INTERNET
The Votes and Proceedings for the House of Representatives are available at:
Proof and Official Hansards for the House of Representatives,
the Senate and committee hearings are available at:

SITTING DAYS—2001

<table>
<thead>
<tr>
<th>Month</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>February</td>
<td>6, 7, 8, 26, 27, 28</td>
</tr>
<tr>
<td>March</td>
<td>1, 5, 6, 7, 8, 26, 27, 28, 29</td>
</tr>
<tr>
<td>April</td>
<td>2, 3, 4, 5,</td>
</tr>
<tr>
<td>May</td>
<td>9, 10, 22, 23, 24</td>
</tr>
<tr>
<td>June</td>
<td>4, 5, 6, 7, 18, 19, 20, 21, 25, 26, 27, 28</td>
</tr>
<tr>
<td>August</td>
<td>6, 7, 8, 9, 20, 21, 22, 23, 27, 28, 29, 30</td>
</tr>
<tr>
<td>September</td>
<td>17, 18, 19, 20, 24, 25, 26, 27</td>
</tr>
<tr>
<td>October</td>
<td>15, 16, 17, 18, 22, 23, 24, 25</td>
</tr>
<tr>
<td>November</td>
<td>12, 13, 14, 15, 19, 20, 21, 22</td>
</tr>
<tr>
<td>December</td>
<td>3, 4, 5, 6, 10, 11, 12, 13</td>
</tr>
</tbody>
</table>

RADIO BROADCASTS
Broadcasts of proceedings of the Parliament can be heard on the following Parliamentary and News Network radio stations, in the areas identified.

<table>
<thead>
<tr>
<th>City</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>CANBERRA</td>
<td>1440 AM</td>
</tr>
<tr>
<td>SYDNEY</td>
<td>630 AM</td>
</tr>
<tr>
<td>NEWCASTLE</td>
<td>1458 AM</td>
</tr>
<tr>
<td>BRISBANE</td>
<td>936 AM</td>
</tr>
<tr>
<td>MELBOURNE</td>
<td>1026 AM</td>
</tr>
<tr>
<td>ADELAIDE</td>
<td>972 AM</td>
</tr>
<tr>
<td>PERTH</td>
<td>585 AM</td>
</tr>
<tr>
<td>HOBART</td>
<td>729 AM</td>
</tr>
<tr>
<td>DARWIN</td>
<td>102.5 FM</td>
</tr>
</tbody>
</table>
Thursday, 23 August 2001

——

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

PETITIONS

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

Occupational Health and Safety Legislation

To the honourable the President and members of the Senate assembled in Federal Parliament:


The Bills contain proposals that would:

• disadvantage injured and ill employees; and

• unravel current workplace health and safety consultative arrangements and committees.

There is no evidence that current arrangements are working poorly.

Your petitioners therefore ask the Senate to reject both bills in their current format (May 2001).

by Senator Murray (from 585 citizens)

Petition received.

NOTICES

Presentation

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

That the Senate notes that:

(a) 20 years ago this week, Dr Michael Macklin was sworn in as Queensland’s first Australian Democrats senator;

(b) that a Democrat senator has been elected for Queensland at every federal election since 1980; and

(c) that Queensland Democrat senators have made significant contributions to law in areas including electoral reform, education, native title, the environment, tax and immigration during that period.

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

That the Senate calls on the Government to release details of security arrangements made with the Government of Singapore to protect Australia’s interests after the takeover of Optus by Singtel.

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

That the Senate—

(a) congratulates the Federation of Australian Scientific and Technological Societies on Science meets Parliament Day; and

(b) calls on the Government to heed the calls of scientists for additional resources for research and development, education, and public institutions such as the Commonwealth Scientific and Industrial Research Organisation.

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

That the time for the presentation of the report of the Economics References Committee on the framework for the market supervision of Australia’s stock exchanges be extended to 30 August 2001.

Senator COONAN (New South Wales) (9.32 a.m.)—On behalf of the Standing Committee on Regulations and Ordinances, I give notice that, 15 sitting days after today, I shall move:


I seek leave to incorporate in Hansard a short summary of the committee’s concerns with this instrument.

Leave granted.

The summary read as follows

Air Navigation (Essendon Airport) Regulations 2001, Statutory Rules 2001 No 125

The Regulations specify rules concerning the minimisation of aircraft noise on the community surrounding Essendon airport.

Subregulation 16(1) provides that the Secretary may issue a notice to an operator requesting provision of certain information. Subregulation 16(3) provides that an operator is guilty of an offence if (regulation 16(3)(a)) he or she fails to comply with such a notice, and (regulation 16(3)(b)) the notice has been issued under subregulation (1).

Subregulation 16(4) then states that strict liability applies “to the element of an offence under subregulation (3) mentioned in paragraph (3)(b)”. The meaning of subregulation 16(4), however, is not clear. The Explanatory Statement compounds
this by stating that regulation 16 provides that “An operator must not knowingly or recklessly fail to comply with such a notice”.

BUSINESS

Government Business

Motion (by Senator Ian Campbell) agreed to:

That the following government business orders of the day be considered from 12.45 p.m. till not later than 2.00 p.m. today:
No. 6 Finance and Administration Legislation Amendment (Application of Criminal Code) Bill 2001,
No. 7 Financial Sector (Collection of Data) Bill 2001 and a related bill, and

General Business

Motion (by Senator Ian Campbell) agreed to:

That the order of general business for consideration today be as follows:
(1) general business notice of motion No. 1004 standing in the name of Senator Conroy, relating to affordable banking in Australia; and
(2) consideration of government documents.

LEAVE OF ABSENCE

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

That leave of absence be granted to Senator Bourne for the period 28 August 2001 to 30 August 2001, and Senator Payne for the period 27 August 2001 to 30 August 2001, on account of parliamentary business overseas.

Senator BOURNE (New South Wales) (9.34 a.m.)—by leave—I thank the Senate for allowing me to go to East Timor for their first elections. In doing so, I inform the Senate that, in my absence, Senator Andrew Bartlett will be Acting Democrats Whip.

AUSTRALIAN BROADCASTING CORPORATION: BROADCASTING OF WOMEN’S SPORT

Motion (by Senator Lees and Senator Lundy) proposed:

That the Senate—
(a) notes that the Australian Broadcasting Corporation (ABC) is currently reviewing its television coverage of sport;
(b) is concerned that the review will result in the cessation of the television broadcast coverage of women’s sport, particularly basketball and netball;
(c) notes:
(i) that over the past decade, and probably more, the ABC has been a leader in the broadcast of women’s sport, which has provided a significant boost to the development of women’s sport in Australia and which provides audiences with programming not provided elsewhere, in keeping with the ABC’s Charter that the ABC provide, amongst other programs, ‘specialised broadcasting programs’,
(ii) that any decision to cancel the television broadcast of women’s sport will have a detrimental effect on the sport, particularly on drop out rates amongst adolescent girls, which will reduce the pool of talent available within Australia and therefore the strength and viability of women’s netball and basketball, currently well-respected and successful internationally, and
(iii) further the disproportionate disadvantage likely to be felt amongst young women in rural and regional centres, who, because of geographical circumstances, are unable to travel to capital cities to watch live sport;
(d) recognises the strong role models elite women sports athletes are to young women and the positive value this has on young women’s self-esteem, health, fitness and general well-being, and that without such television broadcast coverage such positive role models will disappear; and
(e) calls on the ABC Board to agree to the continuation of the television broadcasting of women’s sport.

Senator ALSTON (Victoria—Minister for Communications, Information Technology and the Arts) (9.36 a.m.)—by leave—I would like to make a one-minute statement to indicate the government’s position. I wish to indicate that the government will support this motion on the basis of its support for the ongoing development of women’s sport in
Australia. Sport is an integral part of our lives and our culture. However, it is a fact that, whilst women’s sports like netball enjoy very high participation rates in the community, they have traditionally received little national media coverage, particularly on television. The government, and particularly the Minister for Sport and Tourism, Jackie Kelly, strongly advocate the widespread benefits of sport and fitness and recognise that the ABC’s television coverage of women’s sports has lifted the profile of these sports, just as the ABC’s television coverage has lifted the profile of other sports not mentioned in this motion, like VFL, club rugby and lawn bowls.

The government does wish to put on record that, whilst it supports this motion, it does not wish that support to be construed as either pre-empting the ABC’s current review or putting any undue political pressure on the ABC regarding this matter. The independence of the ABC is a matter that the coalition government considers to be very important. Whilst we do not always agree with everything the ABC says or does, the ABC’s statutory independence protects it from undue political interference, particularly in regard to programming. I know that Labor has no interest in preserving the political independence of the ABC, but, given the Democrats’ longstanding commitment to this important principle, I consider that the last paragraph of this motion could have been better worded. Notwithstanding that concern, the government supports the motion in the interests of supporting and promoting the development of women’s sport in Australia.

Question resolved in the affirmative.

COMMITTEES
Employment, Workplace Relations, Small Business and Education Legislation Committee

Extension of Time

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

That the time for the presentation of the report of the Employment, Workplace Relations, Small Business and Education Legislation Committee on the provisions of the Workplace Relations Amendment (Prohibition of Compulsory Union Fees) Bill 2001 be extended to 18 September 2001.

DISABILITY SERVICES AMENDMENT (IMPROVED QUALITY ASSURANCE) BILL 2001

First Reading

Motion (by Senator Ian Campbell, at the request of Senator Hill) agreed to:

That the following bill be introduced: A Bill for an Act to improve the quality of employment services and rehabilitation programs provided for people with disabilities, and for related purposes.

Motion (by Senator Ian Campbell) agreed to:

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

Bill read a first time.

Second Reading

Senator IAN CAMPBELL (Western Australia—Parliamentary Secretary to the Minister for Communications, Information Technology and the Arts) (9.38 a.m.)—I table the 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—

Reform of specialist disability employment assistance and rehabilitation services is critical to meeting broader objectives for welfare reform. People with disabilities, including those with greater support needs, should benefit to the maximum extent possible from employment opportunities available to the wider community. The proposed new quality assurance system given effect by this bill is a key element of the Government’s plan to improve employment outcomes for people with disabilities.

As part of the Australians Working Together package announced on Budget night, the Government is providing more than $17 million over four years for the new quality assurance system. This will provide the platform to enable disability employment assistance services and rehabilitation services to deliver quality outcomes. The new system will benefit people with disabilities, as consumers and their carers. It will also benefit Government (and, therefore, the Australian taxpayer), as a purchaser of these services.
The specialist disability employment assistance and rehabilitation programs addressed by this bill are just one part of a range of Commonwealth programs to help people with disabilities find and keep employment. Services are typically provided under contract by charitable, non-profit agencies with the exception of rehabilitation, which is provided by CRS Australia.

Currently, service quality is self-assessed annually by each agency and audited every five years by the Commonwealth Department of Family and Community Services. The current system was designed around an expectation that services would progress from minimum applicable standards to higher standards. This simply has not happened.

The current system was discussed in Assuring Quality, a 1997 report by the Disability Quality and Standards Working Party, which comprised key representatives of the disability sector. Of particular concern was the lack of a transparent and universally applied accreditation and certification system to provide an assurance of quality. The current system also lacks incentive for service improvement and transparent structure for complaints and referral system. The new quality assurance system responds to these concerns.

The new quality assurance system is the product of a great deal of time and energy committed by the disability sector and the Government. A consultation paper was widely distributed, public consultations held around the country and targeted consumer focus groups set up. The new system underwent a successful trial last year and enjoys support from the industry.

Under the new system, there will be a shift to a system that is industry owned and supported, that is outcome focused and that fosters a culture of continuous improvement. A key component is also the critical role people with disabilities will play as technical experts in the audit teams. The existing training and support for people with disabilities will be refocussed to support this role. The new system is based on a well-established system of accreditation and certification that uses international standards of best practice. Industry-based certification agencies will be accredited by an independent, internationally recognised accreditation authority. The skilled audit teams managed by those agencies will then certify disability employment services against the disability standards and associated key performance indicators.

Provision of rehabilitation programs by the Commonwealth will also be audited against the standards and associated key performance indicators and certified under the new system. All disability employment services and rehabilitation programs will be treated consistently.

After a three-year transition period beginning on 1 January 2002, only those existing disability employment services that fully meet the standards will attract Government funding and only those rehabilitation programs the provision of which meets the standards will be approved. However, there will be a range of incentives and support to help services make the transition to the new system and continue to improve.

Newly established employment services will have up to a year to reach full standards.

The new complaint and referral system will form the final component of the quality assurance system. Work is underway with the disability community to have it introduced from 1 July 2002.

This bill provides the formal structure to put the new system to work.

Ordered that further consideration of this bill be adjourned to the first day of the 2002 autumn sittings, in accordance with standing order 111.

COMMITTEES

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 the following reports of the Foreign Affairs, Defence and Trade References Committee be extended to 27 September 2001:

(a) second report on the examination of developments in contemporary Japan and the implications for Australia; and

(b) the disposal of Defence properties.

