.)—The Interactive Gambling Bill 2001 is seen by some people as a well inten-
tioned attempt to tackle the very serious consequences of problem gambling. In reality, it is nothing of the sort. The bill, as far as I am concerned, is about information technology and, in particular, the Internet. Contrary to popular perception, the bill does not and cannot prohibit online gambling. It is impossible to ban or prohibit Internet accessibility of any kind in its entirety. The Internet is without international borders and straddles countless and conflicting legal jurisdictions. The bill is therefore, to my mind, a clumsy medieval attempt to address a modern dilemma for governments—that of untouchable, intangible, free and open two-way communications of thoughts and ideas, free from government intervention and political censorship. I see the bill primarily and essentially as being about information technology and modern communications, rather than about gambling. To illustrate that, the term ‘gambling’ could be removed from the bill and replaced with any other term for human behaviour, thought or idea, and the effect of the bill would be the same.

When I attended the Senate Standing Committee on Environment, Communications, Information Technology and the Arts hearing on the bill here in Canberra during the last non-sitting period, I noted with interest that there was a short delay in getting under way that morning. The delay was caused when the committee chair had difficulty in separating his laptop from its port and in determining how to plug his mouse into the said laptop. There were a few moments of fumbling before a staff member from parliament’s IT section was summoned to rectify the situation.

You might understand my concern with and mistrust of a committee report produced by a chair who, at the beginning of the hearings, was unable to grapple with laptop basics. It seems to me that a person who struggles with removing a laptop from its port is not best placed, only days later, competently and confidently to advocate sophisticated legislation aimed at addressing the subtleties of information technology and the World Wide Web. To be fair, I am not seeking to single out the chair for any personal reason. Grappling with hardware and coming to terms with software is something that most MPs and people in the general community are still coming to terms with—myself included—but I felt that that anecdote illustrated in a neat way the clash between ideas and reality in the broader IT censorship debate.

I will not support the bill because I believe it is a shallow and tokenistic attempt to be seen to be doing something about problem gambling without actually doing anything at all. In that sense, it is as absurd and irrational as its useless twin sister, the Broadcasting Services Amendment (Online Services) Act 1999. That previous legislation, much trumpeted by the government, and with the support of Senator Harradine and the then Senator Colston, was offered to the community as a ‘cure’ to the perceived problem of the nastiness and pornography available on the Internet. The reality, however, even from recent reports, is that the passage of that bill did little more than eliminate or frustrate less than one per cent of the approximately 250,000 sexually explicit sites available on the World Wide Web.

At the same time, that absurd piece of legislation has had the effect of blocking or barring legitimate research and study on valid and academic topics in the general community. A constituent recently drew to my attention the fact that in Perth it is impossible to look up the Commonwealth Sex Discrimination Act or the Democrats’ Sexuality Discrimination Bill 1995 [1998] at the state library because they contain the word ‘sex’. Similarly, some health and social workers in councils and rural communities who are working on preventing youth suicide, particularly amongst young gay and lesbian people, cannot readily hold email accounts. They cannot send or receive email if it contains the words ‘gay’, ‘lesbian’, or ‘sexual- ity’, because those words are captured by Net-Nanny software and considered lewd or profane, and generally by United States definitions of those terms.

The online services bill was the Howard government’s first knee-jerk reaction to the Internet, and this online gambling bill is its second. As with the first bill, the Interactive Gambling Bill is cause for embarrassment to
anyone with the slightest understanding of the Internet, and it will fail just as greatly as its sister bill did. But perhaps of more concern to the technologically literate is the message that passage of this bill would send to the broader community and internationally. Increasingly, Australia is being rightly perceived as a Luddite nation in the modern world. Our federal government is creating fear of the Net and promoting itself as our saviour from it, when most comparable jurisdictions are taking an educative and regulatory approach to IT, rather than prohibition and all the ludicrous consequences that flow from that.

All that the bill will achieve, if passed, is a prohibition on Australians using Australian based gaming sites from within Australia. That means that online gamblers can and will still go to overseas sites with the ‘click of a mouse’. That, of course, was the reality with the online services bill. The result is that Australian money and jobs will then go overseas and Internet gaming will still be accessible to any Australian who seeks it.

I make it clear that not all Democrat senators share my view on that matter. Some feel passionately that, although the bill is inadequate, flawed and possibly ineffective, some government response to online gambling is better than none. I do not doubt their commitment to address problem gambling, and although I understand that position, I do not share it, particularly when problem gambling itself is clearly almost solely dominated by in situ poker machines and casinos, not Internet gambling.

It has often been said in this debate that Internet betting is set to explode, that it will grow exponentially, and that nipping it in the bud at this early point in its evolution is a wise response by governments. Again, I do not share that sentiment. The evidence does not necessarily support that theory. For a start, people with gambling addictions are more inclined to seek the socialisation and atmosphere of a gambling venue than to sit at home. Problem gamblers, for reasons of economics, are less likely to own a computer and to lease online services. Most problem gamblers are unlikely to subject themselves to scrutiny, pleading and emotional harassment from a spouse, partner or children by gambling away desperately needed money from within the family home.

Problem gambling is a serious social issue, with disastrous consequences for individuals, families and communities. Moreover, I am most concerned that problem gambling has particularly severe consequences in low socioeconomic communities—that is, problem gambling has a major social equity dimension. Despite all the noise over this matter—and I am sure that, like me, every senator has been inundated with lobbyists—the real issue with problem gambling, offline pokies, is untouched by the bill.

That provides me with further reassurance that the bill is a shallow diversion to a deeper problem, and one which is not addressed by the bill. I therefore foreshadow, on behalf of all Democrat senators, a second reading amendment that we believe goes more to the heart of the problem and effectively calls on the government to use all means available to it, including constitutional powers, to reverse the proliferation of the electronic gaming machines that we colloquially know as pokies.

Problem gambling is not reducible to one readily isolable factor, thus the one way to tackle it is a multifaceted harm minimisation and education approach, including the ‘managed liberalisation’ regulatory measures as advocated in the Productivity Commission’s Australian gambling industries report. A significant driver in this social problem is the proliferation of electronic gaming machines, EGMs, or pokies, which in turn is directly correlated with the needs of state and territory governments to maximise revenue. A clear example of this relationship is the significantly lower incidence of problem gambling in my own state, Western Australia. It has been a longstanding government policy in WA to resist the proliferation of EGMs by not allowing pokies to be sited outside casinos. I have no doubt that state and territory governments’ increasing reliance on gambling revenues is symptomatic of a systemic political failure by successive governments to develop an equitable and realistic revenue base. It is not feasible that significant inroads into problem gambling can be achieved in-
dependently of addressing the broader resourcing issues for states and territories.

There has been significant public discussion of the proposed ban on interactive gambling and thus the basic propositions and arguments are well known. The Senate report *Netbets: a review of online gambling in Australia* and the Productivity Commission report recommended a regulatory approach over prohibition. The majority of Democrats concurred with that approach in our supplementary comments to the *Netbets* report. I do not believe any evidence presented to this inquiry or canvassed in the chair’s report explains why the findings of the earlier Senate inquiry should now be disregarded, nor provides a convincing case that prohibition is the best approach.

The bill makes it an offence for providers located in Australia to provide interactive gambling services to a person physically present in Australia. The committee heard a number of principled objections to this approach, including the right of Australian adults to take responsibility for their own lives and the highly dubious ethical stance whereby Australians would be protected from interactive gambling with Australian sites but Australian operators could profit from citizens of other countries.

In addition to the principled arguments, there were a number of significant technical flaws in the reasoning of the bill’s approach. The bill does not make it illegal for a person physically located in Australia to access offshore interactive gaming providers. As the National Office for the Information Economy, NOIE, have pointed out, the technical and commercial difficulties with quarantining access to offshore sites mean that that cannot be reasonably achieved. Thus, if the estimate that 2.1 per cent of gamblers are problem gamblers is accepted, this creates an important anomaly whereby:

The Bill ... will deny the 98% recreational gamblers the benefits of using Australian sites but will not prevent the 2% of problem gamblers from accessing almost all of the gambling sites on the Internet. As offshore sites do not have the harm minimisation features required by Australian regulations, this will exacerbate problem gambling.

As Mr Clark, representing the Northern Territory Department of Industries and Business, stated in the committee hearing:

It is ironic that many of the features that COAG and the Ministerial Council on Gambling would like to see implemented in the physical world are inspired by or easily achievable on the Internet technological platform. Even more ironic is that with many of those that we are currently looking at with a view to moving into the physical world we will struggle to replicate what is available on the Internet ... We expect these features to help in fighting problem gambling. Indeed obviously the Productivity Commission, COAG and the Ministerial Council do as well or they would not have recommended that these features be applied to the physical world.

I have had an opportunity to look at some of the technological mechanisms available to ensure harm minimisation, including smart card technology. While there are some important concerns with privacy aspects of such technologies, I have no doubt that the Internet offers a considerably more effective platform for controlling problem gambling.

I am also struck by the irony this bill will create if passed; namely, problem gambling for online gamblers is currently regulated within Australia to what amounts to world’s best practice. The safety net imposed on gambling with Lasseter’s Online, for example—a voluntary practice, it should be pointed out—goes some way towards harm minimisation. Players at this site can gamble no more than $500 per month and cannot bet on credit but, rather, they set a limit and play to that. There is no endless spiral to the limit of a credit card. If this bill becomes law, online gamblers and certainly those with gambling problems will simply continue to gamble with offshore, foreign based online gaming sites, none of which even pretend to have the same safeguards as existing Australian based ISPs. The net result, if you pardon the pun, is that the passage of this bill has the potential to drive problem gamblers deeper into debt at the hands of unscrupulous operators and, in some cases, Mafia owned gaming sites.

I think it is also important to talk briefly about the gaming versus wagering debate. This legislation stumbled in its early days because the racing industry took exception to
the proposition that it should be included within the bill’s parameters. An argument was developed that suggested there was an inherent difference between gambling on an Internet casino site and betting on a horse. The argument proposes that horseracing requires some level of skill and expertise, whereas gambling is totally mindless, repetitive and open to pure chance. I do not accept this rationale. Risking money on an uncertain outcome, whether that is online gaming or a racehorse, is all gambling as far as I am concerned.

I am unsettled by the hypocrisy which says that losing your money on a horserace is okay but losing your money on Net gaming is not. I am disturbed by the hypocrisy of a Prime Minister who says he does not want to harm jobs for rural and regional Australians in the racing industry, but is silent on the job losses from regional Australians in the gambling industry should this bill pass. And I am uncomfortable with a government that quickly and shamelessly acquiesced to the business lobby and to the electoral threats with which the racing industry spooked the government. For as long as most Australians choose the outcome of a horserace by the name of the horse or the colour of the jockey’s jacket, I will fail to see that skill and expertise play any particular role in that industry.

Let me be clear: I am not opposed to the racing industry, but I fail to see any difference between it and other forms of risking money on uncertain outcomes. The distinction is artificial. For that reason, I am opposed to separating wagering from gaming. It is all the same to me, and semantic arguments to the contrary do not wash with me. If this bill is to pass with wagering as a part of the outcome, with horseracing and other wagering included in the clumsy online ban, then I believe the government should wear the odium of that—and the racing industry, which otherwise claims to support the bill, may like to reconsider its position.

I also want to note the technological mediated harm minimisation approaches that would have a broader spin-off in helping to foster the uptake of e-commerce using smart card and other technologies. Given the government’s rhetoric on an innovation society, it is surprising that they would jeopardise the development of innovative technologies while refusing to tackle the real issue with problem gambling. On a technical note, it should be recorded that Mr Peter Coroneus of the Internet Industry Association considers the bill technically dodgy because the use of Internet protocol addresses as the key to blocking access is flawed. As Mr Josh Giddon, IT writer with the Bulletin magazine, explains, this is:

... because IP addresses aren’t passports, and can’t be relied on to locate someone in cyberspace. Some ISPs will issue IP addresses that indicate the computer is located in the US, when in fact it’s in Australia. There is nothing sinister about it, the Internet just works that way. The upshot is that while many ordinary Australians will be blocked from using gambling services, a significant proportion won’t. The legislation smacks of rampant nanny-statism, and won’t do anything to curb problem gamblers or address the social issues those gamblers cause. For reasons of international perception and domestic practicality, the legislation should be dropped.

I can only say, ‘Hear, hear!’ In closing, I will pick up on one point that Senator Tambling just made. He drew a connection or a similarity between drug addiction and gambling addiction but then went on to say why he supports the bill. I make the point that prohibition on drugs has never worked, and prohibition on the Internet will not work either.

Senator SCHACHT (South Australia) (6.01 p.m.)—I rise to oppose the Interactive Gambling Bill 2001. The remarks of Senator Greig have been most thoughtfully put together. He summed up the position that I take. On this issue he, like me, is a civil libertarian. I am not in favour of the government interfering in the private lives of people unless harm is being done by one person to another. That is the basis of a civilised society. Here the issue is whether gambling is to be partly banned, with some gambling being said to be bad and other gambling being said to be good.

By proposing this bill, the government has been caught in its own hypocrisy. Once people have a chance to read the bill, they will suddenly find that, because of the stupid way this government drafted the bill originally,
under the telecommunications powers of the Constitution of this country, poker machines connected by telephone wires, telephone betting and all such matters could clearly come under the control of the Australian government, which could use its telecommunications powers. These powers are unequivocal and are written into the Constitution.

Once it became clear that this would affect licensed clubs, racing clubs, horseracing, trotting and dogs, et cetera, the government realised that the Prime Minister’s beat-up to try to cater for the populist stream of thought that had passed through his market research people had been undone. Now we have to deal with the stupidity of the government in that they have not withdrawn the bill and said, ‘We got it wrong.’ Instead, they are saying, ‘We’re going to amend it. Internet gambling is crook, but horseracing and poker machines—where you use telephone wires and electronic communication—are okay.’ As Senator Greig said, this has been exposed. The government say, ‘We want to support employment in country racing clubs, or in licensed clubs.’ But, if you are in the Internet industry employing people, bad luck—you lose your job. And where does the job go? It goes overseas. People who use the Internet in Australia will have access to it. Unless the government ultimately want to have their own personal Gestapo running into the rooms of private Australian citizens—checking what they have on the Internet every day and every night—it is impossible to stop.

This government has made an absolute mess of its regulatory arrangements on the Internet. Its obsession with censorship—and its obsession now with gambling—has made it a laughing stock around the world. That is why the opposition will oppose this bill on the second reading. If it gets through the second reading, through the committee stage—and what a fun time with amendments it will be—and to a third reading, we will oppose it on the third reading. If a majority of the Senate lets this bill through with convoluted, stupid amendments, let that be on the heads of the majority of the Senate who vote for it. There is no doubt that, within a short period of time, it will have to be revisited—whichever government is in office after the next election—because this bill is full of unintended consequences in one way or the other.

What I find delicious in one sense is that the Prime Minister has been caught out with his hypocrisy. He played up to the antigambling lobby, saying, ‘Well, we can’t do anything about poker machines; they are the states’ responsibility.’ He has been caught out because his government does have the power constitutionally to substantially reduce the operation of poker machines, phone betting for horseracing, trotting and dog races, et cetera. He can completely wipe it out but, no, that got too hot and his hypocrisy was exposed. So we will get some convoluted amendments to try to exempt those parts of the gambling industry.

The Prime Minister is now saying that there is good gambling and bad gambling. It is a stupid position for the leader of our country to take—to pick and choose between different forms of gambling. I have greater respect for those who are totally opposed to all forms of gambling. There are people in certain churches in Australia who oppose all forms of gambling and say it is bad. The glorious history of the old Methodist Church—

Senator Ferguson interjecting—

Senator SCHACHT—I do not know how Senator Ferguson ended up in the Methodist Church—that is a contradiction in terms. Nevertheless, I know he comes from Yorke Peninsula, and so does my wife. They all grew up in the Methodist Church together, and the Methodist Church has an outstanding and consistent history of being opposed to gambling. I was on the board of 5KA in South Australia in the early 1980s. We owned 20 per cent of a radio station, and the Methodist Church owned 80 per cent. They had a very strict rule that they would not take any form of advertising from lotteries or from the TAB because it was against their philosophy on gambling. I have to say as a civil libertarian—as a Labor Party person—I was more interested in the revenue, but they voted consistently, ‘No, no, no. There will be no promotion of gambling.’
I have great respect for those people, because they are consistent. I also have respect for those who take a civil libertarian view, which I think has been eloquently expressed by Senator Greig. You should have a right as an individual to choose to gamble. But I have no respect for the position of the Prime Minister, who has tried to have it both ways and has now been caught very badly indeed. He deserves to be condemned. In one sense I hope the bill goes through with all these convoluted amendments, because it will expose in the months ahead the stupidity of them. It will expose to the Australian people that those who want to interfere in the private lives of Australians and pick and choose will get their fingers well and truly caught in the meat grinder in the end, and they will be exposed as not being able to deliver.

One of the reasons why the Prime Minister does not want to go near the issue of poker machines and state governments is that he knows that poker machines now provide a significant proportion of state revenue. Many of us may say that there are too many poker machines. It has been said before in this debate that we have more poker machines per capita in this country than in any other country in the world, apparently. What has happened is that state governments are now relying on the revenue from poker machines as a form of taxation. What state governments have done and should be criticised for is that, over the last 30 years, every chance they have had to make themselves popular with their own voters by reducing some useful state taxes, they have rotted their own tax base. They complain to the federal government, ‘You’ve got to give us more money; we don’t have enough tax money,’ or cut services or, in this case, rely on gambling taxes but not admit they are a source of income.

I do not think we should help state governments. If they are mad enough to cut good taxes and reduce taxes elsewhere and are now trapped into introducing and relying on gambling taxes to get their budgets into order, that is a situation they have made. It ought to be recognised that we have a problem in this country that is of the state governments’ own making. They are now dependent upon the spread of poker machines and all other forms of gambling, because this is a form of taxation that they think the public does not know about and it is not the same as having a tax on an item of sale, a land tax, a company tax, a wealth tax or a death duty. Remember when all the states, led by Bjelke-Petersen, said, ‘Death duties are terrible and we will get rid of them’? All the states went along with it because no state could stand to be out of it and then the federal government gave it away. That rotted the tax base of the states.

So what do we have instead? We have something 100 times more iniquitous in many ways and antisocial: gambling taxes. Death duties have been replaced with a gambling tax. A gambling tax has done a lot more damage to Australia, and the gambling in our society has done a lot more damage to individuals, than death duties ever did. But the state governments said, ‘Yippee! We’ll make ourselves popular with the voters and get rid of death duties.’ They replaced them with the spread of gambling and, in particular, poker machines.

It has been a dreadful outcome and all state governments, both Labor and Liberal, in my view, deserve to be condemned. They of course keep coming back to the federal government to say, ‘We want an increase in tax here; give us more revenue.’ I remember one of Bjelke-Petersen’s more famous sayings was, ‘The only good tax is a Commonwealth tax.’ The state governments want us to raise the taxes and they want us to give them the money to spend how they like, without responsibility. That is what some states have been into. The one area in which they have let taxes go up is, as I said, gambling. If the Prime Minister were really fair dinkum, he would say to the states, ‘Let’s get a program going to genuinely reduce the level of gambling in this country.’ That will require compensation. It will require a tax somewhere else to raise the lost revenue. But, no, he will never be near that, except to put a GST on everybody that, again, hits low and middle income earners adversely.

This is a bill that I would not normally have spoken on, but I have to say it was the delicious irony of where this government has
placed itself. Above all, I would have thought that some members of the Liberal Party had a Liberal philosophy that the states should not interfere in the lives of individual people. This would have been the John Stuart Mill view of the world, the Burkean view of the world—or the Hobhouse view of the world—all well-known philosophers in English liberal thought over the last 200 years. I suspect that there is not one member of the Liberal Party now who would know the philosophy of those three people. They would probably think they are the half-back flank for the Sydney Swans. If there were one Liberal Party member who believed in the philosophy of any of those three, particularly John Stuart Mill and Hobhouse, they would be saying that this bill is against all the notions of individual liberty; this is state interference. This is something that Bob Menzies would never have copped. He would understand the philosophy of the Liberal Party. Often we in the Labor Party are accused as socialists, wanting to interfere in the lives of individuals.

Senator Woodley—Not for a long time.

Senator SCHACHT—We were accused of it and still are accused of it, but I do not think there is any connection between—

Senator Woodley interjecting—

Senator SCHACHT—I am a social democrat and I believe in the broad philosophy, but as a social democrat I also believe in individual freedom and the right of the citizen to have choice and not be imposed on by the neo-far Right that is now running the Liberal Party. This is an example of it.

This legislation will not work. It has been introduced for populist reasons, to try to cater to a section of the community who are complaining about the widespread use of gambling. The government will not put up a proposal to deal with gambling per se; it uses this bill—and now the government has been caught out. I look forward to her words. I understand that inside the Liberal Party there is a group called the John Stuart Mill Society.

Senator Ellison interjecting—

Senator SCHACHT—So there is a John Stuart Mill Society. Where are they? Where are they speaking in the Liberal Party today on issues of individual liberty and trying to stop government interference in personal lives? They are nowhere to be seen. This conservative government does not believe in that philosophy anymore. This government has drifted out to the Right and believes that it has a right to interfere in the lives of ordinary Australians in a capricious way and sometimes for political advantage. That is why we have had previous attempts here on Internet censorship—absurd attempts to, I think, cater for the views of Senator Harradine. At that stage, the government probably needed his vote on something.

Senator Ian Campbell—You voted against political advertising. What sort of censorship is that?

Senator SCHACHT—The issue we have before us is that this government cannot outline a philosophy on the freedom of the individual anymore. That is how far the Liberal Party has sunk. That is how far it has descended into a seething collection of self-interest and wedge politics. It is a very big descent. It is disgraceful that the government is here with this sort of bill.

Senator Ian Campbell said that I supported banning paid political advertising years ago. I certainly did, and I still support that. I will tell you why. Because I do not think that in a democracy it is fair to have a society where one group of people have large amounts of money to buy their way and to put their political view onto the forum of the media. There ought to be controls on the amount of money spent on elections. I think that is even in line with a John Stuart Mill Society view of a civilised society—guaranteeing the right of an individual. This Liberal Party supports the right of big money to buy big influence to get outcomes in an election. If you have $1 million to give to the Liberal Party, you can buy that influence; if you have $10 to be a candidate, you have no influence—and we
all know the way that works in modern media.

I do not think there was any contradiction. We were not interfering in the lives of individuals; we were actually trying to constrain corporate organisations from buying political influence. In that proposal we provided that all political parties, any individual, would get some access to free advertising to put their view. There is nothing more democratic than that, Senator Ian Campbell. You do not like the idea that individuals—

Senator Ian Campbell—You like the state controlling free speech.

Senator SCHACHT—I believe in free speech; you believe in paid speech. You believe that the biggest bag at the top end of town buys more influence and has bigger control. I do not believe in that.

The ACTING DEPUTY PRESIDENT (Senator Watson)—Order! Comments should go through the chair, please.

Senator SCHACHT—What we have now, Senator Ian Campbell, is you and your Prime Minister trying to show that you are concerned about gambling. Like many other proposals the Prime Minister has put forward in the last couple of years, this bill has no consistency. There is no philosophical basis for the Liberal Party. We are going to oppose this bill. I will be interested to see whether it gets through. If it gets through, it will do no good to the reputation of this chamber and the reputation of this parliament, but it will do great damage to the reputation of this government—and, if that is the final outcome, I think that will be good. You are a government without reputation. You are a government without philosophy. You are nothing but a government based on going to the lowest common denominator on wedge politics, and your government is full of hypocrisy in doing so.

We will wait to see the final outcome. I understand some of the minor parties have a range of views on this. If you fall for the government’s three-card trick on this bill, you will have to stand to be counted on the joke that this has become. Defeat this bill. Throw it out. Let’s deal properly with the broad issue of gambling and its impact in Australia. This bill does not deal with that. This bill is hypocritical and a joke. It ought to be absolutely defeated.

Senator BROWN (Tasmania) (6.20 p.m.)—My contribution to the debate on the Interactive Gambling Bill 2001 will be brief. The problem of gambling in Australia is growing rapidly and it has to be addressed. I am not one who says that the Internet is there to be free from any legislative intrusion—that is, that society cannot get together and, through its elected representatives, have any impact on the Internet, that the Internet is a democracy-free zone in terms of regulation. I do not believe that any more than you can apply to that the old idea that it was caveat emptor when people went shopping. ‘Let the buyer beware’ just did not work. We have a whole range of rules about what people are able to sell and what they cannot, because we have to act as a society to make sure that there are laws to defend all the players in society. Gambling is out of hand. The opposition is quite right: the state governments have themselves become addicted to gambling because of the revenue that it provides. One thing we are finding through this debate is that the Commonwealth has substantial powers to intervene on that problem in the national interest.

I have been working hard with community groups to get amendments to this legislation. I am very happy, for example, about the way in which wagering is being exempted, because there are more than 100,000 people employed in that industry. It has been here since European arrival, and it is a substantial employer in a way that poker machine and casino gambling are not. There is a difference there. It is a hard line to draw but, in complicated legislation like this, I do not think either prohibition or laissez-faire are easy or good options. We all have to make a decision as to where we draw the line. I have drawn the line at moving to ban Internet gambling as far as poker machine style betting is concerned but not as far as horseracing is concerned. The feedback on that one which I have received from the community, including the Tasmanian community, has
been very positive. I thank those people who have contacted me to say so.

It will, nevertheless, not be perfect because gambling does not allow for perfection. It is a hard job, but I am particularly pleased that, through this legislation, we are making a very real attempt to prevent overseas gambling entities in both gaming and wagering from using the Internet to entice Australians into betting when it is not allowed domestically. I think the amendments there are substantial and will go a long way to ensuring that that does not happen. I am particularly pleased that, just today, we have moved substantially to ensure that bookmakers overseas will not be able to field bets through the Internet into Australia. That concerned me greatly. I did, on behalf of the Greens, at the outset say that I was looking to assist the job rich racing industry. In the last few days I have been concerned about the loophole which would allow overseas bookmakers to entice Australian gamblers through the Internet. It is now going to be closed.

Conversely, we are moving to the position—and I am delighted about this—where we get rid of the double standard which says, ‘If it is not good enough for Australian domestic purposes, we will ban it; but it is okay to export Internet gambling overseas.’ I have good grounds for believing that we are now going to have my suggested amendment that countries which do not want Australian Internet facilities beaming into their households will be able to be designated as countries which are not available for facilities set up in Australia to provide Internet services to. It is a very big breakthrough, indeed. I am looking forward to that amendment going through with this legislation tomorrow.

Let me emphasise that we have come a long way in overcoming the major concern I had, which was that we put a prohibition on gambling because we do not like it spreading into households in Australia through the Internet but that we allow casinos and so on to export it to other countries. Under the proposed legislation, if other countries say, ‘We do not want your gambling houses facilitating through the Internet gambling in our domestic circumstances,’ then Australia is going to move to say, ‘We will make you a designated country and gambling houses in Australia cannot beam gambling, through Internet services, into your countries either.’ I think that is a fantastic breakthrough. It has huge ramifications. It is a very ethical thing to do. If the Howard government support that—and I have every hope they will—good on them.

Debate (on motion by Senator Ian Campbell) adjourned.

Sitting suspended from 6.27 p.m. to 7.30 p.m.

MIGRATION LEGISLATION AMENDMENT (IMMIGRATION DETAINES) BILL 2001

Second Reading

Debate resumed.

Senator McKIERNAN (Western Australia) (7.30 p.m.)—I want to say a few words tonight about the Migration Legislation Amendment (Immigration Detainees) Bill 2001. I am not going to delay the Senate very long in putting a few words on the record. We are told in the minister’s second reading speech in the other place that this bill is the result of serious assaults on staff, mass escapes and extensive damage to property during major disturbances at the Woomera, Curtin and Port Hedland immigration and reception processing centres in recent times. In his speech, the minister also said that it was regrettable that the violent actions of some detainees continue to endanger the safety of others.

The bill seeks to establish a new offence for the manufacture, possession, use or distribution of a weapon. It increases the maximum penalty for escape from immigration detention from the current two years to five years imprisonment, it applies the criminal code to all offences relating to immigration detention and it introduces additional security measures for visitors to immigration detention centres. I think all these proposals are indeed meritorious, but regrettably they do not go far enough. In making that statement, I am not referring to the sister bill to this one, which I believe was introduced in the other place this morning, dealing with strip
searches. That is another matter which we will address at another time.

In making the statement that I do not believe it goes far enough, I want to say it does not address the root causes of the disturbances at the various detention centres. One might ask: what are the root causes of those disturbances? I certainly do not know. I put it to you that my colleague sitting beside me, Senator Cooney, does not know. Indeed, Mr Acting Deputy President Sherry, you do not know, and I am not so certain that the advisers sitting in the box over there know. Maybe they do, but the public of Australia do not know what the causes of those disturbances were.