GREAT BARRIER REEF MARINE PARK AUTHORITY

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

That there be laid on the table by the Leader of the Government in the Senate (Senator Hill), no later than immediately after questions without notice on the next day of sitting, the report prepared by the Great Barrier Reef Marine Park Authority on water quality targets in the catchments feeding into the Great Barrier Reef region.
COMMONWEALTH ELECTORAL AMENDMENT BILL 2001

First Reading

Bill received from the House of Representatives.

Motion (by Senator Ian Campbell) agreed to:

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

Bill read a first time.

Second Reading

Senator IAN CAMPBELL (Western Australia—Parliamentary Secretary to the Minister for Communications, Information Technology and the Arts) (9.40 a.m.)—I move:

That this bill be now read a second time.

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

Leave granted.

The speech read as follows—

This bill contains amendments to the Commonwealth Electoral Act 1918 (the Electoral Act) to provide that following elections, public funding for the Liberal Party is to be paid to the agent of the Liberal Party of Australia (Federal Secretariat), rather than to the State and Territory Divisions of the Liberal Party (that is, those State and Territory Divisions of the Liberal Party which are constitutionally linked to the Federal Secretariat—NSW, VIC, QLD, SA, WA, TAS and the ACT).

However, the agent of the Federal Secretariat of the Liberal Party may lodge with the AEC, prior to polling day, a written notice that sets out the proportion of the public funding to be paid to the agents of the State and Territory Divisions and the proportion of the public funding to be paid to the agent of the Federal Secretariat. The public funding would then be paid to those agents in accordance with the proportions set out in the notice.

Currently, the Electoral Act provides that public funding be paid to the agent of the State or Territory Division of a party for the State or Territory in which the candidate(s) stood. However, as the Federal Secretariat of the Liberal Party is responsible for federal election campaigns, it is appropriate that all or part of the public funding be paid to the agent of the Federal Secretariat.

It is desirable that these amendments be in place prior to the next federal election expected to be held later in the year.

I commend the bill to the Senate.

Ordered that further consideration of this bill be adjourned to the first day of the 2002 autumn sittings, in accordance with standing order 111.

HEALTH AND AGED CARE LEGISLATION AMENDMENT (APPLICATION OF CRIMINAL CODE) BILL 2001

First Reading

Bill received from the House of Representatives.

Motion (by Senator Ian Campbell) agreed to:

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

Bill read a first time.

Second Reading

Senator IAN CAMPBELL (Western Australia—Parliamentary Secretary to the Minister for Communications, Information Technology and the Arts) (9.41 a.m.)—I move:

That this bill be now read a second time.

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

Leave granted.

The speech read as follows—

The Health and Aged Care Legislation Amendment (Application of Criminal Code) Bill advances the Government’s program to harmonise offence-creating and related provisions in Commonwealth legislation with the Criminal Code. The Criminal Code will codify the most serious offences against Commonwealth law and establish a cohesive set of general principles of criminal responsibility.

The purpose of this Bill is to apply the Criminal Code to all offence-creating and related provisions in Acts falling within the Health and Aged Care portfolio, and to make all necessary amendments to these provisions to ensure compliance and consistency with the Criminal Code’s general principles. While the majority of offences in legislation in the Health and Aged Care portfolio will operate as they always have, without amendment, there are some that will require adjustment.

Amongst the most significant amendments is the express application of strict liability to some offence-creating provisions. Under the Criminal...
Code an offence must specifically identify strict liability, or the prosecution will be required to prove fault in relation to each element of the offence. This is necessary to ensure that the strict liability nature of some provisions is not lost in the transition to the application of the Criminal Code's general principles. If relevant offences are not adjusted in this manner many will become more difficult for the prosecution to prove, therefore reducing the protection which was originally intended by the Parliament to be provided by the offence.

The Bill will similarly improve the efficient and fair prosecution of offences by clarifying the physical elements of offences, amending inappropriate fault elements and by clarifying provisions where the defendant will bear a burden of proof. Several provisions in portfolio legislation require a defendant to bear an onus of proof which is unnecessarily difficult and inconsistent with the statutory preference in the Criminal Code. The opportunity has been taken in this Bill to amend these provisions so that where the defendant must bear a burden of proof, the defendant will need to point to evidence that suggests a reasonable possibility rather than prove a matter beyond reasonable doubt.

Further, where a provision in the Health and Aged Care portfolio legislation is duplicated in the Criminal Code, this Bill will repeal that provision.

This harmonisation of offence-creating and related offences in Health and Aged Care legislation with the Criminal Code is an important step in the Government’s program of legislative reform that will achieve greater consistency in Commonwealth criminal law.

Ordered that further consideration of this bill be adjourned to the first day of the 2002 autumn sittings, in accordance with standing order 111.

STATES GRANTS (PRIMARY AND SECONDARY EDUCATION ASSISTANCE) AMENDMENT BILL 2001
First Reading

Bill received from the House of Representatives.

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

Second Reading

Senator IAN CAMPBELL (Western Australia— Parliamentary Secretary to the Minister for Communications, Information Technology and the Arts) (9.42 a.m.)—I table a revised explanatory memorandum relating to the bill and move:

That this bill be now read a second time.

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

Leave granted.

The speech read as follows—

The bill continues the Government’s commitment to improving the learning outcomes of educationally disadvantaged students, particularly in the key areas of literacy and numeracy.

This bill provides for the 2001-2002 Budget measure, that announced $33.3 million over the period 2001-02 to 2002-03 to continue strategic assistance in schools and support literacy and numeracy research. The bill amends the States Grants (Primary And Secondary Education Assistance) Act 2000 which authorised funding for the 2001 - 2004 funding period.

The funding will commence in January 2002, with the bulk ($23.9 million), provided as grants to education authorities through the Strategic Assistance for Improving Student Outcomes Programme (SAISO). The remaining funding ($9.4 million) is to be provided under the Grants for National Literacy and Numeracy Strategies and Projects Programme to support strategic national research and development initiatives.

The bill also ensures that the Government’s commitment to maintaining special education per capita funding levels is honoured. A minor increase in funding of $760,000 for special education per capita funding will ensure that the full level of ‘Strategic Assistance’ funding required is available so that independent schools are not disadvantaged by the new arrangements for special education per capita funding introduced in the Act.

The bill also increases funding to Strategic Assistance to non-government school students to correct a technical error in a previous update of funding amounts from 1999 final prices to 2000 final prices changing the per capita amount from $527 to $561.

This bill continues the significant contribution of the Commonwealth towards implementing the National Literacy and Numeracy Plan, agreed by Commonwealth, State and Territory Ministers for Education, to support the National Goal ‘that all
students should have attained the skills of numeracy and English literacy such that every student should be numerate, able to read, write, spell and communicate at an appropriate level’. Literacy and numeracy for all is the key social justice issue in education. Through the Strategic Assistance for Improving Student Outcomes Programme the Commonwealth is making a significant financial contribution towards improving the learning outcomes of educationally disadvantaged students and is working with education authorities to ensure that the public reporting of student literacy and numeracy outcomes drives change and improvement in this vital area.

The National Literacy and Numeracy Plan provides for assessment of all students by their teachers as early as possible in the first years of schooling and early intervention for those students identified as having difficulty. Schools Ministers have agreed to national benchmarks in literacy and numeracy in Years 3, 5, and 7 against which all children’s achievement can be measured and reported. Importantly, the National Literacy and Numeracy Plan also provides for professional development for teachers.

The commitment to improving literacy and numeracy through the National Literacy and Numeracy Plan is already showing results. In 1997 the National School English Survey showed that some 27% of Year 3 students failed to meet a minimum acceptable standard of literacy. Nationally comparable data on Year 3 Reading released in March 2000 showed that in 1999, the percentage of Year 3 students not achieving the minimum standard had fallen to around 14%.

I commend the bill to the Senate.

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

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

RECONCILIATION AND ABORIGINAL AND TORRES STRAIT ISLANDER AFFAIRS LEGISLATION AMENDMENT (APPLICATION OF CRIMINAL CODE) BILL 2001

First Reading

Bill received from the House of Representatives.

Motion (by Senator Ian Campbell) agreed to.

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

Bill read a first time.

Second Reading

Senator IAN CAMPBELL (Western Australia—Parliamentary Secretary to the Minister for Communications, Information Technology and the Arts) (9.43 a.m.)—I move: That this bill be now read a second time.

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

Leave granted.

The speech read as follows—

The purpose of the Reconciliation and Aboriginal and Torres Strait Islander Affairs Legislation Amendment (Application of Criminal Code) Bill 2001 is to amend certain offence provisions in the Reconciliation and Aboriginal and Torres Strait Islander Affairs portfolio to provide for the application of the Criminal Code.

Chapter Two of the Criminal Code, contained in the Criminal Code Act 1995, establishes general principles of criminal responsibility. It provides a standard approach to the formulation of Commonwealth criminal offences.

The Code will apply to all Commonwealth offence provisions from 15 December 2001. Many offence provisions in the Reconciliation and Aboriginal and Torres Strait Islander Affairs portfolio legislation predate the Code and their meaning and operation may change following the application of the Criminal Code if the appropriate amendments are not made. Those provisions must be harmonised with the Code to preserve their current meaning and operation, and to ensure compliance and consistency with the general principles of the Criminal Code.

This Bill harmonises offences in the Reconciliation and Aboriginal and Torres Strait Islander Affairs portfolio legislation by making a number of largely technical amendments.

First, the Bill makes it clear that the Criminal Code applies to offence provisions within the portfolio legislation.

Second, the Bill clarifies whether certain offences are strict liability offences – that is, an offence where the prosecution does not need to prove any fault on the part of the defendant. The Bill does not create any new strict liability offences.
Third, the Bill clarifies the physical and fault elements for certain offences, including removing and replacing inappropriate fault elements where appropriate. The Code envisages that offences will comprise three physical elements – conduct, circumstance or result – each of which attracts a corresponding fault element. Some provisions in the Reconciliation and Aboriginal and Torres Strait Islander Affairs portfolio currently use inappropriate fault elements and the Bill removes and replaces these. This Bill will improve the efficient and fair prosecution of offences by clarifying these elements.

Fourth, the Bill will change the burden of proving matters relating to certain defences in the Aboriginal Councils and Associations Act 1976 and the Aboriginal and Torres Strait Islander (Queensland Reserves and Communities Self Management) Act 1978. At present, the legal burden of proving those defences rests with the defendant. The Bill amends those provisions to change the burden on the defendant from a legal burden to an evidential burden. This will ensure conformity with the policy underlying the Code that defendants should bear only an evidential burden.

Fifth, the Bill removes parts of offences, such as aiding and abetting and the defence of lawful excuse, which duplicate the general offence provisions in the Criminal Code. The Bill will repeal these superfluous provisions and instead place reliance on the Criminal Code’s provisions.

Finally, the Bill makes certain changes consequential to the expected passage of the Law and Justice Legislation Amendment (Application of the Criminal Code) Bill 2000, as well as removing gender specific language in the Aboriginal Councils and Associations Act 1976, the Aboriginal Land Rights (Northern Territory) Act 1976, and the Aboriginal and Torres Strait Islander (Queensland Reserves and Communities Self Management) Act 1978.

This Bill does not change the current law and does not create any new strict or absolute liability offences. Rather, it ensures that the current law is maintained following the application of the Criminal Code in December this year.

The Criminal Code is a significant step in the reform of our system of justice and the harmonisation process will bring greater consistency and clarity to Commonwealth criminal law.

Debate (on motion by Senator O’Brien) adjourned.
tell me if I am wrong—that the minister is appointing two members of the industry to the organisation committee that is writing the regulations. We are very keen to ensure that the industry is represented throughout the entire phase. I hope that satisfies Senator Ferguson’s inquiry. I move:

(20) Schedule 1, item 1, page 37 (lines 18 to 20), omit subsection (5), substitute:

(5) The following advice is not financial product advice:

(a) advice given by a lawyer in his or her professional capacity, about matters of law, legal interpretation or the application of the law to any facts;

(b) any other advice given by a lawyer in the ordinary course of activities as a lawyer, that is reasonably regarded as a necessary part of those activities;

(c) advice given by a tax agent registered under Part VIIA of the Income Tax Assessment Act 1936, that is given in the ordinary course of activities as such an agent and that is reasonably regarded as a necessary part of those activities.

(6) If:

(a) in response to a request made by a person (the inquirer) to another person (the provider), the provider tells the inquirer the cost, or an estimate of the likely cost, of a financial product (for example, an insurance product); and

(b) that cost or estimate is worked out, or said by the provider to be worked out, by reference to a valuation of an item (for example, a house or car to which an insurance policy would relate), being a valuation that the provider suggests or recommends to the inquirer;

the acts of telling the inquirer the cost, or estimated cost, and suggesting or recommending the valuation, do not, of themselves, constitute the making of a recommendation (or the provision of any other kind of financial product advice) relating to the financial product.

(7) If:

(a) in response to a request made by a person (the inquirer) to another person (the provider), the provider tells the inquirer information about:

(i) the cost of a financial product; or

(ii) the rate of return on a financial product; or

(iii) any other matter identified in regulations made for the purposes of this subparagraph; and

(b) the request could also have been complied with (but was not also so complied with) by telling the inquirer equivalent information about one or more other financial products;

the act of telling the inquirer the information does not, of itself, constitute the making of a recommendation (or the provision of any other kind of financial product advice) in relation to the financial product referred to in paragraph (a).

(8) Subsections (5), (6) and (7) are not intended to affect, in any way, the determination of whether situations not covered by those subsections do, or do not, constitute the provision of financial product advice.

Senator CONROY (Victoria) (9.47 a.m.)—I move opposition amendment (1) on sheet 2335:

(1) Paragraphs 766B(5)(b) and (c), omit the paragraphs, substitute:

(b) except as may be prescribed by the regulations—any other advice given by a lawyer in the ordinary course of activities as a lawyer, that is reasonably regarded as a necessary part of those activities;

(c) except as may be prescribed by the regulations—advice given by a tax agent registered under Part VIIA of the Income Tax Assessment Act 1936, that is given in the ordinary course of activities as such an agent and that is reasonably regarded as a necessary part of those activities.

The opposition believe, on the advice we have received so far—which is little, unfortunately; we were hoping to get some further advice from the government—that the current wording of the legislation is vague and difficult to interpret. We do not believe that
this amendment should be of any concern to the government. This amendment allows us to have some discussions and for ASIC to play a role.

Senator Ian Campbell—We agree to that.

Senator CONROY—In that case, I will happily sit down.

The TEMPORARY CHAIRMAN (Senator Bartlett)—The question is that opposition amendment (1) be agreed to.

Question resolved in the affirmative.

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

Question resolved in the affirmative.

Senator CONROY (Victoria) (9.49 a.m.)—I move amendment (1) on revised sheet 2330:

(1) Schedule 1, item 1, page 48 (lines 5 to 9), omit paragraph (a), substitute:

(a) to the extent that it is reasonably practicable to do so, do all things necessary to ensure that the market is a fair, orderly and transparent market; and

This amendment aims to ensure that the markets operated by market licensees are fair, orderly and transparent markets. Section 92A of the FSR bill, as it is currently drafted, only requires that a market licensee do all things necessary to ensure that the market operates in a way that promotes the objectives of fairness, orderliness and transparency to the extent that it is reasonably practicable to do so—in particular, to the extent that these objectives are consistent with each other. By contrast, the Corporations Act requires that a securities exchange must, to the extent reasonably practicable, do all things that are necessary to ensure that each stock market of the exchange is an orderly and fair market.

Accordingly, I believe section 792A, despite inserting a requirement of transparency, is a watering down of the obligations on market operators. Merely to promote the objectives does not place a sufficiently positive obligation on the market operator. I support the requirement that a market be transparent, and interpret that to mean that information on prices and other corporate information be disclosed to the market in an efficient, timely and equal manner. At a time when there are a large number of retail investors, this is an important obligation and it will assist in developing their confidence in transacting on the market. Similarly, it will assist in maintaining the reputation Australia enjoys for market integrity. I do, however, see the change in the language in describing the obligations of market operators as a backward step. I do not see the change as merely cosmetic, as this change was described by a Treasury officer when giving evidence to the Joint Statutory Committee on Corporations and Securities. If the intent is not different, as was the evidence given to the committee, I do not see why this amendment cannot be supported.

Senator IAN CAMPBELL (Western Australia— Parliamentary Secretary to the Minister for Communications, Information Technology and the Arts) (9.51 a.m.)—We understand this amendment will be carried so we are not going to die in a ditch over it, nor send the bill backwards and forwards. The only problem with this—I think the intent of it is fine—as I think everyone would admit, is that there is tension between the concepts of fairness, orderliness and transparency. Of course, in an ideal world, you try to have all of them working all at once, but it is unlikely that all three will be simultaneously satisfied. The practical reality is that, if you are running a market, using your best endeavours to see all three concepts happening at once is probably the best you can do, but we are not going to say any more than that.

Senator MURRAY (Western Australia) (9.52 a.m.)—The opposition have appropriately qualified their amendment. They have said, ‘where it is reasonably practicable to do so’. I think that kind of qualification was necessary. Therefore, we support the amendment.

Senator CONROY (Victoria) (9.52 a.m.)—I seek clarification from Senator Campbell. Were you indicating that you were prepared to accept the amendment?

Senator IAN CAMPBELL (Western Australia— Parliamentary Secretary to the
Minister for Communications, Information Technology and the Arts) (9.52 a.m.)—We recognise the balance of numbers. We can live with it.

Amendment agreed to.

Senator MURRAY (Western Australia) (9.52 a.m.)—by leave—I move Democrat amendments (1) (1A) and (2) on sheet 2327, revised 2, together:

(1) Schedule 1, item 1, page 100 (lines 1 to 3), omit paragraph 850B(b), substitute:

(b) in relation to a body other than the Australian Stock Exchange Limited— if an approval of a higher percentage is in force under Subdivision B in relation to the body and in relation to the person, that higher percentage; or

(c) in relation to the Australian Stock Exchange Limited— if the regulations prescribe a higher percentage in relation to the body and in relation to the person, that higher percentage.

(1A) Schedule 1, item 1, page 100 (after line 3), at the end of section 850B, add:

(2) Regulations made for the purposes of paragraph (1)(c) may not take effect earlier than the day after the last day on which the regulations may be disallowed under section 48 of the Acts Interpretation Act 1901.

(2) Schedule 1, item 1, page 102 (line 4), after “body”, insert “(other than the Australian Stock Exchange Limited)”.

To motivate these amendments I will address them briefly. They relate to the increase in the ownership limit of the Australian Stock Exchange from five per cent to 15 per cent, which we have no disagreement. This bill does not deal specifically with the Australian Stock Exchange, but refers to bodies corporate with Australian market licences or Australian clearing and settlement facility licences as specified in the regulations for the purpose of section 850A. As the bill is presently configured, voting power on those licences is limited to 15 per cent unless the minister approves a higher percentage for a particular body.

The amendment we circulated proposes to simply remove the minister’s discretion to approve a percentage of higher than 15 per cent. We took the view that increasing the ownership percentage limit from five to 15 was acceptable and helpful to the organisation concerned, but that any increase beyond 15 per cent should require the minister to come back to the parliament with an amendment. The parliament could then judge the request on its merits at the time. It is obvious why we would wish it to come back to the parliament; this will always be an issue of the national interest, and that was our concern.

However, we have listened to arguments from the government concerning some practical consequences of that and we have reached a compromise, which hopefully will be accepted by the Senate, which has resulted in the amendment now before us. Our primary concern is with the Australian Stock Exchange. The original five per cent ownership limit was placed in the legislation which facilitated the demutualisation of the exchange and was done so for good reason, which, I remind the Senate, had cross-party support. It cannot be in the public interest for the exchange to be controlled by one entity. The minister will have the power to approve ownership limits of greater than 15 per cent in relation to other markets or clearing and settlement facilities of national significance. I am quite sure, though, that if ever those other facilities were to grow to a certain size then we may need to review this issue, but that is not necessary at present.

In the case of the ASX, the minister will be empowered to make a regulation prescribing a higher level of ownership. That regulation will be disallowable but, in accordance with our amendment, will not take effect until the period for disallowance has lapsed—which is a critical point, and I am grateful to Senator Conroy for bringing to my attention the dangers of an instrument being disallowable but applicable until such time as it is disallowable. We may be criticised for singling out the ASX for special attention or for a special disadvantage. Our response to that criticism would be that the ASX is not just another company; it serves the national interest and additional parliamentary oversight is therefore warranted. We
regard it as having particular importance in terms of the national interest because it has a statutory regulatory authority. That is the key difference between it and the other clearing and settlement agencies. Therefore, parliament has to be very careful with regard to whose hands ASX falls into and how its share register is managed.

**Senator CONROY (Victoria) (9.56 a.m.)—**I indicate Labor’s support for those amendments, as outlined by Senator Murray. As he has indicated, there is a substantive difference between the ASX and the other institutions that are covered by this bill. There has been some discussion and some concern about the potential for conflict of interest in a number of areas. The ASX is rightfully expanding into a number of market services, which brings it into conflict with companies that are listed on its own market. I note that it has taken steps to address this potential for conflict but it is an area that is growing in importance. Having the ASX monitoring and supervising companies that it is in competition with does place it in a very difficult position.

But, more importantly, as Senator Murray said, the ASX is a coregulator. We have a coregulation model and, while we support all sensible attempts to improve the liquidity of the Australian market—because we are a relatively small market and the ASX has helped us punch above our weight—there are concerns about equity swaps with other markets and mergers. Alliances are being considered and they have, by and large, the support, I think, of all political parties to allow us to maintain a strong position within the world capital markets. However, allowing an equity swap with a company or with another government—such as with the Singapore Exchange—brings into question who is going to be in control of our listing rules, who is going to be in control of market supervision of Australian companies and who is going to help protect Australian investors. The Singapore government has a very different approach to corporate law. I hope that the alliance that is being talked about can come off, subject to the proviso that Australian investors continue to receive the protection of Australian Corporations Law when they invest in products—and not believe that just because they are investing in a product that is on an alliance market that they are receiving all the same protections. There are some very sensitive and important issues at stake here. While the ASX continues to have those coregulatory requirements and provisions, it has to be conscious that the parliament will continue to view it slightly differently to other companies that are listed on its own exchange.

While I do not think that this is a perfect solution, it is a reasonable solution. My preference would have been for the ASX to have to come back and get legislative changes into the future. We hope that the government are willing to accept this as a reasonable compromise. We hope that the ASX understand that we in no way want to inhibit their business, but while they remain a coregulator parliament will always take the role of the ASX much more seriously than the roles of some of the other organisations that are dealt with in this legislation. We hope we have reached a reasonable compromise that the government can accept and that the ASX are willing to live with, and we hope that the government are, in the end, prepared to accept this amendment.

**Senator IAN CAMPBELL (Western Australia—Parliamentary Secretary to the Minister for Communications, Information Technology and the Arts) (10.00 a.m.)—**I think it comes down to the use of language: probably the correct language for the government to describe our position with is that we are not particularly happy with the amendment but we are happier than we were a couple of days ago. There is, of course, a tension between the proposal and what the government would like. We clearly would prefer the minister to have the power to approve the breach of the 15 per cent in special circumstances. The suggestion that Senator Conroy made that you have to come back and alter the legislation is less desirable than what we have been faced with here—that is, effectively a delay of 15 sitting days, which all of us here know can, at certain times of the year, extend to an extraordinary length of time. Clearly, the undesirable feature of this amendment, which should be placed on the
record, is that it can cause an enormous delay and therefore uncertainty, particularly for the Australian Stock Exchange.

The Australian Stock Exchange has a wide degree of cross-partisan support as a very successful exchange—an exchange that, when you look at what has happened since that demutualisation bill went through this place a few years ago, has set a huge example for financial regulators around the world. It was a bold move, championed by Maurice Newman and Richard Humphry. A lot of the members of the Stock Exchange were very happy with Mr Newman and Mr Humphry when they were able see their share values fly. I noticed that in the Stock Exchange building in Perth, where my office is, the number of Jaguars and Porsches increased significantly shortly after the passage of the legislation. I remind my friends in the Stock Exchange in Perth that none of them have bought me lunch yet!

I should not be flippant about it: it has been a great success. Some of the concerns that were expressed at the time have proved to be unnecessary. Senator Conroy has raised a couple of issues that the Stock Exchange is very cognisant of, but it has been an extraordinarily successful player which, to use Senator Conroy’s term again, has allowed Australia to punch way above its weight. The last time I was briefed by the exchange we still accounted for about two per cent of the world capital markets and our regard in the international financial circles and the securities market circles is much higher than that. We are a very successful financial centre. We have built on that reputation over recent years, and I think the Corporations Law reforms and the financial sector reforms have helped. But we do not want to see the exchange hamstrung in its manoeuvring and its strategies to stay ahead of the game. The sorts of activities that Maurice Newman and Richard Humphry are undertaking in relation to alliances with other exchanges in the Asia-Pacific basin are to be encouraged. They are looking outside the circle. They know that in this global era with its massive changes in how people are transacting business and moving money around using web based systems the concept of an exchange has already changed forever and will keep changing very rapidly, so they need to be flexible.

Between the concept of having to come back here to seek a legislative change and the concept of coming back here and seeking the change through what is effectively delegated legislation, the Democrats’ proposal is far more desirable from the government’s point of view. In practice—to make the Democrats’ argument—if a change did need to be made, if a breach of the 15 per cent did need to be made, then ultimately the game could move on anyway if it were made clear by the major political parties that it was not likely to be disallowed. So, to use my previous phrase, this is an amendment that the government would prefer not to have to have in the legislation but it is one that we can live with.