I can make that statement with some degree of authority because of the scrutiny this matter was given during the consideration of the budget estimates on Wednesday, 30 May 2001. I had the opportunity to ask a series of questions of the minister representing the relevant minister and of the senior officers of the Department of Immigration and Multicultural Affairs about what was happening in the detention centres. I started the series of questions by asking about the amount of damage that had occurred during the disturbances and whether any of the persons who had been part of the destruction of property and put individuals at risk had been brought to justice. We got some responses on that. I went further to ask whether an inquiry had been conducted into each and every one of the disturbances, and the answer came back in a mixed way.

I can now have just recently perused the record, that there was no inquiry into the disturbances at Woomera, at Port Hedland and at Curtin—the matters which are being addressed in this bill. Ms Philippa Godwin from the department did tell the Senate Legal and Constitutional Legislation Committee that there was a consultant engaged at Woomera to make an assessment of what had occurred. I asked whether it was an assessment or an inquiry, and Ms Godwin persisted to say that it was an assessment. When I was pressing the point, she said:

I do not want to be seeming to play semantics, but we conducted an examination of the incidents ...

The secretary to the department came in and said:

I think we reviewed it, Senator.

It was called an assessment or a review—and another word which I cannot just readily pick up was also used—to find out what was going on at the detention centres and what led to these very disturbing events.

I asked Mr Farmer, the secretary to the department, whether the committee could be supplied with a copy of the assessment, using the department’s term, of the events in Woomera in August last year. That is when over $1 million worth of public property was destroyed. It was a very scary situation for the people who were involved in it. Mr Farmer—and I do not criticise him for this answer—said:

I will take that on notice. We do not have the report. I do not know the details. I am not sure what conclusions are in there.

That was fine for Mr Farmer at that point in time, but I would put it to you, Mr Acting Deputy President Sherry, and to the Senate that it is not fine for the Senate to expect that. We need to have the information on what caused those events in Woomera in June last year, and each and every incident that has occurred since then needs to be examined. I think the Senate and the public of Australia are entitled to explanations of what led to these events. All sorts of theories are stated as to why these events occur, why public property is destroyed and why individuals are hurt during the disturbances. I am not going to add my voice to say what the reasons are, because, candidly, I do not know.

The argument was put that the events are caused by long-term detainees whose applications for protection have failed, who now have nothing else to do but cause trouble and who feel it might assist their cases if disturbances were held at the centres. That may be true in some instances. If it is, let the public record show that that was the reason. I know there are currently some court cases about the events in Port Hedland. I do not want to say anything on the public record—as, indeed, I generally do—not—that might in any way influence a trial of people. But the Senate and the public of Australia are entitled to
explanations of why these disturbances are occurring, it would appear, at an ever-increasing rate.

I want to get back to the circumstances where the department had to be dragged, kicking and screaming, to inquire into the very serious allegations of child sexual abuse in the Woomera centre that were made last year. Those serious allegations should have been investigated the very moment they were raised. After having read the Flood report, which came quite late in the process, the department took those complaints very seriously. There is a problem in our detention centres. There must be, otherwise we would not be seeing the number of very disturbing events that have occurred in recent times. The Senate is entitled to know the reasons for it and, through the Senate, the public of Australia are entitled to know the reasons.

The only way that we will get to the bottom of this is through the conduct of a full judicial inquiry. I make the point again because of the happenings during the events that led to the Flood inquiry. Many people could have given evidence to Mr Flood, but there was no protection for those people in coming forward and giving evidence—no protection whatsoever. If you watched our news bulletins tonight, you would know what the defamation laws in Australia are like and why people need protection.

Even people who work for the management operation, ACM, the persons who carry out the management of Australia’s detention centres, have to sign contracts that they will not divulge circumstances. If they had had to come forward to Mr Flood, would their employment have been protected? I do not know. If a judicial inquiry were going on, I am sure that their employment would have been protected. That is another reason why there has to be a full judicial inquiry. It has to be open as well. It is all very well to have an assessment and a review—or to go into the centres and hear evidence, as the Human Rights Subcommittee of the Joint Committee on Foreign Affairs, Defence and Trade did—but that is done behind closed doors. There is great concern in the Australian community about the events that have occurred in our detention centres, and people are entitled to know what happened.

I do not think we should hold up this particular bill in order to get to that. I suggest that the time is coming when it is going to be pressed on the floor of the parliament of the Commonwealth of Australia that a judicial inquiry be held. The public of Australia are demanding answers as to what is happening in the detention centres in Australia, and the parliament is obligated to do everything in its power to ensure that the demands of the public of Australia are answered.

**Senator COONEY (Victoria) (7.41 p.m.)**—In speaking on the Migration Legislation Amendment (Immigration Detainees) Bill 2001, I agree with and endorse the remarks of Senator McKiernan, a man with considerable wisdom in this area. Senator McKiernan has worked hard and well for the people of Australia in the area of immigration over a number of years. His call for a judicial inquiry is most timely. We ought to have a judicial inquiry because this is an area which, as the years have gone by, has created crimes and has led to a situation where the very rule of law in Australia is impugned. I will try to explain what I mean by that statement.

A good place to start is in the second reading speech delivered by Minister Ruddock. The paragraph that I cavil with is on the second page of that speech, and it states:

The bill also increases the maximum penalty for escape from immigration detention from two years to five years imprisonment. This is consistent with the Crimes Act 1914, which contains an offence of escaping from custody other than immigration detention.

What is not said and what should be said there is that people other than those in immigration detention would not be in jail or in a state of detention under Commonwealth law unless they had been arrested and charged. That does not appear, and that is so essential to a proper assessment of where we are going in this matter. If you are going to take people into custody, those people should be arrested and charged, and the matter should go from there. To call the Crimes Act 1914 a precedent for what is being done is just not right. I think that ought to be corrected.
Let me just go through that again. The unauthorised arrivals who are kept in detention in the camps that we have heard so much about have not been arrested or charged with any offence. They are there, as has often been said, so that their backgrounds can be investigated and so it can be seen whether they are genuine refugees, whether they carry any disease, whether or not it is right to bring them into this country as refugees or to send them out as people claiming to be what they are really not. To repeat what I have said, they are not there because they have committed any crime, they are not there because they have been arrested, they are not there because they have been charged with any crime, and yet the minister in his second reading speech calls upon the Crimes Act 1914 as a precedent to what is being done. It is not a precedent, because people who come into this country unauthorised go into detention for an entirely different reason from those who are imprisoned.

The people who, other than unauthorised boat arrivals, are kept by the Commonwealth in detention are kept in detention for the purpose of carrying out the criminal law. That is why they are kept in custody. In other words, it is really a judicial reason that they are there. Here, they are in custody because of an administrative reason, and that is entirely different. This is a new offence in the sense of being different from what the Crimes Act talks about. There is already a provision in the Migration Act 1958 which makes it an offence to escape from detention by the immigration department. That is already there, but that again was a new offence in that such an offence was not contained in the Crimes Act, and the Migration Act has developed in this area over the last few years. I just want to make that point, because I think it is pretty important.

What has happened here is that two new provisions have been put in. In effect, as Senator McKiernan says, the length of imprisonment provided for escaping from immigration detention has been increased to five years. The second offence is that a detainee is guilty of an offence if he or she manufactures, possesses, uses or distributes a weapon, which seems a very reasonable provision. Hopefully, it will be used where it is required. Senator McKiernan made much of the fact that people do not know really what has led to the riots which have occurred in these detention centres. I have a personal prejudice here, which is: if the state locks anybody up then the state ought to ensure that they are locked up in accordance with the law and in such decent circumstances as this community would require. I do not think that, once the state locks somebody up, they should give the care of those people over to a private company, which has happened here.

There has been lots of trouble in these detention centres, which have been under the supervision and control of private companies. There is a problem: you have people who have come from overseas who have not committed any offences in Australia and who are detained and locked up with more and more security as time goes by. It is interesting that they should be the sorts of people that cause the problems that are happening here. The reaction to them is that more and more draconian measures are taken, whether those draconian measures consist of increasing the security of the camps or bringing in more provisions such as we are talking about tonight.

This shift in the way the criminal law is administered in Australia, in addition to this shift in the way people who are locked up are treated and the widening of the ranges of those who can be locked up, are to be seen in the context of attacks coming from this department on the courts themselves—not only in terms of proposed legislation but also in terms of criticism of those courts. We are getting, as a result of the administration of immigration to this country, and in particular of illegal arrivals to this country, a process which is quite corrupting of the rule of law, and that is a worry.

Indeed, the question must arise as to whether or not we should continue to be a party to the Geneva Convention, because it is in being a party to that that these problems arise. Let me make it quite clear: I am a person who believes passionately in the Geneva Convention; I am a person who has spoken strongly over the years in its favour. I think it would be nearly enough to a scandal if we did
denounce that treaty. But, on the other hand, because we seem to be wanting the kudos— the high moral ground—of having this convention but lacking the will to see that it is applied in a fashion that is reasonable, we are getting to the point where the very fabric of the rule of law in this country is in some difficulty.

Indeed, I think the rule of law in this country is under attack in a number of areas. In that context, I raise the issue of how some Aboriginal leaders in this country have been attacked through the media in terms of their reputation and have been denied the protection that the law would otherwise give them. The rules, protocols, customs, traditions and culture that we ought to be building up in this country, and to a large extent have built up in this country over the years, are being subject to terrible attack. People's reputations are traduced—brought down—and there is little capacity for the people who have been treated in that way to find a reasonable answer to the problems that arise for them. It is for that reason we set up courts; it is for that reason that processes of investigation by the police and other bodies have been defined over the years and have been used so that people are not badly treated.

A true democracy requires some risk taking. In other words, people who may well have committed a crime escape because of the processes we use. But as a decent society we say that there are some things that we would not do even to solve a terrible crime. We do not, for example, resort to torture; we do not resort to inventing confessions so that people can be convicted. In other words, there are certain processes that we have in place to ensure people are fairly dealt with—and many would say too well treated on occasion. Nevertheless, unless we have these processes in place we as a society suffer.

People can have the most terrible things said about them and those things can be wrong. I will mention an item from the news tonight. John Marsden in New South Wales has won a libel case, and the libel was a terrible libel. It said that he was a person who had committed gross sexual oppression of children. That has proved to be wrong, according to the New South Wales court. But at least he had the chance of going through that process. There is an attempt on the part of the immigration department to take away judicial oversight of how people are judged and how decision making in respect of people claiming to be refugees is dealt with.

I see this as another part of the attack on the rule of law. I mention Mr Geoff Clark, and I mention Mr Terry O'Shane. Both of these men have been attacked—and in the case of Mr O'Shane, he was attacked in this very chamber, and he is unable to give an adequate answer to that. I think we have got to be very careful how we use our very wide powers in this place. For the good of the proper government of Australia, and for the good of the proper legislating process in Australia, we have absolute privilege in this chamber. I think we have got to be very careful how we use it because people cannot answer in an adequate fashion what we do here.

If you look at these provisions, they are reasonable provisions as they stand. But I think if you look at the second reading speech it would have been much better had no reference been made to the Crimes Act 1914 because I think that gives a tone to this legislation which it should not have. This is legislation which arises out of the inability of a private company to do what it was supposed to do: to keep people in detention and to do that in a reasonable way. It is an illustration of how that inability has led to the making of further criminal provisions which, if the camps were properly looked after, would not be needed.

Again, I must confess a prejudice: I do not like the situation where the state itself—in this case, the Commonwealth—so deals with things that severe measures have to be taken to bring those things under control. I think it is time this whole area was looked at. One of the real problems in all of this is the problem of people smugglers. That is a matter for the Federal Police. There is a close connection between the people smugglers and the unauthorised entrants and it might well be time for the police to take over the investigation of all these people. It is the same with the issue of drugs. The police look after not only the major criminals but also the people who deal in small ways. They look after the
whole range of problems in the area of drugs and I think that it is time they started looking after the whole range of problems we have with unauthorised arrivals.

Senator SCHACHT (South Australia) (8.01 p.m.)—I rise on behalf of the opposition, representing in this chamber the shadow minister for immigration, my colleague Mr Con Sciacca in the lower house, to indicate that the opposition is supporting this bill. We are pleased, firstly, that the government has agreed that, from the bill originally introduced in the House of Representatives, it will take out and treat as a separate item the provision to have strip searches. That was raised by my colleague in the lower house when this bill first debated and we are pleased that the minister has agreed to separate that out. As a result, we are able to support this bill—not enthusiastically in some ways and not on the basis that it gives us great glee or happiness but as a necessity of circumstances that have now occurred.

The opposition is not convinced that these new provisions will automatically mean that people in the detention camps will respond just because there is a threat that they will be more severely punished if found guilty of some of these offences. For example, I do not believe that the people who have been in detention centres for many months and who have had their appeals to be considered refugees and to stay in Australia rejected will automatically be deterred from becoming frustrated and taking out their anger with some unfortunate violent activity or an attempt to escape. I do not believe that the fact that the penalty for escaping has gone from two years to five years or establishing a new offence of the manufacture, possession, use or distribution of a weapon. If people are frustrated and angry, they will act irrationally and may do things, irrespec-tive of this new legislation, even if Mr Ruddock personally appeared at Woomera and told each detainee, ‘These are the new provisions. If you manufacture or are in possession of some weapon that is a new offence, we are going to put you away—"instead of for two years—"for a maximum of five years. If you escape we are going to apply the Criminal Code to all offences relating to immigration detention and we are going to introduce the additional security measures so that visitors who come have to declare that they are not doing anything untoward.’ Does anyone believe that, even if Mr Ruddock were there personally reading this out, this would change the attitude and the frustration of the detainees? Of course not.

This bill is typical of this government in its dying days. This bill is typical of other measures that this parliament is now addressing. For example, before dinner we were dealing with the Internet gaming bill—not as a philosophical issue to deal with the overall problem of gambling in Australia. It was a stunt dreamed up by the Prime Minister that has rebounded on him in that he realised that he would accidentally ban a whole range of telephone betting and telephone connections to poker machines. So that bill is a mess, driven by the Prime Minister trying to have a temporary populist view that resonates with some sections of the community. There is no vision about it, no philosophical basis. It is the same with this bill. This is a
measure to show that the Prime Minister and his minister for immigration are getting tougher on illegal immigrants, the boat people, the 1,000 to 3,000 people each year on average coming to Australia. It will not make much difference at all.