Senator CONROY (Victoria) (10.05 a.m.)—I want to make one final comment. I was lucky enough recently to be in London on the day that the London Stock Exchange had its ownership of five per cent—

Senator Ian Campbell interjecting—

Senator CONROY—No, actually they did not. I was lucky enough to be there on the day that the limit of five per cent was lifted for the London Stock Exchange. Much to the horror of the exchange, their share price fell quite substantially, so I hope a similar fate does not befall those who have championed this proposal so strongly.

Senator MURRAY (Western Australia) (10.06 a.m.)—In wrapping up on my amendments, I will just make three further points. The first is that shadow minister Conroy and the alternative government, the Labor Party, have acted pretty honourably in supporting these amendments. As they have an aspiration to be the government and for shadow minister Conroy to sit in Minister Hockey’s seat, they have given up a chance for extra power. So, for those who accuse politicians of always being power hungry, in this case they have shown that they are not, so that is a point that needs to be made.
The second point is that there are precedents for government delaying decisions—or in this case the parliament delaying decisions—in the national interest. The most obvious are the Foreign Investment Review Board’s decisions. As we know, there was a recent example in my own state of Western Australia, where the Shell-Woodside takeover was subject to national considerations and took many months. Therefore, I think delays are sometimes necessary for national interest matters to be considered. The parliamentary secretary does make the right comment: if there was an emergency takeover that was necessary or something self-evidently had to happen, I am quite sure all parties would allow the instrument through. Only in those circumstances where there might be extraordinary considerations could there ever be a threat that the regulation would be disallowed. I expect no great difficulties there. In practice, I would expect the companies concerned to have a pretty good feeling about what the political parties’ shadows in these areas would feel about these issues.

The last point I make regards the ASX, and I think if they read the Hansard they should be very well aware of the points made by me and by Senator Conroy. At some stage, they are going to have to decide whether they want to be a corporation in the normal sense of that word, and the commercial sense, with full access to all the commercial opportunities available to corporations, or if they want to be a regulator. The two cannot live together. If the ASX ever seeks the route which leads to becoming a full corporation with the full freedoms normally allowed to a corporation, the parliament and the government of the day are going to have to reconsider where the regulatory authority presently carried by the ASX should rest. I think it is very important that both the Senate and the ASX understand that that observation is behind some of the remarks and judgment made today.

Amendments agreed to.

Senator CONROY (Victoria) (10.09 a.m.)—I move amendment (3) on revised sheet 2330:

(3) Schedule 1, item 1, page 162 (lines 4 to 7), omit paragraph (a), substitute:

(a) do all things necessary to ensure that the financial services covered by the licence are provided efficiently, honestly and fairly; and

I believe that the inclusion of the words ‘to the extent reasonably practicable’ in section 912A is not necessary and may interrupt the judicially established interpretation of the requirement to provide financial services efficiently, honestly and fairly. The courts have held that those three words are to be interpreted compendiously, such that the requirement would only imply that the licensee act efficiently while having regard to the dictates of honesty and fairness, act honestly while having regard to the dictates of efficiency and fairness and act fairly while having regard to the dictates of efficiency and honesty. This interpretation would appear to balance any conflict between the terms and exclude the need for the qualifying words ‘to the extent reasonably practicable’. Indeed, it was suggested by one law firm in their analysis of the bill that, if this paragraph is not amended, it could imply that a licensee may not have to act honestly if that is not reasonably practicable. Similarly ASIC said, ‘It would be difficult for us to contemplate a situation where we would tolerate anyone saying that it was not practical for them to act honestly.’ ASIC have also stated that they would consider the surrounding circumstances before taking any enforcement action against the licensee. In fact they have admitted that, if there is a minor non-systemic thing, they do not take action. The qualification ‘to the extent reasonably practicable’ is not appropriate in the circumstances of a financial services licensee who deals directly with clients. It should be removed.

Senator MURRAY (Western Australia) (10.11 a.m.)—I indicate that the Democrats are persuaded by the opposition’s arguments. Amendment agreed to.

Senator CONROY (Victoria) (10.12 a.m.)—The opposition opposes schedule 1 in the following terms:

(4) Schedule 1, item 1, page 183 (line 3) to page 189 (line 23), Division 7, TO BE OPPOSED.
These items all deal with the declared professional body provisions in the FSR Bill. The declared professional body provisions would create a self-regulatory system which is inconsistent with the objective of the bill. ASIC has also stated in its statements on the draft FSR Bill that the introduction of statutory recognition for self-regulatory bodies in financial services would be a significant development in Australian financial services regulation. ASIC is concerned that it may not reflect international trends and may be at odds with the theme of the recommendations in the final report of the financial system inquiry. Australia is to move in the direction of declaring professional bodies, when the major jurisdiction that has tried this approach, the UK, is now moving away from that. A number of submissions from ASFA, SIA, ASX and the Insurance Council of Australia in relation to the draft FSR Bill also stated opposition to the declaration process or recommended that ASIC consult with all relevant and interested parties before making any declarations. Other submissions, such as those from IFSA and AMP, regard it as essential that the standards imposed on such bodies result in the members of declared bodies being subject to exactly the same conduct disclosure and competency requirements as licensees.

ASIC also raised a number of regulatory concerns. Most notably, ASIC said that the introduction of declared professional body provisions may create a number of problems or gaps in regulatory coverage and is likely to be resource intensive both for ASIC and the participants involved. I note that a number of changes were made to the declared professional body provisions from the draft bill, but they still do not impose a uniform system of regulation, which is the design and, I believe, the benefit of this legislation. I also note that a number of professional bodies for which these provisions were designed have expressed concerns about the provisions, and so I believe that these provisions should be removed.

Senator IAN CAMPBELL (Western Australia— Parliamentary Secretary to the Minister for Communications, Information Technology and the Arts) (10.14 a.m.)—I do not want to hold things up, but it is important to know that the government believes that the declared professional body mechanism would allow bodies such as accountants and lawyers the opportunity to provide a wider range of financial product advice than would be permitted without this amendment. We believe that consumers can be adequately protected by the obligations placed on them by their professional body. The declared professional bodies would obviously have to supervise their members and, importantly, ASIC would have a clear role under the legislation in oversight of these bodies. I do not seek to debate it any longer. I recognise the arguments against the amendment that Senator Conroy has put and I understand that the Democrats will be supporting it, so I will not delay the debate any longer.

Senator CONROY (Victoria) (10.15 a.m.)—I just want to clarify that this is a government amendment to which we will vote no. I want to make sure that we do not have any confusion about who votes which way. We will vote no on this.

Senator MURRAY (Western Australia) (10.16 a.m.)—For the record, I should state that the Democrats accept the arguments of Labor Party.

The TEMPORARY CHAIRMAN (Senator Bartlett)—The question is that schedule 1, item 1, part 7.6, division 7, and part 7.7, division 5, stand as printed.

Question resolved in the negative.

Senator CONROY (Victoria) (10.16 a.m.)—by leave—I move opposition amendments Nos 2, 5, 6, 8, 9, 13 and 14 on revised sheet 2330:

(2) Schedule 1, item 1, page 157 (lines 23 to 26), omit paragraph (e).
(5) Schedule 1, item 1, page 193 (line 30), omit paragraph (d).
(6) Schedule 1, item 1, page 233 (lines 36 and 37), omit paragraph (1)(c).
(8) Schedule 1, item 1, page 243 (line 12), omit “or a member of a declared professional body”. 
(9) Schedule 1, item 1, page 244 (line 16), omit “or a member of a declared professional body”.

(13) Schedule 1, item 1, page 292 (lines 20 and 21), omit paragraph (e) of the definition of regulated person.

(14) Schedule 1, item 1, page 337 (line 7), omit paragraph (1)(d).

These amendments are consequential to having removed declared professional bodies.

Amendments agreed to.

Senator CONROY (Victoria) (10.17 a.m.)—by leave—I move opposition amendments Nos 10, R11, R12 and R15 on revised sheet 2330:

(10) Schedule 1, item 1, page 287 (line 9), at the end of subsection 992A(2), add “, or to offering of managed investment products, hawking of which is prohibited by section 992AA”.

(R11) Schedule 1, item 1, page 287 (after line 11), at the end of section 992A, add:

(3) A person must not make an offer to issue or sell a financial product (other than an offer to which subsection (1) applies) in the course of, or because of, unsolicited personal contact with another person unless the other person has been:

(a) contacted only during the hours prescribed by the regulations and only if the person is not listed on the “No Contact/No Call” register in relation to the person making the contact; and

(b) given an opportunity to:

(i) register on a “No Contact/No Call” register maintained by the person making the contact at no cost to that person; and

(ii) select the time and frequency of any future contacts; and

(c) given a Product Disclosure Statement before becoming bound to acquire a financial product; and

(d) clearly informed of the importance of using the information in the Product Disclosure Statement when making a decision to acquire a financial product; and

(e) given the option of having the information in the Product Disclosure Statement read out to that person.

Note: Failure to comply with this subsection is an offence (see subsection 1311(1)).

(4) In addition to other penalties for breaches of this section, a failure to comply with this section gives the other person a right of return and refund exercisable within 1 month after the expiry date of the relevant cooling-off period for the financial product, or one month and fourteen days in the event that no cooling-off period applies to the financial product, subject to the following provisions:

(a) on the exercise of the right to return the product:

(i) if the product is constituted by a legal relationship between the client and the issuer of the product—that relationship is, by force of this subsection, terminated with effect from that time without penalty to the client; and

(ii) any contract for the acquisition of the product by the client is, by force of this subsection, terminated with effect from that time without penalty to the client;

(b) the regulations may provide for consequences and obligations (in addition to those provided for in paragraph (a)) to apply if the right to return a financial product is exercised;

(c) the regulations may do any or all of the following:

(i) provide that a specified subclass of financial products that would otherwise be covered by this subsection is excluded from this subsection;

(ii) provide additional requirements to be satisfied before this subsection applies in relation to a class or subclass of financial products;

(iii) provide that this subsection does not apply in relation to the provision of a financial product in specified circumstances.

(R12) Schedule 1, item 1, page 287 (after line 11), after section 992A, insert:
992AA Prohibition of hawking of managed investment products

(1) A person must not offer interests in managed investment schemes for issue or sale in the course of, or because of:
(a) an unsolicited meeting with another person; or
(b) an unsolicited telephone call to another person;
unless the offer is exempted under subsection (2).
Note: Failure to comply with this subsection is an offence (see subsection 1311(1)).

(2) Subsection (1) does not apply to an offer of interests in managed investment schemes if:
(a) the offer is not to a retail client;
(b) the offer is an offer of interests in a listed managed investment scheme made by telephone by a financial services licensee; or
(c) the offer is made to a client by a financial services licensee through whom the client has acquired or disposed of an interest in a managed investment scheme in the previous 12 months.

(R15) Schedule 1, item 457, page 546 (after table item 288C), insert:

288CA Subsection 992A(3) 25 penalty units or imprisonment for 6 months, or both.

288CB Subsection 992AA(1) 25 penalty units or imprisonment for 6 months, or both.

These amendments are necessary to restore the existing prohibition on hawking of managed investment products and to put restrictions on the way that cold calling is conducted. In relation to the items concerning the hawking of managed investment products, section 736 of the Corporations Act currently prohibits unsolicited meetings and unsolicited telephone calls to offer securities. ‘Securities’ is defined to include both shares and managed investments. However, the Financial Services Reform Bill 2001 will amend the definition of securities that applies to section 76 so that managed investments are no longer caught by section 736. I appreciate that the FSR Bill will introduce a prohibition on unsolicited meetings that will apply to managed investments. This was an amendment introduced by the minister on 28 June and which I supported. However, it does mean that, whereas previously there was a prohibition on unsolicited telephone calls in relation to managed investment schemes, under the FSR regime that will not be so. This is not acceptable.

The Senate’s Economics References Committee has been inquiring into the mass marketed tax effective schemes. The committee has heard about how aggressively these managed investment schemes were marketed. Whole towns, such as Kalgoorlie, were targeted. Promoters were relentless in marketing these schemes. Many investors in those schemes are now in financial distress. Further, the minister has said that he wants to help these investors. In a press release on 11 April 2001, the minister said:

Many of the investors having difficulties with these schemes say they were given misleading advice by promoters and advisers. ASIC has assured me that it will continue to take action wherever possible to protect investors in these schemes.

Without this amendment, the government will have made it easier for promoters to prey on investors. They will have made it harder for ASIC to protect investors. The government will be insisting that promoters market these schemes by allowing promoters to make unsolicited calls to investors. This amendment is not draconian; it merely restores the current situation. It should be supported.