I would be more interested if the Prime Minister and his immigration minister were concerned about breaches of the Immigration Act and if they were doing something tougher about the 50,000 people who breach the law of Australia each year by overstaying their visas. There is no word about that. There is no campaign out in the community to say that there are 50,000 illegal immigrants every year who overstay their visas. I suspect the reason that is not trumpeted by this government is that the biggest overstayers on visas are from Great Britain. In volume, they are the biggest overstayers. However, because they are not Third World refugees, and because they are British or Anglo-Celtic, with backgrounds similar to most of us in this parliament, they seem to be a bit different. It is a bit more acceptable if they break the law and stay in this country.

At the recent estimates hearings, I asked how many of those overstayers have ended up in detention centres. The question was taken on notice, but it was suggested that the figure was five. That means five out of 50,000 end up in a detention centre. However, 3,000 of the illegal boat people who have also broken our law end up in detention centres. I think that shows some hypocrisy on the government’s part. They are willing to beat up on the illegal immigrants and make out that they are much worse than they are, and they attack them. However, they are dead silent about 50,000 illegal overstayers.

During the estimates hearings, I pointed out that some of those overstayers who came in on visas and overstay have committed major crimes in this country. The most famous case I know of relates to a Mr Jon Fredericks. He came into Australia from Germany as a visitor in 1970 on a tourist visa and he stayed. He went on to create the National Safety Council of Victoria, which committed $120 million worth of corporate fraud before it finally collapsed. I do not see anyone saying, ‘This is a real criminal. Why aren’t we getting tougher to stop people like him?’ We ought to look at examples like that to ensure that the government is not using hypocrisy to appeal to the baser instincts of some in our community who express the view that the boat people ought to be dealt with, and everything from, ‘Sink them at sea’ to whatever. That is unfortunate. Governments should have a higher view if we want to live in a civilised society.

This government are not about taking matters to a higher plane. They are about taking them to the base level for narrow political purposes, to try and win an election. It is a sign of the government’s, and the Prime Minister’s, moral decay that these are the sorts of measures that he now talks about. I agree with my colleague Senator Cooney about mentioning the Crimes Act as a method of dealing with people. Whether or not we agree with the determination as to whether they are genuine refugees, they are coming to Australia to try and have a better life. To then say that we are then going to use the Crimes Act is uncalled for. However, this government want to do it. They want to beat their chest and make an example.

Last week, the Joint Standing Committee on Foreign Affairs, Defence and Trade tabled a report in parliament on the visits we made as a committee to the immigration detention centres. I was a member of the Human Rights Subcommittee and I am very proud of the fact that I was the founding chairman of the Human Rights Subcommittee of the Joint Foreign Affairs, Defence and Trade Committee, which was established in 1991. When the report was tabled, the Minister for Immigration and Multicultural Affairs made an astonishing response. He bagged the members of the committee, including the government members because this was a unanimous report. The members of the Joint Foreign Affairs, Defence and Trade Committee have always made compromises amongst themselves and between parties to try and get a unanimous report on issues because we know that, if the report is unanimous, it will have more weight in the community and that its recommendations are more likely to be accepted by the government. The unanimous report shows the community that the recom-
mendations must be serious if Labor, Liberal, National and minor party members can all agree. However, not on this occasion; the immigration minister bagged the report. He bagged the members of his own party who signed the report. He called them naive. He said that we did not understand life and that we had not been around the traps.

Let me tell the immigration minister that, as a founding member of that committee, and even before the committee was founded, as a result of my interest in human rights, I visited refugee camps around the world including in Cambodia, Thailand, Burma, Eritrea and Ethiopia. Those camps are awful. The people in those camps are not having a joyous time. Kids starve to death in those camps. Young kids die of disease in those camps. They die of diseases which, in a modern world, we would think should have been eradicated and from which no-one should suffer.

Other Labor and Liberal members of the committee have visited those camps. They have dealt with immigration and refugee issues. I do not claim to be a hero about this. I just think it is your duty, as a member of the federal parliament of Australia, when you get the opportunity, to go and see what is happening at first hand. Two years ago I was in Macedonia. I visited the refugee camps that were suddenly created as a result of that appalling outbreak of ethnic violence in Kosovo. I was delighted to see the efforts of Australian aid agencies such as CARE running a major camp holding 15,000 people. I talked to ordinary citizens of Kosovo who had been through some appalling treatment.

What was the government’s response to that particular crisis? They said, ‘We will take 4,000, bring them to Australia, put them up here for several months and then we will send them back.’ We did not do that to the refugees from Cambodia or Vietnam. We never did it to the refugees in a hundred different camps in Africa, but we did it for the people of Kosovo. Let me suggest why the government did that. It did that because the Kosovo refugees were Caucasian, white and European. But we would not do that for Asians, Africans or Latin Americans.

It is a sad commentary on this government that, as a stunt, we brought in those refugees as a group and said, ‘Stay awhile,’ and then sent them home. We spent $120 million on 4,000 refugees from Kosovo. That $120 million, if it had been spent in the camps in Macedonia or on the rebuilding of Kosovo after that dreadful war, would have helped tens of thousands, if not hundreds of thousands. But what were we interested in? A publicity stunt. We had the Prime Minister welcoming the first 747 jet, as though it was the Olympic team returning with gold medals from a successful sporting event—a photo opportunity as the refugees were brought to the airport.

We then had various state premiers queuing up to be photographed and competing to have some of the refugees stay in their own states. In my own state, the Premier—he did it in goodwill, I suppose—was photographed conducting an Aussie barbecue for the Kosovo refugees, as though that is the way to treat refugees and to deal with the issue. It was a photo opportunity for Australian politics. The immigration debate has sunk in this country because of the base nature of the Prime Minister and his immigration minister. They are not interested in having a decent approach—it is what can appeal to get the lowest common denominator vote at the next election. It is a disgraceful performance. It is no wonder that others around the world are looking askance at us.

I resent greatly being told by the minister for immigration that I was naïve to sign the recommendations in the report. They are moderate, carefully constructed and thoughtful suggestions about how to run detention camps in this country. Not one of them is out of left field, radical or stupid. Every one of them is sensible. If every one of them were carried out by the department of immigration, it would add to Australia’s standing in the world. I know why the minister said it—it was to say to the redneck in the community that this government is not going to be browbeaten or stood over, even by its own members of its own committee. It was a disgusting performance. It is no wonder that Amnesty International wants the minister for
immigration to hand back his Amnesty badge.

I pay due tribute to Mr Ruddock: he got me to go to Cambodia in 1988, on my first trip overseas as a guest of World Vision, to see refugees internally in that country and to see the mess that Pol Pot had left Cambodia in. Mr Ruddock, at that stage, had a very honourable standing in the aid community for what he was doing and for his commitment to Amnesty International, human rights and refugees. But he accepted the Dr Faustian deal: he became a minister on Mr Howard’s terms to do what the government wanted for political purposes in respect of how to handle immigration. I feel very sorry for Mr Ruddock. Until he became the immigration minister and had to accept the Prime Minister’s agenda, or the hard-headed right-wing agenda of other cabinet ministers, he had a very honourable role in parliament on human rights, immigration and related matters.

When the government goes down to defeat, as it surely will, at the end of this year, Mr Ruddock will look back at his career as minister for immigration. The hardheads on the right, those who have a racist view about what Australia should be and those who oppose multiculturalism will pat him on the back, but the overwhelming bulk of Australians who want a decent civilised society will say, ‘Bad luck, Philip; you didn’t do the job you should have done.’ I look forward to a Labor government coming to office at the end of this year, with my colleague Con Sciacca as immigration minister, and having an immigration policy that will deal with these difficult issues, but from a humane perspective that we will be proud of.

I conclude on one point: many of us in this country have descended from illegal immigrants. In 1861, my great-grandfather on my father’s side of the family was about to be conscripted into the Prussian army of Bismarck to fight in the Danish war. He decided that he was not going to be conscripted. He had enough money to get on a boat out of Hamburg harbour with his brother, and they both happened to come to Australia. My great-grandfather was an illegal immigrant. He got off the boat in Brisbane and lived in Australia. I hope that, four generations on, all his descendants have made a contribution to the development of the country.

**Senator Cooney**—Including in Gippsland.

**Senator SCHACHT**—One of my great-grandfather’s descendants went to Gippsland, where I grew up, and one of those descendants was Peter Shack, a former Liberal member for Tangney in Western Australia; we are related as a result.

My great-grandfather and his brother came here as illegal immigrants escaping conscription into the Prussian army, like many others did in the 19th century, and they contributed to the development of this country. Some now say that just because we have a different view, because we have a view that this does not look comfortable, it is bad luck. There are some of us in this country who have done well. I am glad that my great-grandfather came to this country as an illegal immigrant and gave me a good chance, four generations on, to lead a successful life, I hope, in this country. The opposition supports the bill, but not with great enthusiasm. (Time expired)

**Senator HARRIS (Queensland)** (8.21 p.m.)—I rise to speak briefly on the Migration Legislation Amendment (Immigration Detainees) Bill 2001 and place on the record that Pauline Hanson’s One Nation will support the government on this bill. I disagree with Senator Schacht, who maintains that the overwhelming majority of Australians are against the government’s bill. If we go to a public domain on the Internet called Public Debate and have a look at the results of the people who have registered their vote on this issue, we clearly see that 86.5 per cent of those people agree that, because the illegal boat people are not immigrants, they should be resupplied, turned around and sent back. Only 11.2 per cent of those people disagree with resupplying them and sending them back. So there is overwhelming support by the Australian people, who are concerned about the proliferation of these illegal boat people. They are also concerned that these people, by queue jumping, are placing pres-
sure on the places for genuine political refugees.

Australia has, I believe, an extremely proud record in relation to our acceptance of political refugees. Australia accepts more on a per head of population basis than any other country in the world. We accept approximately 12,000 refugees into this country on an annual basis, and 4,000 of those places are set aside for political refugees who do the right thing, go through the internment camps, are processed correctly and justifiably are then allowed entry into Australia.

The bill is a result of the pressures that have been created within detention centres. We have seen, over the last few months, reports in the newspapers that these illegal boat people are actually being staged through centres to the north of Australia as a result of well-organised and very profitable illegal activity that is assisting them to enter this country. When they do enter it illegally, they are justifiably held in a detention centre, and this is the basis of this bill. If a person actually being put through the process of entering a detention centre is what we generally refer to as ‘patted down’ as a search process, the officers present do not have the right to remove any object from that person. This is absolutely ridiculous. The officers have to go through an extremely complex process to have somebody come in who has the legal right to remove what they believe to be a weapon of some form or an object that that person should not have in a detention centre. This is ludicrous. People’s safety could be put at risk because of their inability to carry out the work that they need to do. So the government are correct in bringing this bill forward; they are correct in assisting those people who have a responsibility and a duty of care not only to the officers that are running those detention centres but also to the inmates.

I believe that the government are justified in bringing this bill through; it is the correct procedure. We need to stay mindful of the fact that these people are not immigrants; they are illegal boat people. ‘Immigration’ has a connotation of a person translocating from one area to another legally. These people are not doing this. In some cases they are even violating the laws within their own country by accumulating funds outside that country to pay the smugglers who are assisting them to arrive here. If a person has between $US6,000 and $US8,000 to pay a smuggler, I do not believe that they equate to a political refugee. If they choose not to take the first place of safe haven outside the area from which they are saying they need to flee because of political retribution, then they are no longer a refugee. In other words, if they stage themselves through a series of countries to arrive at our border, they are most definitely selecting where they are going to eventually try and illegally enter.

In concluding, I indicate that Pauline Hanson’s One Nation will support the government’s bill because we believe it is necessary to assist the people that are administrating these detention centres to allow them to carry out their functions in a safe and proper manner.

Debate (on motion by Senator Tambling) adjourned.

PASSENGER MOVEMENT CHARGE AMENDMENT BILL 2001

First Reading

Bill received from the House of Representatives.

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

Bill read a first time.

Motion (by Senator Tambling)—by leave—proposed:
That the provisions of paragraphs (5) to (7) of standing order 111 not apply to the bill, allowing it to be considered during this period of sittings.

Senator O’BRIEN (Tasmania) (8.31 p.m.)—The opposition will be supporting this motion and facilitating the debate of this bill as we agreed. We are surprised that it is the intention of the government not to close off any of the debates on the bills that are the subject of tonight’s proceedings. That was not our understanding of what would occur. We will not be opposing that, but we do express our surprise that the government will keep the debate open so that senators who have not made themselves available to speak
tonight can speak tomorrow. That is a decision of the government’s and we will not oppose it.

Question resolved in the affirmative.

Second Reading

Senator TAMBLING (Northern Territory—Parliamentary Secretary to the Minister for Health and Aged Care) (8.31 p.m.)—I table a revised explanatory memorandum relating to the bill and move:

That this bill be now read a second time.

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

Leave granted.

The speech read as follows—

The purpose of this bill is to amend the Passenger Movement Charge Act 1978 (as amended) to increase the rate of the Passenger Movement Charge by $8, to $38, with effect from 1 July 2001. The increase was announced by the Treasurer in the 2001-02 Budget and will fund increased passenger processing costs as part of Australia’s response to the threat of the introduction of exotic pests and diseases such as Foot and Mouth Disease.

The Passenger Movement Charge, which is imposed on the departure of a person from Australia, is collected by airlines and shipping companies at the time of ticket sales and then remitted to the Commonwealth in accordance with arrangements entered into under section 10 of the Passenger Movement Charge Collection Act 1978.

Because of the nature of the airline industry, where tickets for travel are sold up to twelve months in advance, the increase in the Charge will not apply to a departure of a person from Australia on or after 1 July 2001 where the person departs using a ticket or an equivalent authority and the ticket or authority was sold or issued before 1 July 2001.

Senator SCHACHT (South Australia) (8.32 p.m.)—I would have appreciated having a copy of the revised explanatory memorandum to the Passenger Movement Charge Amendment Bill 2001 before I spoke on this bill, because I do not know what it says. I have no idea whether it is relevant, whether it is just another press release from the government or whether it is significant to the measures of the bill. The second reading speech—the one I have here—is literally three paragraphs stating the obvious.

I ask, with your leave, Mr Acting Deputy President Sherry, that the parliamentary secretary indicate what the change is to the amended explanatory memorandum. It is very unsatisfactory to speak on a bill when you are not sure that you have all the facts before you. Could the parliamentary secretary explain very briefly the difference between the two explanatory memoranda?