In relation to the item concerning the way cold calling is conducted, this amendment does not prohibit telemarketing. Many businesses employ telemarketing techniques and it would be inappropriate to ban such techniques. However, where aggressive and unsolicited calls are being made in relation to financial products, there is potential for consumers to be coerced into products which are not in their best interests. It is appropriate then that the manner in which unsolicited calls can be made be regulated. These amendments also enhance consumers’ rights to privacy and the benefits of disclosure and reflection. ASIC has called for this amendment, but I understand that the government
has refused until today to respond to the increased instances of cold calling. In its submission on the draft bill, ASIC indicated that pressure selling can lead to disastrous consequences for consumers and that it was appropriate that there be specific regulatory requirements for cold calling activities. Since then, there have been a number of instances of cold calling which have been brought to the attention of ASIC.

In answer to a question taken on notice in estimates in November 2000, ASIC replied:

There are several examples of cold calling and unfair sales pressure that ASIC is aware of, and in some instances has taken action against. There are several scams where cold calling is used as a selling technique. For example, ASIC is aware of a number of overseas entities cold calling investors within Australia, seeking to sell unlisted shares in overseas companies, and ASIC has also received complaints about unfair sales pressure in relation to insurance products.

I also understand that other jurisdictions have regulations in the form I am proposing today. In particular, the UK has rules on cold calling that are tougher than I am proposing. A number of consumer groups are also concerned about an absence of regulation on the conduct of cold calling and, in a submission to the joint parliamentary committee, the Australian Consumers Association said:

Pressure selling and cold calling remain a matter of concern to consumer and investor organisations. Community legal workers have reported an increase of the targeting of lower income consumers by promoters of investment services and financial products. Consumers with limited knowledge of available products, costs and implications of these commitments are placed under significant pressure to commit to services which are often poorly suited to their needs and expensive. This has potentially disastrous outcomes, particularly where there may be a long time lag between the purchase and the consumer realising that the product is unsuitable or inappropriate. More broadly, cold calling and pressure selling techniques continues to be a consumer protection problem for the community. As an example, ASIC provides a warning to consumers about cold calling on life insurance products, financial advice services, Internet offers on investment products and overseas investment offers. The range of these warning indicates the widespread nature of pressure selling in Australian financial services.

These amendments are needed and should be supported.

Senator IAN CAMPBELL (Western Australia—Parliamentary Secretary to the Minister for Communications, Information Technology and the Arts) (10.22 a.m.)—We do support them, and I think Senator Conroy has made good points in relation to a number of those activities. We will also seek his support when it comes to cold calling in relation to mergers and acquisitions, because we think many of the points that have been made relate to the same sort of pressure that is put on existing shareholders when takeover activity takes place—we will obviously deal with that further down the running sheet. But the same sort of pressure tactics are applied by quite often the very same people in the very same call centres when one company is seeking to aggressively take over another company. The points, which are to be supported, that Senator Conroy has made very eloquently in relation to that—and that is why we are supporting the hawking provisions—and the activities that he described in relation to managed investment schemes, particularly in Kalgoorlie, one of my favourite cities, are absolutely accurate. They were disgraceful and despicable tactics by people who, in many respects, were quite immoral and unethical.

Very similar tactics are used in relation to takeovers with high pressure sales tactics, and I would welcome the opposition’s support for our provisions to ensure that those activities are monitored through telephone taping, which is something that stockbrokers seek to use when they are recording their transactions with their customers. We want to use the same potential to track the performance of people in relation to takeover activities. I hope that the Australian Labor Party will see that to be consistent they should support our amendment which is further down the running sheet.

Senator MURRAY (Western Australia) (10.24 a.m.)—I think it is important that I add my words of support. I want to congratulate the government on taking the view they have, and I particularly want to congratulate the Labor Party on these amendments because I think it is an excellent improvement
to the law. The managed investments scheme scandal has been an eye-opener for all parliamentarians who have taken an interest in the issue. I think what has not been well understood sometimes is that there is sometimes, too, a distance between the designer of the product, the producers of the prospectus, the owners of the product and the methods of selling that are used. In some cases the selling is outsourced, and then highly improper pressure selling techniques are used. The consequences for taxpayer investors is that they become victims.

The importance of that, in my view, is as follows. At present, the circumstance of a taxpayer having their tax deduction disallowed, as per their self-assessment, is being put into part 4A circumstances where they get up to a 50 per cent penalty tax imposition and there was up to a 14 per cent compound interest rate imposition. I accept that, in all cases where a self-assessed tax deduction is disallowed, it should be disallowed. That is quite clear on the face of the law and the interpretation of the law that the ATO apply. To my mind, it is absolutely appalling that somebody who is a victim of cold calling or pressure selling techniques—which essentially turn their situation of advice into a highly improper and, I think, sometimes fraudulent, misleading and deceptive circumstance—should, on top of having a tax deduction legitimately disallowed, then have to pay a penalty tax and a compound interest penalty as well. Therefore, the establishment of the circumstance whereby ASIC can identify persons subject to a particular scheme or mass market investment approach as having been victims of an improper and misleading circumstance should therefore allow a relay on to the tax office that in those circumstances, for that scheme, these people were victims of a scheme and that, whilst it is all right to disallow their tax deduction, they should not be hit with penalty taxes and compound interest. That is the route I would go with this and I think this is a very important improvement on the law. So, again, my congratulations to the Labor Party and to the government for adopting this approach.

Amendments agreed to.

Senator MURRAY (Western Australia) (10.28 a.m.)—by leave—I move Democrats amendments (3), (4) and (5) on sheet 2327, revised sheet No. 2:

(3) Schedule 1, item 1, page 316 (line 15), at the end of subsection (1), add:

; and (l) if the product has an investment component—the extent to which environmental, social or ethical considerations are taken into account in the selection, retention or realisation of the investment.

(4) Schedule 1, item 1, page 316 (after line 31), after subsection (2), insert:

(2A) For the purposes of paragraph (1)(l), products which have an investment component include superannuation products, managed investment products and investment life insurance products.

(5) Schedule 1, item 1, page 317 (after line 8), after section 1013D, insert:

1013DA Information about ethical considerations etc.

ASIC may develop guidelines that must be complied with where a Product Disclosure Statement makes any claim that environmental, social or ethical considerations are taken into account in the selection, retention or realisation of the investment.

I have dealt with some of the arguments surrounding this during my speech in the second reading debate, but I want to briefly recap. These amendments will have the effect of requiring product disclosure statements to disclose the extent to which environmental, social or ethical considerations are taken into account in the selection, retention and realisation of the investment. The wording of the amendments is largely drawn from the recent amendments to the UK Pensions Act—again, I referred to that in my speech in the second reading debate. Amendment (4) clarifies that the types of products where disclosure is mandated are superannuation products, managed investment products and investment life insurance products.

I mentioned during the second reading debate that I wanted to achieve two things in relation to ethical investments: firstly, to promote a market for ethical investments and to promote awareness of their availability and, secondly, to ensure that, as the market
develops, consumers are provided with accurate and not misleading information about the investment products. It is that first objective which is covered by amendments (3) and (4). Amendment (5) on sheet No. 2327 deals with the second objective, the requirement to disclose whether ethical considerations are taken into account or, at the very least, raise awareness of ethical investing. I suspect there are a lot of ordinary investors out there who do not even know of the availability of these sorts of products. In passing, I should say that I think the majority of Australian companies listed on the Stock Exchange and other products about would fall into the categories we regard as ethical.

Amendment (5) is about ensuring that claims by promoters that they are selling an ethical investment are true as predicted over the coming five years and beyond and that more and more marketing value becomes attached to ethical investments, as it has overseas. I would remind the chamber of the figure I gave yesterday, which is that the current figure in the United States invested in these products is estimated to be $US2.16 trillion. If I could make an analogy with the Australian Made symbol, some years ago that symbol started to become valuable, and not long after that occurred regulations had to be put in place to clarify what could be reasonably labelled Australian Made; otherwise, you had situations where the logo was placed on items where very little of the production work occurred in Australia.

As I mentioned during the second reading debate, there is an information imbalance between the promoters and investors. If a promoter claims that the company’s investment choices are made, taking into account environmental, ethical and other non-financial considerations, where is the investor to go to confirm that claim? It will be up to ASIC to have a look at the ethical investments that are presently on offer and to evaluate the sorts of criteria for disclosure that their prospectuses make—in other words, to provide a guidance note or guidelines. From that evaluation, I envisage they should be able to draft suitable guidelines on what should be included. There is a function that governments, particularly this government, have consistently given ASIC and that is the discretion to devise guidelines which accord with the flexibility that is required in the market.

Senator CONROY (Victoria) (10.32 a.m.)—by leave—I move opposition amendments (1) and (2) on revised sheet No. 2337 to Democrat amendments (3) and (5):

(1) Paragraph 1013D(1)(l), after “which”, insert “labour standards or”.
(2) Section 1013DA, after “that” (second occurring), insert “labour standards or”.

These amendments seek to just round out some aspects of the word ‘ethical’. It means many things to many people. There was a comment when Nick Bolkus and I were discussing this about Steve Conroy and Nick Bolkus set loose on defining the word ‘ethical’ was going to cause a lot of merriment to a lot of people. But Senator Bolkus and I were able to reach agreement, and we hope that this is acceptable to the Democrats and to the government.

Senator MURRAY (Western Australia) (10.32 a.m.)—I would be hard put, given our philosophies and policies over 24 years, to oppose that; therefore I do not.

The TEMPORARY CHAIRMAN (Senator Bartlett)—The question is that opposition amendments (1) and (2) to Democrat amendments (3) and (5) be agreed to.

Question resolved in the affirmative.

The TEMPORARY CHAIRMAN—The question now is that the Democrat amendments, as amended, be agreed to.

Question resolved in the affirmative.

Senator CONROY (Victoria) (10.34 a.m.)—The opposition oppose the following in schedule 3:

(16) Schedule 3, Part 2, page 571 (line 2) to page 579 (before line 1), TO BE OPPOSED.

The Joint Parliamentary Committee on Corporations and Securities in its inquiry into these bills took some significant evidence on the proposal to introduce recording of telephone conversations in relation to takeovers. One common complaint was that there has been no consultation—a significant change and yet no consultation. A further complaint
was that the amendment was unworkable, it was cast too broadly, but most importantly the Law Council suggested that it would not help prosecutions. Ms Farrell told the committee:

I used to be a prosecutor—or was for a couple of years anyway—and certainly having a piece of evidence like that is useful from a prosecution viewpoint but if you are dealing with call centre operations where you can be getting hours and hours and hours of tape over a period of weeks or months, actually finding it is sometimes hard and query whether or not finding the particular thing that you are looking for is sometimes harder ... but if you are not looking for complaint driven investigation, if you are looking for ASIC to find it, it is never going to happen. It is not a useful deployment of ASIC’s resources.

A further complaint was that it would stifle takeover activity. The Securities Institute of Australia remained concerned that this requirement would stifle takeover activity, that it would lessen the discipline exerted on management by the threat of a takeover and be a disservice to shareholders. A further complaint was that it would be extremely costly and that it ignored the safeguards already in place on the telemarketing of information in relation to takeover bids. But the one complaint I did not hear was that of a shareholder who was complaining of being misled in a takeover. I asked the Australian Shareholders Association; I asked various consumer groups. They could not give an instance of any complaint.

As a result, the Joint Parliamentary Committee on Corporations and Securities unanimously recommended that the provisions in relation to the recording of telephone conversation takeovers be deleted. The chair—and I am sorry that he is not here in the chamber today—concluded that, given the degree of concern expressed about the inappropriateness of the proposal per se, the committee believed that the government should review the objectives of the proposal and consider what alternative approaches would marry better with the present operating features of the industry. He said that this proposal was ill conceived and should not form part of the Corporations Act.

Senator IAN CAMPBELL (Western Australia)— Parliamentary Secretary to the Minister for Communications, Information Technology and the Arts) (10.36 a.m.)—I have already made some remarks in relation to this. The minister has received complaints in relation to this activity. The government is responsive to that. Luckily in Australia it is not a widespread activity. I am prompted to make some response in relation to Senator Conroy’s comments about this in some way reducing the stress of the pressure of takeover on incumbent boards.

Senator Conroy—The Securities Institute.

Senator IAN CAMPBELL—It is a very good point made by the Securities Institute, and I support them in relation to wanting to improve the stress on incumbent—

Senator Conroy—Mandatory bid. You couldn’t—

Senator IAN CAMPBELL—’Never let a chance go by, boys’—never forget those famous words of The Newcastle Song. That is exactly what the government want to do. We want to put more stress on incumbent boards. It is one of those areas of irony or confusion, from the opposition’s point of view at least, that this is a government that gets accused of being in bed with the top end of town but it is actually the top end of town which oppose mandatory bids. They do not want control to be able to pass without full-on market bids. They love full-on market bids. They love getting all of the lawyers in. They love all of the money that is involved and they want to reduce stress in relation to takeovers. The government stands committed to mandatory bids and follow-on, which we believe will create far stronger market control and will therefore ensure that shareholder value is focused on more. The Australian Labor Party’s view in relation to this amendment seems to be confused.