Senator TAMBLING (Northern Territory—Parliamentary Secretary to the Minister for Health and Aged Care) (8.33 p.m.)—by leave—I am advised that the difference takes account of the amendments that were made in the House of Representatives to the bill as introduced. Therefore, the revised explanatory memorandum picks up those issues.

Senator SCHACHT (South Australia) (8.33 p.m.)—by leave—Is the bill that I have here—which is the House of Representatives bill—the one that has been amended? Does the amended bill contain amendments that were carried? Which of the amendments have been carried, Parliamentary Secretary? This is really annoying. I know these are committee style questions, but you would get up and make a goose of yourself if you were going to speak on a second reading and found that things had changed under your feet, that you were speaking to a different bill and a different explanatory memorandum.

Senator TAMBLING (Northern Territory—Parliamentary Secretary to the Minister for Health and Aged Care) (8.34 p.m.)—by leave—I am advised that the formality of the situation is that the bill that has been tabled is that which reflects the amendments that have been made in the House of Representatives. Therefore those changes have been subsequently incorporated in the revised explanatory memorandum. I draw Senator Schacht’s attention to the paragraph in the outline, which reads:

Certain departures of persons from Australia will be exempt from an increase in the rate of the charge to $38. These are departures that are made by a person using a ticket or equivalent authority, where the ticket or authority was sold or issued before 1 July 2001.
Senator Schacht—This means that there will be a brief committee stage on this bill.

The ACTING DEPUTY PRESIDENT (Senator Sherry)—Are you ready to proceed with the second reading debate?

Senator Schacht—I would rather move that the debate be adjourned. I am not ready to go on this in view of what has just been said.

Senator O’BRIEN (Tasmania) (8.36 p.m.)—I move:

That the debate be adjourned.

I understand that it is procedural, but we would expect this bill to come back on after the next bill.

Question resolved in the affirmative.

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

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

Second Reading

Debate resumed from 26 June, on motion by Senator Ian Macdonald:

That this bill be now read a second time.

Senator O’BRIEN (Tasmania) (8.36 p.m.)—Obviously this is a change in the understood order for this evening. Senator Evans has just arrived and I was merely going to fill in time until he did. With that, I commend Senator Evans. I am sure he will say a lot more sensible things about this bill than I can.

The ACTING DEPUTY PRESIDENT (Senator Bartlett)—Senator Evans, you probably cannot build on that extensive contribution, but do you have anything extra to add?

Senator CHRIS EVANS (Western Australia) (8.37 p.m.)—Thank you, Mr Acting Deputy President, I do wish to speak on the Health Legislation Amendment (Medical Practitioners’ Qualifications and Other Measures) Bill 2001. Before doing so, I do not think I could start without passing comment that this has been the worst organised end of session debating program since I have been elected to the parliament. In my eight years I have not known such a catastrophe as the management of the Senate in the last couple of days. I think the way this whole proceeding has degenerated into farce is quite disgraceful. It does this place and the government no credit at all.

Having got that off my chest, I want to make a serious contribution to this debate, because it is about an important bill. If the government had treated it with a bit more importance, we might have dealt with it better than we have done on this occasion. We certainly should have dealt with it earlier in the session when we spent weeks doing virtually nothing. Now, all of a sudden, we have to deal with very serious bills in record time without any sense of organisation. This particular piece of health legislation brings back before the Senate three measures that have been brought before us before—in fact, in the last two years—in other bills: the repeal of the sunset clause on existing arrangements for graduate doctors to access Medicare provider numbers, the introduction of new arrangements for pathology specimen centres and several minor changes that refine the definitions of various matters in the Health Insurance Act 1973 to make enforcement more easily achievable and to bring the procedures for registering overseas doctors on permanent and temporary visas into line. The opposition has no objection to these minor changes.

The objectives of the pathology measures are to encourage more judicious use of pathology and to improve quality and communication. The specific effect of these changes is to bring the system applying to public and private collections centres into alignment. This will have some competitive neutrality advantages, but there are some issues concerning the impact of the arrangements on public pathology laboratories, particularly in hospitals in regional centres. There are also concerns that the rules on new entrants will unfairly disadvantage small providers and entrench the virtual monopoly of large providers that has been cemented under this minister. The opposition put forward reasoned amendments to the bill when it was originally presented, and the government
accepted those amendments and voted for them. Strangely, they have not been included in the bill as re-presented, even though the government’s amendments have been included. It will therefore be necessary for the opposition to again move amendments to protect small businesses in the pathology sector. The central point is that the guidelines that the minister must issue should ensure that the barriers to new entrants are not so high as to create a virtual monopoly amongst the large players.

The main issue at stake is the sunset clause originally put in by the Senate to ensure that the training arrangements for young doctors would be properly examined and refined. The government has stubbornly refused to negotiate and has repeatedly tried to get the sunset clause removed. Last year the original Health Legislation Amendment Bill (No. 4) 1999 was split and the sunset clause provisions included in another bill called the Health Legislation Amendment (Minimum Proficiency Requirements for Medical Practitioners) Bill 2000. This remains on the Notice Paper, although the government has ignored the Senate deadline of 18 June for debating this bill this year and has instead introduced this third bill which has been passed in the House of Representatives. The situation is a bit like the Senate program tonight—a complete mess. It is a product of the combative approach of the Minister for Health and Aged Care to outside interests. It is a product of the health minister’s efforts—the health minister whose battles we have been following in the press with such interest over recent months. He has managed to alienate all the key doctor groups, including young doctors, creating much confusion along the way. The sunset clause has become a symbol to medical students, who feel the continuation of it is the only way they can force the Howard government to negotiate appropriate training arrangements with them.

I want to make very clear tonight that Labor does not support a return to the pre-1996 situation, and neither do the doctor organisations. The opposition supports the broad principle that graduate trainees should be in a different category from fully registered doctors, who have completed their training. It is not appropriate for young doctors to have an unrestricted Medicare provider number, as they are still going through paid training to acquire the full range of skills they require as a specialist or general practitioner. The doctors in training whom the opposition has consulted, agree with this. Young doctors need a fair and flexible system for their postgraduate training. After graduation, young doctors need the opportunity to expand their skills and experience through experience in hospitals and supervised placements. They need the opportunity to look around at the options that a medical career offers. Currently, they have a chance to look at each of the specialties, but only limited opportunities are available for general practice.

The schemes established by this minister only offer unsupervised placements in rural areas or on late night locum services. This effectively disregards the training objectives and uses students in inappropriate settings. The Phillips report recommended the repeal of recent Wooldridge regulations that allow students to work unsupervised doing night locum work, but this has not been done. While some students are keen to get any GP type work, it is simply inappropriate that insufficiently trained graduates should be used in this way. The minister should have acted on the Phillips report recommendations and replaced the existing schemes with new arrangements which provide training opportunities in a supervised setting. He has sat on his hands for 18 months and the problem of inexperienced doctors working in unsupervised situations has not gone away.

The other key step the minister should have taken is to allow a short community term of up to 13 weeks for pre-vocational students to try a period of supervised general practice. This is exactly the situation that applies to all areas of specialty practice. In the two or three years between graduating and deciding which area to specialise in, most students do a succession of placements, working in particular areas of medicine or dealing with the broad range of medical problems that arise in hospitals. These placements are also usually fairly widely spread, including experience in large and small hospitals, rural areas and community
health type positions. It is a good system that offers diversity and interest to young doctors. The students’ beef is that the one area that is denied them is supervised general practice. As around a third of young doctors will enter into general practice, this is a major deficiency. Offering young doctors unsupervised rural placements or late night locums is no substitute for proper training opportunities and a chance to work with real GPs.

Labor wants to fix this problem, and in government Labor would negotiate with young doctors to provide them with a reasonable range of opportunities to have supervised training, including community terms in areas of work force shortage. The imbalance in the current medical work force means that there will need to be some limits. The supervised training will need to be focused on areas of work force need, which means rural and regional centres and the outer suburbs where doctors are too few and waiting times too long. The difference will be that young doctors at the start of their careers, instead of being sent to operate unaided in remote locations, will go to work alongside those doctors in our system who can properly supervise them.

Limiting the area served has been discussed with doctor organisations, and they understand the need to proceed with incremental change from the current situation whilst dealing with the principal problem of restricted choice for young doctors and ensuring that training positions are properly supervised. Labor will be moving an amendment to ensure proper supervision and to provide for community terms in areas of work force shortage. This wider definition will give young doctors access to community terms in rural or urban settings. At present the government is prepared to offer only unsupervised opportunities in remote rural locations.

If elected, Labor will set up proper processes to deal with the detailed design of these programs to ensure that young doctors are treated fairly and have a say in the choices available to them in pursuing their careers. Rural areas will not miss out, as the extra places will be taken by people who want to try general practice but are unable or unwilling to take part in the current very limited schemes. Labor believes that there is a need for fundamental reforms to give young doctors more flexibility under a fairer system for allocation of the available places. New arrangements should provide a better match with where doctors are required in rural areas and outer suburbs and the specialties in which they want to practise.

Labor is also concerned that the current bill will retain the sunset clause on the Medicare Training Review Panel. This group has done good work, with four annual reports on the state of GP training. To abolish the panel without making provision for this work to continue is, in our view, unacceptable. There is also a need to build on the work of the Australian Medical Workforce Advisory Committee and to broaden its role. There are significant problems with the training of young doctors, but there is a need for an overall planned approach that looks at future work force needs, integrating the estimation of future demand for doctors with demand for nurses and other allied health groups. I am pleased to see that the Commonwealth has recently established a review of AMWAC.

There are important issues to address and there is a need for some consolidation of effort and coordination between the numerous groups with an interest in this issue. The new company, called General Practice Enterprise Training Pty Ltd, has not defined its role and has added to the confusion and uncertainty. The idea of competitive tendering by regions for the provision of GP training by a range of groups has been announced without any detail, with no definition of the regions and no clear explanation as to who is competing with whom. This is not encouraging as it will not help achieve the outcome that is the most important: getting more doctors working long term in rural areas.

The available evidence provides some sobering information about the relative lack of success of recent efforts in this direction. The minister has been using a figure of a 14 per cent increase between 1995 and 2001. However, this is the increase in the total number of doctors who spent some time in a rural area and billed Medicare. Even the minister
has publicly acknowledged that these are misleading figures because they include a large number of temporary placements occurring for short periods. The only meaningful data is the number of full-time equivalent doctors practising in rural Australia.

The latest data comes from a question placed on notice at the February 2001 Senate estimates. This shows that the total number of GPs practising in all rural and regional areas increased from the equivalent of 3,553 full-time doctors in 1996-97 to 3,584 in 1999-2000—that is, 3,553 to 3,584. In other words, there was a marginal increase of less than one per cent spread over four years, or an average of 0.2 per cent a year, which is well below the population growth. Looking at these figures in more detail reveals that the number of Australian trained doctors in these areas has actually fallen and has been offset by a six per cent growth in the number of overseas temporary resident doctors who have taken up positions in areas of need.

This is sobering news because it shows how far we have to go to increase the number of rural doctors. The only long-term solution rests with getting doctors working in rural areas on a long-term basis, not just for temporary periods. This means we should not be just trying to force a few more students into the bush, but we should have well thought through plans that doctor organisations support that make sense of undergraduate, postgraduate and vocational training. Rural Australia needs long-term solutions, and to date we have seen only short-term stopgaps that have alienated young doctors and exacerbated the problem. I hope that the government has enough sense to see that it is not in its interest to pursue the minister’s vendetta against doctors and anything the AMA supports. It is time for sensible discussion and legislation that is in the interests of the long-term future of the medical profession and in the interests of Australian consumers having access to quality services under Medicare. We hope we see an outbreak of commonsense on this issue.

The opposition will not be opposing the passage of the bill at this stage, but I do flag our intention to move amendments to extend the sunset clause, to introduce community terms in areas of work force need in both the city and rural areas, to retain the Medical Training Review Panel and to provide protection for new entrants to pathology. Those amendments will be moved by the Labor opposition in the committee stage tomorrow. I hope that the debate tomorrow occurs in a proper environment and that this bill is given the serious consideration it deserves.

Debate (on motion by Senator Ellison) adjourned.

PASSENGER MOVEMENT CHARGE AMENDMENT BILL 2001

Second Reading

Debate resumed.

Senator SCHACHT (South Australia) (8.51 p.m.)—I appreciate the Senate’s courtesy in allowing us to adjourn briefly the second reading debate to sort out the so-called revised explanatory memorandum. My confusion was created by the fact that, at that stage, the first explanatory memorandum had not been tabled, so I was not sure what we were revising. Now that that has been explained and we know what the amendment was that was accepted in the lower house, that is fine.

I rise to speak on the Passenger Movement Charge Amendment Bill 2001, which gives effect to the Treasurer’s budget announcement that quarantine protection of Australia’s airports will be strengthened to protect the country from foot-and-mouth disease and other risks to our environment and agriculture. The opposition wholly supports the principle of the new arrangements announced last month by the Minister for Agriculture, Fisheries and Forestry, whereby all cargo and mail entering Australia will be inspected, and passengers and their luggage arriving by air will be screened and/or inspected by AQIS officers. Indeed, the spending measures associated with this initiative are vital to ensuring the integrity of Australia’s biodiversity and the viability of the country’s agriculture and tourism industries.

However, at the outset I indicate to the government that Labor has reservations about the way in which the government will be funding the measures identified in this
In order to fund these measures, the government will be increasing the passenger movement charge—which, in legal terms, is a tax levied on passengers departing Australia—in the order of 21 per cent, from $30 to $38. The increase will come into effect on 1 July this year. The government have proven, and are still proving, how absurd their promises prior to the 1996 election were about not increasing taxes. Their sweeping statements about never, ever increasing taxes sound very hollow indeed. Since the 1996 election, and if our count is correct—and I am sure that, if it is not, it would only be out by a margin of one or two—there have been 120 instances when the coalition has increased taxes. But then I am sure the Australian public would not be surprised at this tally, especially those working in small business who have borne the brunt of the Howard government’s legacy of broken promises on the GST.

Senator Lightfoot—We did not make that law: l-a-w, law, did we?

Senator SCHACHT—Are you going to enter the debate! Senator Lightfoot, I welcome your interjection. In fact, I would have thought that you, as a representative of the right wing of the Liberal Party in Western Australia—

Senator Lightfoot—Moderately right wing.

Senator SCHACHT—In Western Australia to be moderately right wing in the Liberal Party is a contradiction in terms. I would have thought that you were either right wing or extreme right wing. Senator Lightfoot, I respect the fact you do not hide your views under a bushel; you are no shrinking violet in laying the glove on—usually to other members of the Liberal Party, not to us. I congratulate you on the campaign you conducted to break the arm of the Treasurer to stop the takeover of Woodside. You were very voluble in that campaign.

Senator Lightfoot—That was consensual.

Senator SCHACHT—At that stage you reminded me of a member of the Communist Party defending national interest and national assets. There is a saying that, when you go round the wings from the left and the right, they actually meet round the back and have similar views about a number of issues—and that proves it to me. I congratulate you. You were successful. I thought that the outcome was very good for Australia. Although you had to break Mr Costello’s arm on the way through, you did it very nicely, very neatly, very cleanly.

Senator Lightfoot—The Treasurer was very cooperative.

Senator SCHACHT—He was very cooperative as you broke his arm, dislocated his shoulder and ripped his foot off. Well done.

One of the issues that we are concerned about is the overcollection of the passenger movement charge. It appears that the objective of this increase, under the guise of the foot-and-mouth protection measures, will follow in the tradition of previous PMC increases—to feather the government’s consolidated revenue nest. During the most recent round of Senate estimates, it was revealed that before this latest PMC increase, revenue collected from the passenger movement charge exceeded cost recovery by $80 million. In the explanatory memorandum, we are told that an $8 increase will bring an increase in revenue of $288 million over four years. This overcharging is not an insignificant amount; it is not an accounting error at the end of the year. This is a substantial amount of money which is being collected beyond the notional cost of customs, immigration and quarantine processing of inward and outward bound passengers and the costs of issuing short-term visitor visas. The government had an additional $80 million to play with after it was paid into consolidated revenue.

Where is this money going? How is the government using this additional revenue? Why isn’t the government accounting for this overcollection? Where is the so-called fiscal responsibility which our Prime Minister, Mr Howard, is so keen to keep reminding us of? An associated issue here is that, while the government is collecting this revenue, it is not distributing any of it to the tourism industry, which is arguably most affected by the tax being levied. The tourism industry is the biggest export industry in Australia. Why
then is the tourism industry being milked to combat foot-and-mouth disease? Shouldn’t some of this money be redirected to promote Australia’s clean, green image? As I say, tourism is our biggest export earner, but this government treats tourism as a side issue. We know that the tourism industry has been drastically affected in many areas by the introduction of the GST on the cost of the services it provides.

Why did the government reject calls for the Australian Tourist Commission to receive additional funds to compensate for the slide of the Australian dollar in overseas markets, which is eating into its international advertising efforts? Why did the government ignore the ability to sustain television advertising and emerging market activity, which has proven to be a real challenge for the Australian Tourist Commission because of the decline in the organisation’s real spending power? The key point here is that television advertising is a key medium for motivating potential international travellers to choose Australia as a holiday destination. The impact of not providing supplementary funding to the ATC is best summarised this way: firstly, ATC television advertisements will be withdrawn in France, Germany, Hong Kong, Indonesia, Japan, Korea, Malaysia, Taiwan, Thailand and the UK, leaving only China, India, New Zealand and Singapore. Secondly, ATC activity in emerging markets will be cut from five countries to one country. Money put into tourism, our biggest export market, has been substantially reduced, when there is an $80 million surplus on the passenger movement charge! I know a bit about the passenger movement charge: I was the minister for customs who introduced it. We had to negotiate with the airlines to include the charge in the ticket.

Senator Lightfoot—It makes it a bit suspect.

Senator SCHACHT—I knew you could not help yourself, Ross. I always look to Senator Lightfoot’s contribution. You always know that he will make some remark like that. Senator Lightfoot, I know you said that flippantly, but the passenger movement charge is an improvement in processing, where people go straight through instead of having to go and get stamps in their passports. The airlines initially complained. They came and lobbied me, saying, ‘This is terrible. We shouldn’t have to bear this.’ They said that all sorts of terrible things would happen to their ticketing system. We gave them a period of grace to introduce it and, as far as I am aware, there is now no complaint. It is very efficient for tourists and for our own people travelling in and out of Australia to have it automatically in the ticket.

This is one area of government that is in the national interest. That $80 million or a significant portion of it could have been very usefully spent in our tourism industry to promote more tourists coming to this country, which would enhance and reduce our current account deficit. My colleague Mr Joel Fitzgibbon in the lower house, who is the shadow minister, has raised this issue on a number of occasions. We treat this as a high priority area. When in government, I hope we can say to the Australian Tourist Commission that the passenger movement charge is hypothecated against the cost of these services and that, if there is a surplus, it is not unreasonable for people to argue that that should be hypothecated into promoting more tourism in Australia.

The opposition support this tax. We do not support some of the reasons it has been created. We believe that the government has taken a bit of an extra dip along the way with the $8 to raise extra funds for consolidated revenue, irrespective of the fact that there is already, as we point out, an $80 million surplus in what the tax raises compared with the cost of servicing tourism. We do not oppose it. As I emphasised, we point out that this is one of many additional taxes that this government has introduced. In 1996, the Prime Minister, then the Leader of the Opposition, emphasised that there would be no tax increases. He said we would never ever have a GST. Of course, we know that got dumped. We know there was the so-called superannuation surcharge, which was a tax. We remember sitting through endless estimates hearings with Treasury, the finance department and the Taxation Office, when poor, beleaguered officials, at the direction of their ministers, could not use the word ‘tax’, de-
spite having put in front of them the Macquarie Dictionary or the Webster Dictionary definitions of a tariff and a tax and the fact that these definitions all met the descriptions of the passenger movement charge, the superannuation surcharge and all the others.

This government is a high taxing government. I quoted earlier in the week remarks made by the Institute of Public Affairs, a right-wing think tank founded by the father of the Assistant Treasurer, Senator Kemp, and the Minister for Education, Training and Youth Affairs in the other house, Dr Kemp. The institute pointed out that, in terms of percentage of GDP, this government is the highest taxing government in the history of Australia other than at wartime. It is the highest taxing, highest spending government in history.

Senator Ellison—We have raised the GDP.

Senator McLucas—Are you denying it?

Senator SCHACHT—You are not denying it?

Senator Lightfoot interjecting—

Senator SCHACHT—Go and have the argument, Senator Lightfoot, with your friends at the IPA.

Senator Lightfoot—The percentage is less but the take is greater—that is all I am saying.

Senator SCHACHT—This is the highest taxing, highest revenue raising, highest spending government as a percentage—

Senator Ellison—What about our income tax cuts for the battlers?

Senator SCHACHT—I cannot believe my luck. Senator Ellison, the IPA pointed out that your tax cuts go back $12 billion to $13 billion, but bracket creep took in an extra $20 billion. You have given back only half of what you got out of bracket creep. This is the sort of thing the IPA—

Senator Ellison interjecting—

Senator Lightfoot interjecting—

Senator SCHACHT—You have collected more than you have given back in tax cuts, even for the GST. That is why you are the highest taxing government as a percentage—

Senator Lightfoot interjecting—

Senator SCHACHT—Of course, we know they always look after their mates at the big end of town, except Senator Lightfoot did them over at the big end of the Shell company over Woodside. By and large, yes, you have reduced tax levels a few percentage points for corporate tax, but all the other poor mug punters, the average wage and salary earners, have not got much of a tax cut and have got a GST on everything they buy. We have here a government that has increased taxes, increased revenue and spent the money over the last 18 months like a blind drunk at a bacchanalian financial feast.

Senator Lightfoot—You do not know anything about that.

Senator SCHACHT—If you knew a bit of Greek or Roman history, Senator Lightfoot, you would know what a bacchanalian feast was. That is how the government have treated the finances of this country. Three years ago, in the out years in the budget papers, the government predicted that this year we would have a budget surplus of $15 billion. That was in your own budget papers three years ago, I believe. Now what is the surplus? It is $1.5 billion, if you believe all the rubbery figures. Over the last 18 months, the government have spent money willy-nilly to buy off every pressure group which they are losing and which they know will cost them government.

I said earlier today on other bills—the Interactive Gambling Bill 2001 and the Migration Legislation Amendment (Immigration Detainees) Bill 2001—that this is a government in decay. This is a degenerate government that has lost all sense of fiscal responsibility. Whoever you are, if you turn up with an idea or a bit of pressure, this Prime Minister will send you a cheque. It does not matter where it is. There is no rhyme or reason to these payments or this increased government expenditure. I would be delighted about increased government expenditure if I knew it was going into education, health and infrastructure that had a capital, value added return to the community over the next de-
ade. But it is not. It is sprayed everywhere without any rationality and without vision.

This Prime Minister is not noted for having any vision. At the moment, he has the chequebook out. If you want to buy off a group, John Howard, Prime Minister, will sign the cheque or get Peter Costello to do it on his behalf. This year, the Howard government has sunk into the ignominy of comparison with the McMahon government in its declining year and the Fraser government in its declining year: every fiscal structure has been thrown out the window in a desperate grab to buy votes. It did not work in 1972, it did not work in 1983 and it will not work now. People will accept government expenditure and accept increased taxes if they believe the money is being spent to the advantage of the community. It is not being spent to the advantage of the community.

I am talking about the $300 payment to pensioners. Everyone said: ‘Well, we were promised $1,000. They dudded us on the $1,000 and now they’re going to try and get us back for $300.’ That is typical of the way this government has now placed themselves. No-one believes them. Whatever they do is now seen purely as an electoral fix, with no vision for the future. It is ironic that this bill does have an element of public good about it—the justification is to stop foot-and-mouth disease getting into this country. We all agree with that. But when it was announced by the Treasurer, he did not call it a tax increase, which would have been the honest thing to do. We still would have supported it. He did not explain that this passenger movement charge is collecting $80 million more than it costs to administer the system. That would have been fair dinkum.

If the Treasurer had fessed up to that tax increase in the budget speech, he then would not have been able to justify the $8 increase, the 21 per cent increase, because we would have said, ‘Well, you’ve got $80 million spare.’ Anyway, he collected the $80 million and what has really been dudded is the tourist industry, our biggest and most successful export earner. I find that astonishing. The coalition tell us that they are always looking after small business and medium sized enterprises. Much of the tourism industry is small and medium sized enterprises, yet the coalition are doing everything to kick those in this industry in the teeth, to break their legs and to put them out of business. Whether through the GST or a lack of proper funding to promote more tourism in Australia, the government really are making those in the tourism industry hurt.

If a Labor government had been in office and had introduced a GST like this on small business—or introduced this PMC without putting money back into the tourism industry—the noise from other side would have been deafening, saying that we were letting down small business. Yet, for some extraordinary reason, the Liberal and the National parties have forgone their support and have deliberately attacked small business in this country. I suspect, in about five to six months time, the people will make their views known about this, and this degenerate and decaying government will finally be tossed out. We all note the five and a half wasted years, but at least a decent Labor government will be in, trying to repair the damage that you have inflicted unnecessarily on the people of Australia.
this is a simple cost recovery measure. But you have to look deeper. Parliamentary Secretary Slipper’s second reading speech said the bill:

... will fund increased passenger processing costs as part of Australia’s response to the threat of the introduction of foot and mouth disease.

That is not an honest description of what this bill will do. It is misleading and it is not true. I invite the minister to correct this later in this debate, which is tomorrow. It is important that we know that this is not a bill which simply covers the costs of inspections of tourists or any person entering or leaving this country; it goes much further than that.

Let me turn to the issue of foot-and-mouth and put on the record my personal concerns and those of the Labor Party about the threat of foot-and-mouth disease. Australia has an enviable record in our pest and disease status. As an island continent, we are well placed to manage the potential threats of the importation of pests and diseases. To this point, we have managed the threat reasonably well. It is appropriate to increase our efforts in the area of customs and quarantine so that our primary industries are defended from the importation of foot-and-mouth disease.

No-one more than those who live in Northern Australia recognise the threat of introduced exotic diseases like foot-and-mouth disease. We have lived through brucellosis. As a result, we lost the entire cattle herd from Cape York Peninsula. We have had the recent event of papaya fruit fly, with enormous cost to the community and to primary industry. Right now, we have the cutely named crazy ant infestation in the Cairns region—another cost to the community and a threat to our primary industry.

Senator Schacht—‘Crazy ants’ sounds like a Liberal Party branch.

Senator McLUCAS—It does indeed. It is important to note that crazy ant has the potential to completely decimate the sugar industry of Far North Queensland. As an aside, I just put on the record that I find it infuriating that the response from the federal Minister for Agriculture, Fisheries and Forestries and the local member for Leichhardt to the recent crazy ant incursion was to blame the state government. Correct me if I am wrong—

Senator McGauran—You’re wrong.

Senator McLUCAS—Let me take you up on that, Senator. Correct me if I am wrong, but I thought it was the responsibility of the federal government to manage quarantine and customs issues. I actually think that might be in the Constitution.

Senator McGauran interjecting—

Senator McLUCAS—You might remind the member for Leichhardt that that is the responsibility of the federal government, and you also might like to remind the minister for agriculture that it is in fact the responsibility of the federal government to look after quarantine and customs issues.

Senator Ellison—They do subcontract to state authorities.

Senator McLUCAS—Maybe you would like to pay. It should be noted also that the federal member for Leichhardt has worked very hard at using his tactic of blaming the state government for the failings of the federal government whenever his government has not played its part. He has in fact turned his ploy of passing responsibility to the state government into a bit of an art form. Unfortunately for him, he has used that ploy too many times. I put on record the events of the Mosman nursing home fiasco, where he attempted to blur the lines of responsibility and blame the state government. As we know, nursing homes are in fact the responsibility of the federal government. I also put on record his attempt to blur the lines of responsibility on the Southern Access Road, the Peninsula Development Road and the Cairns Esplanade. On each of those occasions he has attempted to shift his government’s direct responsibility for the provision of those services to the state and attempted to confuse the electorate about areas of responsibility. As I have said, he has overused that ploy. The electorate is aware of his mischief, and the chickens will come home to roost.

Back to the bill at hand. It is appropriate for the government to increase its activity to curtail the threat of foot-and-mouth disease, but it is also appropriate to ask who should
pay. The bill being debated tonight is about a tax, not a charge. The tourism and hospitality industry is not fooled by the government's pleading. This is not a charge; it is an increased tax imposed on tourists and the tourism industry. It is interesting to note that in the minister's own second reading speech and in the title of the bill—somewhat misleadingly, I believe—the word 'charge' is used, but if you move further into the text of the speech it acknowledges that this is in fact a tax.