This is unashamedly a consumer protection measure. I think Senator Conroy’s remarks are accurate to the extent of reinforcing the fact that this is not a widespread activity, but this measure gives ASIC the power to do this in the event that it occurs. I think the argument in relation to hours and hours of tape does not stand. Clearly, this will be a complaint based mechanism. If
there is a complaint in relation to this sort of activity taking place it will give ASIC the opportunity to review the tapes around that time. You will be able to focus in on the activity that has taken place. The great thing about this provision is that if it is successful there will not be a complaint, because people will know that any behaviour that provides pressure on shareholders is unlikely to occur since they know that if there is a complaint by a shareholder then ASIC will have this power to move in and quickly get the evidence that it requires.

It is a good measure. It is unashamedly pro-consumer and it is a desirable thing. As someone who has championed takeover reform in Australia, I tend to disagree with some of the Securities Institute’s argument in this regard. I think this measure will actually assist in building a much better, fairer, more open and honest takeover regime in Australia.

Senator MURRAY (Western Australia) (10.40 a.m.)—This is one of those issues on which I have been tugged hither and thither during the inquiry and the report process. I must say I have actually been influenced quite considerably in my attitude to the need for consumer oriented regulation by my experiences of the mass marketed investment schemes. I do not want to get too emotional here, but when you have, as I have, held the hands of sobbing people who had enough money to invest in these things you as a parliamentarian recognise the need to ensure that investors, who in the large part are not experienced and are unsophisticated in terms of financial products, have as many safeguards as possible in the market.

The issue we must look at is whether we are being consistent in this matter. It is an issue that I had to address when I was looking at the risk disclosure area, for instance. The arguments were strong that they should be excluded. But in the end I agreed with the government that you are better off to have full disclosure on a consumer based approach. The fact is that large numbers of Australians who in decades gone by would not have been shareholders, would not have been investing in securities, would not have been investing in financial products and would not have had access to or be accessible by the market are now just that. When they are taken advantage of, the consequences for them are quite considerable.

I really cannot stress enough the impact of a place such as Kalgoorlie, where the consequences of getting involved in schemes and then having the weight of the Taxation Office descend upon them has resulted in marriage break-ups, asset loss and, in some sad cases, suicides; so quite a deal of community pain. It is for that reason that I think that in any situation where pressure selling can occur either in person or over the telephone we have to be careful. In the same way as I thought the motivation by Senator Conroy of his previous remarks was on the button really in terms of consumer protection, I think that I need to shift my position on this. I have been affected, frankly, by my circumstances over the last month or so, and I think the more protection and safeguards that we can provide on the consumer side through our regulators the better. Accordingly, I am going to oppose the opposition amendment.

The TEMPORARY CHAIRMAN (Senator Calvert)—The question is that schedule 3, part 2 stand as printed.

Question resolved in the affirmative.

Amendments (by Senator Ian Campbell)—by leave—agreed to:

(158) Schedule 3, item 29, page 571 (line 20), omit “for the purpose of discussing”, substitute “to discuss”.

(159) Schedule 3, item 29, page 571 (after line 23), after subsection (1), insert:

(1A) If the recorder invites the holder to call the recorder to discuss the takeover bid (whether or not for some other purpose as well), then the recorder must make a clear sound recording of all telephone calls that:

(a) the holder makes to the recorder during the bid period; and

(b) are made by the holder to discuss the takeover bid (whether or not for some other purpose as well).

Note: Failure to comply with this subsection is an offence (see subsection 1311(1)).

(160) Schedule 3, item 29, page 571 (after line 28), at the end of section 648J, add:
(3) Subsection (1) or (1A) does not apply if the holder is a wholesale holder.

Note: A defendant bears an evidential burden in relation to the matter in subsection (3). See subsection 13.3(3) of the Criminal Code.

(4) A holder of securities is a wholesale holder if:

(a) the value of the securities equals or exceeds the amount specified in the regulations made for the purposes of this paragraph; or

(b) a qualified accountant has given the holder a certificate referred to in paragraph 761G(7)(c) within the preceding 6 months; or

(c) the holder is a professional investor; or

(d) the holder is a person, or a member of a class of persons, prescribed in the regulations made for the purposes of this paragraph.

(161) Schedule 3, item 29, page 572 (line 2), omit “At the beginning of the telephone call the”, substitute “The”.

(162) Schedule 3, item 30, page 578 (table item 201A), after “648J(1)”, insert “, (1A)”. Bill, as amended, agreed to.

FINANCIAL SERVICES REFORM
(CONSEQUENTIAL PROVISIONS)
BILL 2001

The bill.

Amendments (by Senator Ian Campbell)—by leave—agreed to:

(1) Clause 2, page 3 (after line 4), after sub-clause (9), insert:

(9A) If Parts 5 and 6 of Schedule 2 to the Financial Sector (Collection of Data—Consequential and Transitional Provisions) Act 2001 do not commence before the FSR commencement, the items commence on the FSR commencement; the items do not ever commence.

(2) Clause 2, page 4 (after line 34), at the end of the clause, add:

(18) The commencement of the items of Schedule 2, other than items 1, 2, 4, 5, 9 and 10, is as follows:

(a) if Parts 5 and 6 of Schedule 2 to the Financial Sector (Collection of Data—Consequential and Transitional Provisions) Act 2001 do not commence before the FSR commencement, the items commence on the FSR commencement; the items do not ever commence.

(19) The commencement of items 1 and 2 of Schedule 2 is as follows:

(a) if Parts 5 and 6 of Schedule 2 to the Financial Sector (Collection of Data—Consequential and Transitional Provisions) Act 2001 do not commence before the FSR commencement, the items commence on the later of:

(i) the FSR commencement; and

(ii) immediately after the Financial Sector (Collection of Data—Consequential and Transitional Provisions) Act 2001 receives the Royal Assent; the items do not ever commence.

(b) if Parts 5 and 6 of Schedule 2 to the Financial Sector (Collection of Data—Consequential and Transitional Provisions) Act 2001 commence before the FSR commencement, the items do not ever commence.

(20) The commencement of items 4 and 5 of Schedule 2 is as follows:

(a) if item 3 of Schedule 2 to this Act commences under subsection (18), the items commence on the commencement of Parts 5 and 6 of Schedule 2 to the Financial Sector (Collection of Data—Consequential and Transitional Provisions) Act 2001; the items do not ever commence.

(b) if item 3 of Schedule 2 to this Act does not ever commence under subsection (18), the items do not ever commence.

(21) The commencement of items 9 and 10 of Schedule 2 is as follows:

(a) if item 8 of Schedule 2 to this Act commences under subsection (18), the items commence on the com-
mencement of Parts 5 and 6 of Schedule 2 to the Financial Sector (Collection of Data—Consequential and Transitional Provisions) Act 2001;

(b) if item 8 of Schedule 2 to this Act does not ever commence under subsection (18), the items do not ever commence.

(4) Schedule 1, items 67 to 69, page 22 (lines 20 to 27), omit the items, substitute:

67 Subsection 12DL(1)
Repeal the subsection, substitute:

(1) A person must not send another person (the targeted person) a credit card or a debit card except in accordance with subsection (2).

Note: Failure to comply with this subsection is an offence (see section 12GB).

Note: The heading to section 12DL is altered by inserting “credit cards and” after “Unsolicited”.

(5) Schedule 1, items 79 to 82, page 23 (line 24) to page 24 (line 6), omit the items, substitute:

79 Subsection 12DL(4)
Repeal the subsection, substitute:

(4) A person must not take any action that enables:

(a) another person who has a credit card to use the card as a debit card; or

(b) another person who has a debit card to use the card as a credit card; except in accordance with a request in writing by the other person.

Note: Failure to comply with this subsection is an offence (see section 12GB).

(6) Schedule 1, page 24 (after line 11), after item 83, insert:

83A Subsection 12DL(5) (definition of credit card)
Repeal the definition, substitute:

credit card means an article that:

(iii) an article of a kind that persons carrying on business commonly issue to their customers or prospective customers for use in obtaining goods or services from those persons on credit; and

(b) is part of, or provides access to, a credit facility that is a financial product; or

an article that may be used as an article referred to in paragraphs (a) and (b).

83B Subsection 12DL(5) (definition of debit card)
Repeal the definition, substitute:

debit card means:

(a) an article intended for use by a person in obtaining access to an account that is:

(i) held by the person for the purpose of withdrawing or depositing cash or obtaining goods or services; and

(ii) a financial product; or

(b) an article that may be used as an article referred to in paragraph (a).

(7) Schedule 1, page 28 (after line 12), after item 116, insert:

116A Subsection 12GJ(2)
Repeal the subsection, substitute:

(2) With respect to any matter:

(a) arising under this Division; or

(b) arising under Part 3 in its application in relation to an investigation of a contravention of this Division; in respect of which a civil proceeding is instituted under this Subdivision or under Part 3 as so applying:

(c) the several courts of the States are invested with federal jurisdiction within the limits of their several jurisdictions, whether those limits are as to locality, subject-matter or otherwise; and

(d) subject to the Constitution, jurisdiction is conferred on the several courts of the Territories.

116B Paragraph 12GK(1)(a)
Omit “other than the Minister or ASIC”.

116C Paragraph 12GK(1)(b)
Repeal the paragraph, substitute:
(b) a matter for determination in the proceeding arose under:
   (i) this Division; or
   (ii) Part 3 in its application in relation to an investigation of a contravention of this Division;

**116D Paragraph 12GK(4)(b)**
Repeal the paragraph, substitute:
(b) a matter for determination in the proceeding arose under:
   (i) this Division; or
   (ii) Part 3 in its application in relation to an investigation of a contravention of this Division;

**116E Paragraph 12GK(5)(b)**
Repeal the paragraph, substitute:
(b) a matter for determination in the proceeding arose under:
   (i) this Division; or
   (ii) Part 3 in its application in relation to an investigation of a contravention of this Division;

(8) Schedule 1, item 223, page 47 (after line 24), after subsection (1), insert:

(1A) Other expressions used in this Part that are defined in Division 2 of Part 7.1 have the same meanings as they are given by that Division. This has effect subject to:
   (a) any contrary intention in a provision of this Part; or
   (b) regulations made for the purposes of this paragraph.

(9) Schedule 1, item 223, page 66 (after line 2), after section 1424, insert:

**1424A Treatment of unregulated clearing and settlement facilities operated by holders of old Corporations Act approvals**
(1) This section applies in relation to a clearing and settlement facility if:
   (a) the facility was being operated immediately before the FSR commencement by a body corporate in relation to which an approval under section 1131 of the old Corporations Act was in force at that time; but
   (b) the services provided by the facility as so operated were not such that section 1128 of the old Corporations Act required the operator to be so approved.

(2) In this section:

(a) a reference to the unregulated services is a reference to the services referred to in paragraph (1)(b); and

(b) a reference to regulated services is a reference to services that, if they had been provided by the facility immediately before the commencement, would have been services to which section 1128 of the old Corporations Act applied.

(3) For the purposes of section 1425 (as it operates of its own force, rather than because of section 1424), the facility is not to be regarded as a facility that was being operated immediately before the FSR commencement.

(4) If the operator has, before the FSR commencement, indicated an intention that they propose to extend the services provided by the facility so that they also cover regulated services:
   (a) regulations made for the purposes of subsection 1424(1) may identify the facility as a proposed clearing and settlement facility, but only in relation to those regulated services; and
   (b) if they do so, section 1424, and section 1425 as it applies because of section 1424, apply in relation to the facility and those regulated services as if the facility did not already provide the unregulated services.

(10) Schedule 1, item 223, page 66 (lines 30 and 31), omit “facility can only provide services”, substitute “licence only covers the facility providing services”.

(11) Schedule 1, item 223, page 74 (table item 10, 2nd column), omit “Any other person who carries on activities”, substitute “A person who carries on any other activities (that is, activities that are not regulated activities for the purposes of any of items 1 to 9)”.

(12) Schedule 1, item 223, page 74 (table item 10, 3rd column), after “class of activities”, insert “so”.

(13) Schedule 1, item 223, page 75 (line 14), after “7.8”, insert “(other than section 992A)”.

(14) Schedule 1, item 223, page 81 (line 23), after representatives, insert “—general”.

(15) Schedule 1, item 223, page 81 (after line 32), after subsection 1436(1), insert:
(1A) However, if a person who, under sub-section (1), would be the representative of another person is a financial services licensee in their own right, the licensee, when engaged in activities covered by their licence, is taken not to be acting as representative of that other person.

(16) Schedule 1, item 223, page 82 (after line 28), after section 1436, insert:

1436A Treatment of representatives—insurance agents

(1) This section has effect despite anything else in this Subdivision, including sections 1436 and 1437.

(2) This section applies if, immediately before the FSR commencement, a person is an insurance intermediary (but not an insurance broker) within the meaning of the Insurance (Agents and Brokers) Act 1984 as then in force because of an agreement they have with an insurer under section 10 of that Act. For the purposes of this section:

(a) the person is the insurance agent;

(b) the agreement is the authorising agreement; and

(c) the matters dealt with in the provisions included in the agreement in compliance with section 10 of that Act, and any other matters included in the agreement that are related to those matters, are the relevant matters; and

(d) the insurer is the principal.