When the charge was first introduced, its purpose was to recover costs associated with customs, immigration and quarantine measures, but in the past few years this government has turned what was originally a cost recovery measure into a tax. This view is supported by a coalition of tourism and hospitality groups who, quite rightly, responded with anger to the announcement in the budget of the $8 increase to the departure tax. Those groups include the Tourism Task Force, the Australian Tourism Export Council, the Hotels Association, the Federation of Travel Agents in Australia and various airline representatives. The $38 departure tax will raise $1.37 billion in the next four years. The increase alone will raise $279 million extra in that period.

The revenue collected, as we have heard, exceeded cost recovery by about $80 million before the new tax was proposed. We need no other information than that to form the view that this is in fact a tax on the tourism industry and not a cost recovery charge. It should be also noted that in 1998-99 the coalition increased the passenger movement charge by $3 to raise revenue to meet the additional Olympic related costs of people and equipment movement. At this time, the increase was clearly linked with the Australian Tourist Commission's funding, which was stated in the 1998-99 budget papers, and temporary revenue measures. The additional $3 was never removed after the Olympics, and the Australian Tourist Commission no longer benefits from its collection.

The agriculture minister, Mr Warren Truss, was quoted in the Sydney Morning Herald following the budget saying that the increase in the departure tax was a fair and sensible cost recovery measure. He said those paying would be those receiving the extra services, but this is patently untrue. Other than the increased inspections of travellers coming into Australia, the government itself has said that there will be increased effort in inspection of mail and shipping containers. I refer to the minister's own press release, where he says:

The Budget package will extend these arrangements much further to cover all passengers, mail and goods entering Australia, including from FMD-free countries.

I am sorry, Minister, but you have misled the community. It simply cannot be described as a cost recovery measure if funds collected from the tourism industry are used to monitor other border control functions, like shipping and mail. As I have said, though, Labor recognise the threat of foot-and-mouth disease—we recognise the threat that it poses to North Queensland in particular—but to arbitrarily tax one industry sector and describe it as cost recovery is plainly unfair.

I would like to now turn to the concerns of the tourism sector. The chief executive officer of the Queensland Tourism Industry Corporation, Mr Daniel Gschwind, issued a press release on 23 May this year, saying that the government had failed to increase promotional funding for the Australian Tourist Commission in the budget. He said:

The Federal Government has milked more money from tourism, but has not reinjected any new funds into a sector which has the potential to drive many regional economies.

As an aside, North Queensland is one of those. Mr Gschwind continues:

They talk about boosting the economy but are not prepared to invest in one of the biggest growth sectors in the economy. They've taken more money from tourism, but has not reinjected any new money from the tourism sector via the $8 increase in international departure tax, a 26 per cent increase, and given nothing back to the industry in return.

He also said that the QTIC was waiting to see the details of new border controls for incoming tourists. He continues:

The tourism sector is obviously committed to appropriate quarantine measures to protect the environment, but we have some concerns and we need to be sure that the new border measures do
not deter tourists or cause unnecessary complications at airports.

Like the Labor Party, the tourism sector understands the threat of foot-and-mouth disease, and I believe that the tourism sector also recognises that they have a role to play. The sector is playing its part. It is more than playing its part, given that at least $80 million at current rates has been taken from the sector annually, money which finds its way into consolidated revenue.

The tourism industry has three very valid concerns: firstly, that the tax is being imposed arbitrarily; secondly, that the tourism industry is being treated as a horn of plenty, ready to be milked at whim; and, thirdly, that this government will change policy without reference to the industry at all. Witness the events of tonight, where we have had at the very last minute a change in a piece of legislation because they did not bother talking to the sector. They did not realise that more than 100,000 tickets have been sold prior to 1 July—this Sunday. Those tickets, if the legislation had gone through without amendment, would have incurred an extra $8. And who would have paid that? That would have come out of the airline sector. That had not been negotiated with the airline industry prior to this legislation coming down and that is an indictment on the government and shows their disrespect for this important sector.

It is no secret that the tourism industry has been calling for increased funding to promote Australia internationally for many years now. The industry is not an aggressive agitator. It prefers to work with government and not in the public realm. It suffered a $3 increase last year which was linked to the ATC funding. This increase in the tax has not been lifted: in fact, it has been added to.

I refer now to appropriation levels to the ATC over the last few years. In the 1995-96 budget, the last budget of the Labor Party, $80.266 million was appropriated to the ATC. Over the last six years to this budget, that has moved to the figure of $91.948 million. It would seem to everyone listening that, yes, there has been an increase in funding. But we all have to recognise that a lot of the money that is given to the ATC is not actually spent onshore. Most of the money is spent promoting Australia overseas. A lot of that is spent in the UK, a lot is spent in Asia—mostly in Japan—and a lot of it is spent in the United States. That expenditure is used for purchasing advertising in other countries and for Australia to present itself at trade shows.

Just as an aside, I would like to recount a story that an industry spokesperson from the Cairns region gave to me the other day. When Australia presented itself at a Japan trade show recently, the size of the display from Australia was less than that from the state of Hawaii. Hawaii and North Queensland are competitors, and if the whole of Australia cannot compete against Hawaii it makes it very difficult for us to hold our head up in the international tourism market.

I will return to the figures that I referred to earlier. In Australian dollars, yes, there has been an increase in expenditure of some $12 million over six years. But transferring those figures to American dollars paints a very different picture. In 1995-96, the appropriation to the ATC was $80 million, and if you transfer that using the exchange rate it comes to some $US60.937 million. If we move to the expenditure in 2000-01, that expenditure of some $92 million turns into $US48.273 million.

I know that this is only a rough proxy and that all moneys appropriated to the ATC are not expended overseas. But if a proportion of them is—and we certainly know that a good proportion is—then in the years of this Liberal government we have seen an erosion in the appropriation to the ATC from some $US60.937 million to $US48.273 million. A lot of that money is spent overseas promoting Australia to international potential visitor groups, and we will not have the capacity to do that anymore if those funds continue to be eroded. At the same time, this government continues to take money out of the tourism industry and to use it as a milch cow. This is simply not fair to the biggest export earner that our economy has. The tourism industry is sick of being treated as a horn of plenty. It wants to play its part; it is playing its part. But it is time that this government treated the
tourism sector with the respect that it deserves.

Debate (on motion by Senator Ellison) adjourned.

DAIRY PRODUCE LEGISLATION AMENDMENT (SUPPLEMENTARY ASSISTANCE) BILL 2001

Consideration of House of Representatives Message

Message received from the House of Representatives returning the Dairy Produce Legislation Amendment (Supplementary Assistance) Bill 2001, acquainting the Senate that the House has not made the amendment requested by the Senate but made amendments in place thereof and desiring the reconsideration of the bill in respect of the requested amendment and the concurrence of the Senate in the amendments made by the House.

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

ADJOURNMENT

Motion (by Senator Ellison) proposed:
That the Senate do now adjourn.

Renewable Energy

Senator LIGHTFOOT (Western Australia) (9.30 p.m.)—I appreciate the opportunity tonight in the adjournment debate to continue from last evening the debate about the potential looming energy crisis in Australia. Western Australia is isolated from the rest of the states—and that will come as no surprise to people here! We have often allied ourselves with Queensland, but on this occasion Queensland, with its electricity grid, has co-opted the states of New South Wales, Victoria and South Australia for a single grid whereby the excess electricity from New South Wales, during the summer period when airconditioners are switched on in Victoria and South Australia—states that are not used to inclement weather such as you enjoy, Mr Acting Deputy President Bartlett, in Queensland—can be used. But it does cause a problem with the supply of electricity when under peak load.

However, my concern is with Western Australia. Senators may recall that in 1993-94 the then coalition government in Western Australia deregulated the electricity and gas power industries and made them separate industries. Electricity still remains the province of the Western Australian government, but this had the effect of dropping the price of gas, in round figures, from $4 a gigajoule to $1 a gigajoule under certain circumstances. It was no-frills gas supplied at $1 a gigajoule. However, it did bring the introduction to Western Australia—long overdue, in my view—of value adding to our iron ore.

Iron ore is sent from Western Australia in vast quantities. It makes Karratha-Port Hedland the biggest port in terms of tonnage in the world and it makes Western Australian joint exporters of iron ore in record quantities with Carajas of Brazil. Often Western Australia exports more in any one year than the mines in Carajas do. It was essential, therefore, that, instead of digging bigger and deeper holes in Western Australia in the iron ore quarries, we looked to value adding the benefits of iron ore to Western Australians and, of course, being a Commonwealth, to the rest of Australia as well.

One thing that deregulation brought about with respect to energy was the establishment by BHP of a hot briquette iron plant in Port Hedland. That plant, unfortunately, through one reason or another, became what might be described as not highly successful. However, it is not mothballed. BHP have not given a positive undertaking that it will be mothballed, that it will be dismantled or that it will be sold. One hopes that it goes ahead, seeing that deregulation of gas was the prime motivation for BHP to add from $US40 a tonne for its iron ore, or thereabouts, up to $US140 to $US180 a tonne merely by burning off the oxides in the 63 per cent Fe that is exported to establish between 92 per cent and 93 per cent Fe, that is, almost pure crude iron.

I am saying this because energy is the lifeblood of this nation. Energy is the lifeblood of Western Australia. Western Australia, even with my parochialism, Madam Acting Deputy President, is the engine house of Australia. We are not only the biggest exporters of iron ore in the world; we are also the biggest exporters of alumina powder in the world. That in itself requires vast
amounts of energy. We are the third biggest producer of gold in the world and easily the biggest producer of gold in Australia. We are the biggest producer of oil and gas in the nation, surpassing even Senator McGauran’s state of Victoria.

The ACTING DEPUTY PRESIDENT (Senator Crowley)—Far be it from me to enter a debate but it just crosses my mind that South Australia is a great exporter of wine!

Senator LIGHTFOOT—It is, and that is not ‘whine’, either, Madam Acting Deputy President. Many a bottle of red wine from your Coonawarra district, which you would know well, Madam Acting Deputy President, have I consumed with some alacrity, much to my chagrin the following morning. However, Western Australia does produce an enormous quantity of quality wine as well.

Senator Chris Evans interjecting—

Senator LIGHTFOOT—I am saying this not because I want to be insular—of course, Senator Evans on the other side of the house would agree with me—but because these are statistical facts. This is brought about not by energy in terms of gas or electricity but by primary mining of minerals, and we need to get beyond that. Western Australia, if it is going to remain the powerhouse of Australia, needs to get beyond the primary production of minerals or commodities, and perhaps farm commodities, too.

I have already told you about the deregulation of gas dropping the price from $4 to $1 a gigajoule that brought about such vast changes. However, from the Burrup Peninsula, one of the biggest plants in the world—certainly bigger than any other such plant in the Southern Hemisphere—we export LNG to various parts of the globe, primarily to Taiwan and Japan and, more lately, to China, which is a vast and growing market. That LNG, or liquefied natural gas, leaves our shores at 6c to 7c a litre. When one considers that LPG is sold at service stations for 50c a litre, and often beyond that, we can see how cheap that energy is if we can tap into the quantities that we need for viability.

Western Australia needs its petroleum and its gas in order to survive in a highly competitive world, and particularly in a world that is increasingly becoming global, which is not something that I wholeheartedly embrace. Well before this, there should have been a broader cross-section of power generation in Western Australia and perhaps that could have been used as a pro forma for the rest of Australia. It has been said that there will never be a dam of any significance—or a dam at all—built in Western Australia for the purposes of hydro-electricity. I think that is a shame. Hydro-electricity has its benefits. It should be revisited. It is one of the areas that has given Canada, Tasmania, New South Wales and other areas of the world a particular edge on the rest of Australia, and particularly Western Australia where we are not quite able to get past the green socialists or the ecoterrorists whom we have become more frightened of recently.

Any energy introduced into Western Australia will not be innovative. It is more likely that it will be in the form of coal or an expansion of coal, or in the form of gas. I entirely agree with the latter, but not with the former. Through the innovation of the previous coalition government, a significant wind farm, which I mentioned yesterday evening, has been built at Albany. That wind farm supplies electricity. The problem with the renewables is that whilst everyone would like to see renewable electricity used in significant proportions throughout Australia, and particularly in Western Australia, it simply is not viable. If you averaged tidal, solar and an aggregation of wind power, they would not be less than 40c a kilowatt hour. The government in Western Australia currently delivers electricity to households at 12½c a kilowatt hour, some of which is subsidised by industry.

Unless we are able to increase our cheap energy in significant proportions—and we have the resources for that—unless we can come to grips with it, we will emulate the United States, which has not produced a significant power station for base load electricity in the past 15 years and, more specifically, emulate California. Western Australia has often been referred to as the California of Australia. We need cheap energy. We need it for industry and for secondary industry. We
need it to value add our commodities instead of sending them out unprocessed and letting some other country value add them. Above all, we need secondary industry to employ our children. It is not too late to say that we have a significant problem albeit a diminishing one with our youth employment right across Australia. (Time expired)

Western Australia: Adopt-A-Politician Scheme

Senator CHRIS EVANS (Western Australia) (9.40 p.m.)—I rise to speak in tonight’s adjournment debate to take the opportunity—which I rarely take—to speak about the Adopt-A-Politician Scheme in Western Australia which is run by the Development and Disability Council of Western Australia. Under the scheme, the council sponsors families which have a member with a developmental disability to adopt a politician and to develop a relationship with that politician to give them a more personal insight into the impact of disability on people’s lives. I want to make a couple of comments about the scheme, about the family which has adopted me and about the woman, Lis Pretsel, who has brought the scheme to fruition and who administered it in its early years, and the tremendous job she has done.

When first approached, I was quite sceptical about the scheme. I suppose I was a bit concerned that it might be paternalistic, and that it might be seen as something that was a bit of a stunt and not necessarily of real value. I must say that those concerns were quickly allayed and I have found the involvement in the scheme to be very beneficial to me not only as a member of parliament but also, because I had responsibilities for the Labor Party in respect of disability services, it was a particularly important development for me.

I want tonight to talk briefly about the family which have adopted me. They are Peggy, Wilf and their son, Stephen Pratt, who live in Perth. They have cared for Stephen, who is now in his mid-thirties. They are really looking to find some arrangements that better suit him living independently in future. These are very good and strong people who have dealt with some adversity. They have retained a sense of humour and a real strength of character. You could not find better people. However, Stephen has special needs and they were very anxious to make some arrangements for his future life that did not rely so much on the efforts of Peggy and Wilf, his parents, because, among other things, Peggy is battling a very serious illness herself.