If, immediately before the FSR commencement, the person has more than one such agreement, this section applies separately in relation to each of those agreements.

(3) For the purposes of this section, the transition period is the period starting on the FSR commencement and ending when the first of the following events occurs:

(a) the period of 2 years starting on the FSR commencement ends;

(b) the authorising agreement ceases to be in force;

(c) the insurance agent has lodged with ASIC notice in writing that the agent no longer wants to be covered by the Insurance (Agents and Brokers) Act 1984;

(i) from a specified date, being a date that is after the notice is given to ASIC; or

(ii) from the end of a specified period, being a period that ends after the notice is given to ASIC; and that date arrives or period ends;

(d) the insurance agent is granted a licence under section 913B (including as it has effect because of section 1434) of the amended Corporations Act that covers the insurance agent engaging in (as licensee) the range of activities that they previously engaged in as agent under the authorising agreement.

(4) A notice (the original notice) given for the purposes of paragraph (3)(c) may before the date, or the end of the period, specified in the original notice as mentioned in that paragraph:

(a) be varied to specify another date or period, being a date or period that would satisfy the requirements of subparagraph (3)(c)(i) or (ii) if the reference in that subparagraph to when the notice (being the original notice) is given to ASIC were instead a reference to when the notice of variation is given to ASIC under this subsection; or

(b) be revoked.

The variation or revocation must be made by notice in writing lodged with ASIC.

(5) Subject to subsection (7), during the transition period, the Insurance (Agents and Brokers) Act 1984 as in force immediately before the FSR commencement, and any associated provisions, (the relevant old legislation) continue to apply (despite the repeal of that Act) to, and in relation to, the insurance agent, the principal and the relevant matters.

(6) Subject to subsection (7), during the transition period, the relevant new legislation (within the meaning of section 1431) does not apply to, or in relation to, the insurance agent, the principal and the relevant matters.

(7) Regulations made for the purposes of this subsection may do either or both of the following:
(a) provide that specified provisions of the relevant old legislation apply (with or without specified modifications), or do not apply, to the insurance agent, the principal and some or all of the relevant matters;

(b) provide that specified provisions of the relevant new legislation apply (with or without specified modifications), or do not apply, to the insurance agent, the principal and some or all of the relevant matters.

The regulations may provide as mentioned in paragraph (a) or (b) even after the end of the transition period.

(8) If:

(a) before the end of the transition period, or such longer period during which regulations made for the purposes of subsection (7) provide for the application of some or all of the relevant old legislation, the insurance agent engages in conduct that, under the authorising agreement as then in force, creates a right to brokerage, commission or other remuneration (which may be a present right, or a future right that is dependent on matters specified in the authorising agreement); and

(b) that right is still in existence immediately before the end of that period;

the right is not taken to be brought to an end merely because of the repeal of the relevant old legislation or the enactment of the relevant new legislation, or because under this section the relevant old legislation ceases to apply and the relevant new legislation starts to apply.

(9) Subsection (8) is not intended to affect, in any way, the determination of the question whether any other right (whether or not it is under an agreement under section 10 of the Insurance (Agents and Brokers) Act 1984) is in any way affected by the provisions of the Financial Services Reform Act 2001 or the Financial Services Reform (Consequential Provisions) Act 2001 (including the amendments made by those Acts).

(17) Schedule 1, item 223, page 82 (line 31), after “Subdivision”, insert “(other than section 1436A)”.

(18) Schedule 1, item 223, page 88 (line 26), at the end of section 1441, add:

; or (c) an insurance agent (as defined in section 1436A).

(19) Schedule 1, item 223, page 89 (after line 34), at the end of Division 1, add:

Subdivision F—Certain other product-related requirements

1442A Deferred application of hawking prohibition

(1) For the purposes of this section, the transition period is the period starting on the FSR commencement and ending on whichever of the following first occurs:

(a) the day fixed by Proclamation for the purposes of this paragraph;

(b) the end of the period of 6 months starting on the FSR commencement.

(2) Regulations made for the purposes of this section may provide for specified provisions of legislation that is repealed by the Financial Services Reform Act 2001 or the Financial Services Reform (Consequential Provisions) Act 2001, being provisions that deal with the same or a similar matter as that dealt with in section 992A of the amended Corporations Act, to continue to apply (whether with or without specified modifications) during the transition period.

(3) During the transition period, section 992A of the amended Corporations Act does not apply to any person, except to the extent (if any) provided for in regulations made for the purposes of this section.

1442B Deferred application of confirmation of transaction and cooling-off provisions etc.

(1) This section applies to all financial products issued by a person, other than financial products in a class of products that are first issued by the person after the FSR commencement.

(2) For the purposes of this section, the transition period, in relation to a financial product to which this section applies, is the period starting on the FSR commencement and ending on whichever of the following first occurs:

(a) the day fixed by Proclamation for the purposes of this paragraph;
(b) the end of the period of 6 months starting on the FSR commencement;
(c) the new product disclosure provisions (within the meaning of section 1438) start to apply in relation to the product.

(3) Subject to subsection (5), the following provisions (the preserved provisions), to the extent they are relevant to a financial product to which this section applies, continue to apply, despite their repeal, in relation to the financial product during the transition period:
(a) Division 6 of Part 19 of the Superannuation Industry (Supervision) Act 1993, and any associated provisions;
(b) Division 7 of Part 5 of the Retirement Savings Accounts Act 1997, and any associated provisions;
(c) sections 64 and 64A of the Insurance Contracts Act 1984, and any associated provisions;
(d) any other provisions specified in regulations made for the purposes of this paragraph, and any associated provisions in relation to provisions so specified.

(4) Subject to subsection (5), during the transition period, the following provisions (the deferred provisions) of the amended Corporations Act do not apply in relation to a financial product to which this section applies:
(a) section 1017F;
(b) sections 1019A and 1019B;
(c) any other provisions of Part 7.9 of the amended Corporations Act that are not part of the new product disclosure provisions (within the meaning of section 1438) and that are specified in regulations made for the purposes of this paragraph.

(5) Regulations made for the purposes of this subsection may do either or both of the following:
(a) provide that specified provisions of the preserved provisions apply (with or without specified modifications), or do not apply, in relation to a financial product to which this section applies.
The regulations may provide as mentioned in paragraph (a) or (b) even after the end of the transition period.

(20) Schedule 1, page 109 (after line 29), after item 325, insert:

325A Paragraph 63(3)(a)
Omit “this Act or the regulations or the Financial Sector (Collection of Data) Act 2001”, substitute “one or more of the regulatory provisions (as defined in section 38A)”.

325B Subsection 63(5)
Omit all the words from and including “the provisions of”, substitute “the regulatory provisions (as defined in section 38A) applicable to the fund”.

325C Subsection 63(6)
Omit “this Act”, substitute “the applicable provisions of that Part”.

(21) Schedule 1, page 115 (after line 13), after item 364, insert:

364A Paragraph 51AF(2)(c)
Repeal the paragraph, substitute:
(c) section 63A does not apply to:
(i) a credit card that is part of, or that provides access to, a credit facility that is a financial product;
(ii) a debit card that allows access to an account that is a financial product.

364B Subsection 51AF(3)
Insert:
credit card has the same meaning as in section 63A.

364C Subsection 63A(3) (definition of credit card)
Repeal the definition, substitute:
credit card means an article that is of a kind described in one or more of the following paragraphs:
(a) an article of a kind commonly known as a credit card;
(b) a similar article intended for use in obtaining cash, goods or services on credit;
(c) an article of a kind that persons carrying on business commonly issue to their customers or prospective customers for use in obtaining goods or services from those persons on credit; or an article that may be used as an article referred to in paragraph (a), (b) or (c).

364D Subsection 63A(3) (definition of debit card)
Repeal the definition, substitute:
debit card means:
(a) an article intended for use by a person in obtaining access to an account that is held by the person for the purpose of withdrawing or depositing cash or obtaining goods or services; or
(b) an article that may be used as an article referred to in paragraph (a).

(22) Schedule 1, page 115 (after line 17), after item 365, insert:

365A Paragraph 75AZA(2)(c)
Repeal the paragraph, substitute:
(c) section 75AZP does not apply to:
(i) a credit card that is part of, or that provides access to, a credit facility that is a financial product; or
(ii) a debit card that allows access to an account that is a financial product.

365B Subsection 75AZA(3)
Insert:
credit card has the same meaning as in section 75AZP.

(23) Page 115 (after line 22), at the end of the Bill, add:

Schedule 2—Amendments related to possible delayed commencement of Parts 5 and 6 of Schedule 2 to the Financial Sector (Collection of Data—Consequential and Transitional Provisions) Act 2001

1 Items 92 and 92A of Schedule 2
Repeal the items.

2 Items 101 to 130AA of Schedule 2
Repeal the items.
Retirement Savings Accounts Act 1997
3 Before subsection 182(1)
Insert:

Definition

(1A) In this section:
regulatory provision, in relation to an RSA institution, means:
(a) a provision of this Act or the regulations; or
(b) any of the following provisions of the Corporations Act 2001 as applying in relation to RSA products (within the meaning of Chapter 7 of that Act) that are provided by the RSA institution:
(i) subsection 1013K(1) or (2);
(ii) subsection 1016A(2) or (3);
(iii) subsection 1017B(1);
(iv) subsection 1017C(2), (3) or (5);
(v) subsection 1017D(1);
(vi) subsection 1017DA(3);
(vii) subsection 1017E(3) or (4);
(viii) subsection 1020E(8) or (9);
(ix) subsection 1021C(1) or (3);
(x) subsection 1021D(1);
(xi) subsection 1021E(1);
(xii) subsection 1021O(1) or (3);
(xiii) section 1041E;
(xiv) subsection 1041F(1);
(xv) any other provisions that are specified in regulations made for the purposes of this subparagraph.

4 Subsection 182(1A) (after paragraph (a) of the definition of regulatory provision)
Insert:

(aa) a provision of the Financial Sector (Collection of Data) Act 2001; or

5 Application of amendment made by item 4
The amendment made by item 4 applies only on and after the day on which the reporting standards determined under section 13 of the Financial Sector (Collection of Data) Act 2001 begin to apply under section 15 of that Act to financial sector entities (within the meaning of that Act) that are RSA providers (within the meaning of the Retirement Savings Accounts Act 1997).
6 Paragraph 182(2)(a)
Omit “this Act or the regulations”, substitute “any of the regulatory provisions”.

7 Subsection 182(4)
Omit “the provisions of this Act and the regulations”, substitute “the regulatory provisions”.

Superannuation Industry (Supervision) Act 1993

8 Before section 39
Insert in Division 2 of Part 5:

38A Meaning of regulatory provision
In this Division:
regulatory provision, in relation to a superannuation entity, means:
(a) a provision of this Act or the regulations; or
(b) any of the following provisions of the Corporations Act 2001 as applying in relation to financial products (within the meaning of Chapter 7 of that Act) that are interests in the superannuation entity:
(i) subsection 1013K(1) or (2);
(ii) subsection 1016A(2) or (3);
(iii) subsection 1017B(1);
(iv) subsection 1017C(2), (3) or (5);
(v) subsection 1017D(1);
(vi) subsection 1017DA(3);
(vii) subsection 1017E(3) or (4);
(viii) subsection 1020E(8) or (9);
(ix) subsection 1021C(1) or (3);
(x) subsection 1021D(1);
(xi) subsection 1021E(1);
(xii) subsection 1021O(1) or (3);
(xiii) section 1041E;
(xiv) subsection 1041F(1);
(xv) subsection 1043A(1) or (2);
(xvi) any other provisions that are specified in regulations made for the purposes of this subparagraph.

9 Section 38A (after paragraph (a) of the definition of regulatory provision)
Insert:
(aa) a provision of the Financial Sector (Collection of Data) Act 2001; or

10 Application of amendment made by item 9
The amendment made by item 9 applies only on and after the day on which the reporting standards determined under section 13 of the Financial Sector (Collection of Data) Act 2001 begin to apply under section 15 of that Act to financial sector entities (within the meaning of that Act) that are trustees of superannuation entities (within the meaning of the Superannuation Industry (Supervision) Act 1993).

11 Subsection 39(1)
Omit “this Act or the regulations”, substitute “a regulatory provision”.

12 After subsection 39(1)
Insert:
(1A) In relation to a regulatory provision that states that a person commits an offence if they engage, or fail to engage, in specified conduct, a person is, for the purposes of this Division, taken to contravene the provision if the person engages, or fails to engage, in that conduct.

13 Subparagraph 42(1)(b)(i)
Omit “this Act or the regulations”, substitute “any of the regulatory provisions”.

14 Sub-subparagraph 42(1)(b)(ii)(A)
Omit “this Act or the regulations”, substitute “one or more of the regulatory provisions”.