I suppose in modern parlance they are described as ageing carers, although I am sure that they would not like me referring to them as ageing, but I use the term in a general sense rather than in the sense of describing them as aged. These people realise that they have to make arrangements for their son, Stephen, which will provide him with security, proper care and social and emotional support in the years to come when perhaps they have to concentrate more on their own needs. As I said, Peggy is taking on a very big challenge at the moment herself and she really does need to be able to spend more time concentrating on her own health and her own needs. She has always put Stephen’s needs first, but she really does need to give some priority to the very serious health issue she is confronting.

It has been personally a very rewarding experience for me. It has given me that personal perspective that allows you to put issues such as ageing carers, and the issue of people coping with a family member with a disability, in a very personal perspective. Stephen liked the idea of adopting me, because it meant that I had to call him Dad. He has a great sense of humour. It has worked much better than I thought, because it is a bit of a mixed marriage, he being an Eagles supporter and my coming from a very strong Dockers family. There is quite a barrier to overcome, but we have managed to work through those very serious issues. I have benefited greatly from my relationship with him—it has informed my work quite importantly. I thank them for taking that on, because from their perspective it must have been very daunting as well. I do not see as much of them as I would like, but we keep in contact. They and the organisers of the Adopt-A-Politician Scheme have come to realise that politicians, particularly ones from outlying states like Western Australia, have
enough trouble finding time to spend with their own families, children and close relatives. The relationship with the family has been a positive one.

I pay tribute to Lis Pretsel, the woman who has coordinated the Adopt-A-Politician Scheme since its inception. She has been a real driving force behind the scheme. Her enthusiasm, commitment and personality have allowed it to develop. There are currently about 20 politicians from all political parties in the scheme. Senator Ellison, together with Ms Julie Bishop and Graham Edwards from the lower house, and a number of state politicians are involved in the scheme. It has really helped to bring awareness to politicians about the impact of disability on families and the strains and challenges that it puts before them. Lis Pretsel has overcome our concerns and objections and basically made the scheme work. She has also organised the families and encouraged them to take on the role when it must have been quite daunting for them, given all the other things that they have to cope with.

Lis has some experience with disability in her own family, and I suppose that is what has brought about her strong commitment. Unfortunately, Lis has decided to return full time to her first love, and that is caring for her own family. She is leaving the paid work force. I suspect that that just means that her hours will increase. She will return to care for her own children on a full time basis, and I can understand that decision. I wish her and her family the very best and thank her for all her efforts. I am sure that I speak on behalf of all politicians involved in the scheme: we really appreciate the efforts and contribution that she has made to making the scheme such a success. We hope that she stays involved in disability issues, because she is a great advocate for people with disabilities and their needs.

I hope that the scheme continues to grow. I know that her successor, Su Lee, will carry on her enthusiasm. Whenever I go to other states and talk about disability issues, there is great enthusiasm for the idea among families and disability organisations, because the scheme has contributed to the awareness of disability issues among politicians, and that can only be a good thing in terms of trying to ensure that we come up with constructive support for families who are coping with disabilities and the stresses that that puts on families.

It is not like me to speak on the adjournment or to speak on such personal matters in the parliament, but I wanted to acknowledge the contribution that Peggy, Wilf and Stephen have made to my understanding of disability issues and to thank them for taking me into their family and assisting in my education. I also wanted to pay tribute tonight to Lis Pretsel, who is finishing in the job with the Adopt-A-Politician Scheme, and to wish her the best and thank her for her efforts. I am sure that I speak on behalf of all politicians involved in the scheme: she has made a tremendous contribution to the understanding of disability issues. I hope that she will see the rewards of that in years to come when decisions are made in this and other parliaments.

Longmore, Mr Roy

Senator McGauran (Victoria) (9.49 p.m.)—I rise to speak in sorrow for the passing of the last Victorian Anzac. As the Senate will be aware, Roy Longmore died peacefully on Friday, 22 June 2001, aged 107. Roy Longmore was one of only two remaining Gallipoli veterans. The man and his life story epitomised the Anzac legend: young in war, brave in battle, and laconic in character. He, like other Gallipoli veterans, was put into hell twice, also serving in France on the western front. During his distinguished military career he was awarded the Australian 1914-15 Star, the British War Medal and, later, the French Legion of Honour medal. More important than the medals, the Australian ethos of mateship was born from his generation. Roy Longmore’s own story enhances the mateship spirit, for when he was gravely injured at the Somme for the second time in 1918, as he fell he heard: Longey’s had it, they got him fair and square. He lay there thinking that his mates had deserted him, but, to quote Roy Longmore: Next thing I knew, I was bouncing up and down on a door being used as a makeshift stretcher by our German prisoners of war to cart me back to a
tent hospital behind the lines. My mates had won that stunt and came back for me.

The meaning of mateship to Australians then and now is as deep as bonding with your fellow countryman in times of adversity. Eighty-six years after Gallipoli, the single most vivid memory in Roy Longmore’s mind was:

Only memories are of mates who were killed when they should not have been ... All your soldier cobbers were OK. They’d do anything for you. Anything that happened to come along, if you were shot or a leg blown off or an arm torn off they’d be only too willing to help you—they’d run around and see what they could do.

This is the Australian military and civil tradition that Roy’s type left for us, and since then each tour of duty to war has been born out of this original mateship ethos. Even for the generations that have not gone to war, this ethos is felt in their civil life: it is just Australian and sometimes they do not know why, but they do know where it came from.

With the passing of Roy Longmore, reality has hit us: we will soon see the passing of all our World War I veterans, for now only one veteran of the Gallipoli campaign, 102-year-old Alec Campbell, and 22 other known World War I survivors remain. With the passing of the last original Anzacs, we will be on our own to keep the legend alive. In essence, we are not celebrating war but commemorating those who sacrificed themselves out of duty and to the virtue of their country. That is what each Anzac Day remembers.

As we come to the last days of the Anzacs, as a nation we must cherish these days, for one day we will only know them by film footage and history books. However, it does seem the last of the Anzacs have lived long enough to see the baton passed on to the newest generation of Australians. The greatly respected and official war historian, Charles Bean, articulated the message for the generations when he wrote of one dying soldier:

At least they will remember me back in Australia. The truth, even with a new century ticking over, is that we remember them stronger than ever. I can vouch for this, as I recently travelled to Gallipoli as part of the Prime Minister’s delegation. The occasion was the 85th anniversary of the landing at Gallipoli and the dedication of a new memorial at the Gallipoli site. The year before, at the old site, there were 7,000 people. In 2000 there was an estimated 12,000. Ninety per cent of those that attended the service were young Australians who were working overseas or travelling the world but had committed to meet at Gallipoli on Anzac Day. A ceremony many thought would die out has resurged and, remarkably, that resurgence has come from our Australian youth.

This is best explained by those who attended—the young people. For example, one person said it was where Australia came to know itself; another said it was when all Australians were for the first time bonded in sadness. All commented on how young those that fell were, just like them. Even the legendary Simpson, who is buried on the shores, was their age.

When the last Anzac goes, we should remember that our past is not that of another country’s; it is ours. We can choose how the legacy of the Anzac can shape the spirit of Australia. In this Centenary of Federation year, it has been noted that we were a nation formed by a vote and not a war, which makes us a very lucky country. We have no emotional scars of a war of independence or a civil war, but it was at Gallipoli, someone else’s war, when our blood was shed that united us as a nation forever, for it was truly the first time that we acted as a nation. That is when we became united in adversity and showed all the best human virtues towards our newly found countrymen. Now, years on, it can be seen by the newest generation who have gazed in stunned silence at the graves of the fallen at Gallipoli, for they knew they were seeing their country looking back at them. Vale, Roy Longmore and his Anzacs.

Office of the Gene Technology Regulator

Senator CROWLEY (South Australia) (9.56 p.m.)—I would like to speak tonight about genetic modification, particularly the establishment of the new Office of the Gene Technology Regulator. The first point I want to make is that it is a great shame that a matter of such importance, as we discovered during the inquiry which I had the privilege
to chair, is flawed. From any number of articles in the newspapers and stories—television stories and anything you like—there is no doubt that one of the burning questions confronting the community is how best to manage GM—genetically modified—and GE—genetically engineered—and GM—genetically manipulated—organisms.

The Office of the Gene Technology Regulator has been established after considerable discussion between the states and the Commonwealth government and within the community and after a lot of public consultation through our Senate inquiry. As a result of our amendments in this chamber and a large debate up until the end of the session last year, its establishment and implementation were delayed. The delay, you would have thought, would have enabled the government to be even more prepared, at the date of the act coming into existence, than it might have been if it had tried to be absolutely ready in a hurry at the beginning of the year. But on 21 June, just this week, the Office of the Gene Technology Regulator came into existence, and it is extremely disappointing to note that there is still no permanent regulator, that is to say, interviews are still being conducted to see whether or not they can find the right person. In the meantime, we have Elizabeth Cain acting in that position. The government has not yet seen the intergovernmental agreement between the states and the Commonwealth signed by all the states. As my colleague Alan Griffin said, it is because it has been sitting in a Howard government in-tray since May. Further, there has been no meeting of the ministerial council responsible for setting the policy principles that will direct the Office of the Gene Technology Regulator.

One of the most concerning points about all of this is that the policy principles have not been established which would allow states to set GM-free zones; those have not been agreed. If you have the slightest interest in this area, you will know that in my own state of South Australia during the run-up to the establishment of the Gene Technology Regulator, while we had a voluntary code, companies like Aventis behaved with blatant disregard of the voluntary code. Indeed, to paraphrase—and I hope to do rough justice to the intention of the comment—the Aventis witness before one of our hearings said, ‘Oh well, you know, if there had been a regulator and legislation in place, we would have behaved differently.’ How is that for a standard of ethic! It is certainly not one I accept.

Aventis actually broke the rules. They disregarded the regulations in Mount Gambier and allowed for the spread of genetically modified canola. Those of you who follow this with any interest at all will know that there has been a very widespread break-out beyond the defined barriers of genetically modified crops in Tasmania. Tasmania has argued strenuously that it needs to protect its clean green image. It has established over some years an excellent reputation within Australia, and in particular internationally, for marketing of its clean green image. It may not appeal to Senator Lightfoot, who was speaking with such passion about how much they export from Western Australia—if it comes out of the ground as lumps of ore. But certainly a few years ago Tasmania was able to export $40 million worth of onions from clean green north-west Tasmania—not quite the same amount of money, but it was a very significant contribution to our export earnings and a very considerable contribution to the Tasmanian economy.

I am disappointed that the Office of the Gene Technology Regulator has come into law without a permanent regulator, without the intergovernmental agreement signed, without the ministerial council meeting and without the guidelines set, which seems to me to be a fair indictment of this government’s insufficiency in this area. The most important point I wanted to raise tonight, though, concerns a case in Australia that is getting very close to what I regard as a terrible wickedness in Canada. In Canada, a farmer found his crops polluted by genetically modified canola. In the course of events, Monsanto—the company responsible—took this farmer to court and charged him with having possession of genetically modified material that belonged to them. The court in its wisdom subsequently found the farmer guilty and fined him significant dollars. I hope the world will not stand for that
kind of understanding and interpretation of the rules.

But let us not get too concerned about what happens in Canada. In South Australia, people have now found genetically modified seeds from an Aventis experiment. These seeds have been sent to the Office of the Gene Technology Regulator for testing. At first there was an understanding that Ms Cain had said that she would ask Aventis what they wanted to do with the seeds. I have since had a letter from Leila Huebner, who was a great witness for our inquiry and also one of the people who first exposed the breaches by Aventis during their field trials in Mount Gambier. She says—and I think it is very important that we make it clear—that that was a misunderstanding in the media. Leila Huebner wrote:

I was finally able to speak with Liz Cain and she clarified that she had not yet made a decision regarding the GECs but was in fact awaiting the Australian Government Solicitor’s advice as well as a report from the IOGTR monitoring and surveillance unit before making a final decision (her responsibility, she informed me). I said that, should the IOGTR return the seeds to Aventis without GE testing, the public perception of the credibility of the IOGTR come OGTR as a watchdog would be zero.

That was a fax from Leila Huebner. I have also received a lot of material from her and Ms Stafford in the Mount Gambier area. They have provided very important information to assist me in my meditation on this subject. What really frightens me is that, not long after those seeds were provided to the Office of the Gene Technology Regulator, Ms Stafford received a letter on 7 June this year from Geoffrey Willetts and Associated Pty Barristers and Solicitors. The letter stated:

Dear Ms Stafford,

We act for Aventis Crop Science Pty Ltd of East Hawthorn. It has come to our client’s attention that you have had in your possession certain canola seed. Such canola seed is the property of our client. Our client has not given you or any other person permission to have possession of such seed.

We understand that you have passed this seed on to other persons and request that you immediately advise our office of the full names and addresses of the person to whom you have handed such seed. In addition, we request that you immediately contact our office to advise whether you have currently in your possession any further seed. We look forward to hearing from you within seven days, failing which we will shall seek our client’s instruction to take this matter further.

Yours faithfully,

Geoffrey Willetts and Associates Pty

That is a letter written to a citizen in this country on 7 June this very year, just two weeks before the interim office was replaced by the Office of the Gene Technology Regulator. Here is what really worries me: ‘our seed’? Aventis’s lawyers are claiming that any genetically modified crop in that area belongs to Aventis? What if they were scattered on the wind, or as a result of cross-fertilisation as a result of bee pollination, wind or whatever? We have to ask ourselves, and I am shocked that we have not succeeded in this: whose seeds are they? And how can Aventis lay claim to saying, ‘These are our seeds’?

I do not believe these seeds should be under patent and belong to anybody. Even more importantly and more frighteningly, I believe, is the whole business of the genome and the patenting of human genes. In relation to the crop area and the human genome area, I am told, ‘Give it away, Senator Crowley. The horse has bolted; you’re too late.’ I stand here to say that I sincerely hope not. I will go on arguing that patenting of genetic material is ridiculous. A patent would suggest that you had made the discovery. I think maybe we should call the God squad on this, but some people would suggest that genes were not patented by Aventis or the doctors or the biotechnologists or anybody else. They may have been able to define them, but I do not think any understanding of ‘patent’ applies in this case. More importantly, they will then be able to charge like wounded bulls for people to have access to treatment, to technology or to crops. Those are the concerns I wanted to raise tonight, and I give notice that I will continue to follow this issue and will continue to keep a close eye on it. (Time expired)

Senate adjourned at 10.07 p.m.
The following government documents were tabled:

Australian Competition and Consumer Commission—Reports—
Department of Defence—Special purpose flights—Schedule for the period 1 July to 31 December 2000.


The following documents were tabled by the Clerk:

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