15 Subparagraph 42(1AA)(c)(i)
Omit “this Act or the regulations”, substitute “any of the regulatory provisions”.

16 Subparagraph 42(1AA)(c)(ii)
Omit “this Act or the regulations”, substitute “one or more of the regulatory provisions”.

17 Subparagraph 42(1AA)(c)(ii)
Omit “this Act and the regulations”, substitute “the regulatory provisions”.

18 Subsection 42(1AB)
Omit “this Act or the regulations”, substitute “any of the regulatory provisions”.
19 Subsection 42(1AB)
Omit “this Act and the regulations”, substitute “the regulatory provisions”.

20 Subparagraph 42(1AC)(d)(i)
Omit “this Act or the regulations”, substitute “any of the regulatory provisions”.

21 Subparagraph 42(1AC)(d)(ii)
Omit “this Act and the regulations”, substitute “the regulatory provisions”.

22 Subparagraph 42(1AC)(d)(ii)
Omit “this Act or the regulations”, substitute “any of the regulatory provisions”.

23 Subsection 42(1AD)
Omit “this Act or the regulations”, substitute “any of the regulatory provisions”.

24 Subsection 42(1AD)
Omit “this Act and the regulations”, substitute “the regulatory provisions”.

25 Subsection 42(1A)
Omit “this Act or the regulations”, substitute “a regulatory provision”.

26 Subparagraph 42A(2)(b)(ii)
Omit “this Act or the regulations”, substitute “one or more of the regulatory provisions”.

27 Subparagraph 42A(3)(d)(i)
Omit “this Act or the regulations”, substitute “any of the regulatory provisions”.

28 Subparagraph 42A(3)(d)(ii)
Omit “this Act or the regulations”, substitute “one or more of the regulatory provisions”.

29 Subparagraph 42A(3)(d)(ii)
Omit “this Act and the regulations”, substitute “the regulatory provisions”.

30 Paragraph 42A(3)(g)
Omit “this Act or the regulations”, substitute “one or more of the regulatory provisions”.

31 Subparagraph 42A(4)(c)(i)
Omit “this Act or the regulations”, substitute “any of the regulatory provisions”.

32 Subparagraph 42A(4)(c)(ii)
Omit “this Act or the regulations”, substitute “one or more of the regulatory provisions”.

33 Subparagraph 42A(4)(c)(ii)
Omit “this Act and the regulations”, substitute “the regulatory provisions”.

34 Subparagraph 42A(4)(f)(ii)
Omit “this Act or the regulations”, substitute “one or more of the regulatory provisions”.

35 Paragraph 42A(5)(a)
Omit “this Act or the regulations”, substitute “any of the regulatory provisions”.

36 Paragraph 42A(5)(b)
Omit “this Act or the regulations”, substitute “one or more of the regulatory provisions”.

37 Subparagraph 42A(5)(b)(ii)
After “contravention”, insert “or contraventions”.

38 Subsection 42A(6)
Omit “this Act or the regulations”, substitute “any of the regulatory provisions”.

39 Subsection 42A(6)
Omit “the Act or the regulations”, substitute “any of the regulatory provisions”.

40 Subparagraph 43(b)(i)
Omit “this Act or the regulations”, substitute “any of the regulatory provisions”.

41 Sub-subparagraph 43(b)(ii)(A)
Omit “this Act or the regulations”, substitute “one or more of the regulatory provisions”.

42 Sub-subparagraph 43(b)(iii)(A)
Omit “this Act or the regulations”, substitute “one or more of the regulatory provisions”.

43 Paragraph 44(b)(i)
Omit “this Act or the regulations”, substitute “any of the regulatory provisions”.

44 Sub-subparagraph 44(b)(ii)(A)
Omit “this Act or the regulations”, substitute “one or more of the regulatory provisions”.
45 Sub-subparagraph 44(b)(iii)(A)
Omit “this Act or the regulations”, substitute “one or more of the regulatory provisions”.

46 Paragraph 63(3)(a)
Omit “this Act or the regulations”, substitute “one or more of the regulatory provisions (as defined in section 38A)”.

47 Subsection 63(5)
Omit all the words from and including “the provisions of”, substitute “the regulatory provisions (as defined in section 38A) applicable to the fund”.

48 Subsection 63(6)
Omit “this Act”, substitute “the applicable provisions of that Part”.

The TEMPORARY CHAIRMAN
(Senator Calvert)—The question now is that schedule 1, item 10 stand as printed.
Question resolved in the negative.

Bill, as amended, agreed to.
CORPORATIONS (FEES) AMENDMENT BILL 2001
CORPORATIONS (NATIONAL GUARANTEE FUND LEVIES) AMENDMENT BILL 2001
CORPORATIONS (COMPENSATION ARRANGEMENTS LEVIES) BILL 2001

Bills—by leave—taken together and as a whole, agreed to.


Third Reading

Motion (by Senator Ian Campbell) proposed:
That these bills be now read a third time.

Senator CONROY (Victoria) (10.47 a.m.)—I thank the minister and his staff and all those at both ASIC and Treasury who endured many hours of grilling in answering detailed questions by Senator Murray, Senator Cooney and me. They provided the information with a great deal of humour. I thank Senator Murray and Lee from his office, who I know put in some sterling work. I also thank Diane Brown from my office who did a mountain of work. It was a one-man show really in my office—

Senator Carr—One man?

Senator CONROY—A one-woman show in my office—in getting everything done. I wish to place on the record my thanks for her work.

Question resolved in the affirmative.

Bills read a third time.

STATES GRANTS (PRIMARY AND SECONDARY EDUCATION ASSISTANCE) AMENDMENT BILL 2001

Second Reading

Debate resumed.

Senator CARR (Victoria) (10.48 a.m.)—The States Grants (Primary and Secondary Education Assistance) Amendment Bill 2001 provides $36.9 million for the 2001-02 budget measure which is described as ‘improving skills outcomes’. There is something quite remarkable about this budget measure because it is shown in Budget Paper No. 2 at zero cost—that is, nothing—yet the description of the measure says that it is to be used ‘to improve the learning outcome for educationally disadvantaged students, particularly in the key areas of literacy and numeracy’.

So we have a budget measure about improving literacy which costs zero. This sums up perfectly Dr Kemp’s big claims, based on smoke and mirrors, about literacy.

During the estimates, I asked the department about the mystery of the budget measures which are costed at zero. They provided me with a detailed answer but did not actually say that the funding in this bill had been provided for the forward estimates but not appropriated, although I take it that that is basically what has happened. Over the past five years the Minister for Education, Training and Youth Affairs, Dr Kemp, has made determined efforts to convince everyone that he discovered literacy. It is for that reason that I foreshadow an amendment to the motion that the bill be read a second time. Ac-
According to Dr Kemp, no government—or the one that he was a member of—has ever had a passing thought about literacy.

In the Working Nation plan, the former Labor government allocated $2.6 million in 1994 to a national school English literacy survey which was to collect nationally comparable data on literacy achievement. Labor also provided funding to specific early literacy programs. The national school English literacy survey was duly conducted in August and September 1996 in both government and non-government schools. The results were published in ‘Mapping the literacy achievement’ and the introduction to the report at page 6 summarised the findings. The findings were that four per cent of year 11 and 12 students were assessed as being below the range of achievement estimated in the draft benchmark for reading, and six per cent were below the required range for reading. I have a copy of that survey. It is quite clear to me that that is what the statistics indicate. However, discussions between the Commonwealth and the states about appropriate benchmarks were continuing at the time. Clearly, they were not results that the minister wanted to hear, so he went out and commissioned a separate report, _Literacy Standards in Australia_, which classified students as being below or above an arbitrary line; that is, a pass or a fail—all or nothing.

The problem was that the author of that report, Geoff Masters from the Australian Council of Educational Research, indicated that the way in which that report was subsequently used was clearly not in the manner in which he had intended. Geoff Masters indicated that the findings of that report were based on a draft literacy standard that was arbitrary and had not been finalised in national consultations. This is the report that this minister constantly claims saw 27 per cent of year 3 students fail to meet the minimum acceptable standards.

Looking at another document which we received through the Senate estimates process, we see that the Commonwealth department also conducted its own survey in 1999. This DETYA survey showed that the number of students who were achieving DETYA’s benchmark was 86.9 per cent. We therefore have three separate sets of figures which go to this issue of so-called literacy benchmarks.

I think that we are entitled, when debating bills like this, to recall the manner in which Dr Kemp has sought to peddle his distortions on literacy and numeracy. Who could possibly forget his appearance on the _60 Minutes_ program on 14 September 1997. Who could forget that, at the time, his erstwhile political colleague, the Victorian Liberal Minister for Education, Phil Gude, called him a ‘spin doctor’ and accused him of ‘political grandstanding’. We also recall that on 15 September 1997 Mr Gude was reported in the _Herald Sun_ as saying:

*He ought to do the right thing . . . own up to the fact that he's manipulated the figures in a most dishonest and disgraceful fashion.*

It was on the same day that Mr Gude was quoted in the _Australian_ accusing Dr Kemp of using the literacy issue for his own career advancement. Mr Gude’s words were:

*I don’t doubt the good doctor wants to get into the inner Cabinet, but this isn’t the way to do it. Dishonesty is never the right way of getting a promotion.*

On 24 September 1997 in a media release Mr Gude referred to Dr Kemp’s actions as ‘typical schoolyard bully stuff’.

The Acting Deputy President

(Senator Calvert) —Order! Senator Carr, I am led to believe that you cannot use unparliamentary language even if you do use it by quoting from other people. There were a couple of times there where I think you may have been using unparliamentary language. I will listen carefully—

Senator Hutchins —He is another Liberal.

The Acting Deputy President— I do not care who he is, Senator, the fact of the matter is that you cannot use quotations to use unparliamentary language. I will listen carefully to the rest of your speech.

Senator Carr —Thank you very much, Mr Acting Deputy President. Obviously, I am conscious of your advice on these matters.
Senator Ian Campbell—We will not quote John Cain.

Senator CARR—No doubt you will quote John Cain, as you have done on many occasions. I can hardly expect the government not to act in a fair and impartial manner when it comes to the issue of quotations about senators! Dr Geoff Masters, who is a researcher involved in the national school English literacy survey, as I have already indicated, and was also an associate director of the Australian Council of Educational Research, told the Age on 16 September that—and I repeat the claim—Dr Kemp’s claims were always arbitrary. He said:

What Dr Kemp wanted was to be able to say what percentage of students were below the accepted standard. The best picture is not to draw a line but to look at most of the writing and reading across the continuum.

That did not stop the minister, however. Four years later we see that he is still distorting the truth.

The ACTING DEPUTY PRESIDENT—Senator Carr, I believe that is an imputation on the minister that should be withdrawn.

Senator CARR—I withdraw it. What I will say is that the minister is not fulfilling the Prime Minister’s guidelines to be accurate and fair in his dealings with the public, because we clearly have a situation where he has claimed in the revised explanatory memorandum that, just as we had this mysterious growth in the number of students that were not meeting the benchmark in 1996, those not achieving the minimum standard has suddenly fallen to 14 per cent. So we have this mysterious growth to 27 per cent suddenly falling to 14 per cent. I am quite taken aback by this, because I notice that not only does this government seek in this document to bring forward distorted and misleading figures—and quite clearly totally inappropriate figures—but it is prepared to do it to every schoolchild in this country. My young boy brought home to me a brochure from the Commonwealth Department of Education, Training and Youth Affairs. I was horrified to see that these sorts of lies were being peddled to the children of this country by this government. I was absolutely horrified to see these lies being peddled.

Senator Ian Campbell—Mr Acting Deputy President, I rise on a point of order. You have now asked Senator Carr to cease using unparliamentary language on at least three occasions. He seems to be defying your ruling. I would ask that he be immediately asked to withdraw the unparliamentary language that he has just used on two occasions.

The ACTING DEPUTY PRESIDENT—Senator Campbell, I believe he was applying it generally rather than to a particular member. If it was towards a particular member, I would ask Senator Carr to withdraw, but I think he was speaking in a more general fashion. I will listen carefully.

Senator CARR—Thank you very much, Mr Acting Deputy President. I spoke about the government’s lies to the children of this country. I resent the fact that my son brings home these sorts of lies from the government about its literacy benchmarking survey—a pamphlet that I understand saw 2½ million copies being printed at a cost of $270,000 to the Australian taxpayer.

The ACTING DEPUTY PRESIDENT—Order! Senator Campbell, you are going to test my ability in the chair, are you?

Senator Ian Campbell—No, I am not testing you at all. Senator Carr was let off on his last use of the words ‘lies’ by saying that it was a broad accusation. He is now referring to the government. I am a very proud member of this government and I do recall a ruling—you are the expert in these matters—where I referred to the opposition as ‘a bunch of liars’. I do not think that there is much difference between referring to ‘government lies’ and referring to the opposition as ‘a bunch of liars’. I do not think that there is much difference between referring to ‘government lies’ and referring to the opposition as ‘a bunch of liars’. I do not think that throwing these accusations around helps the standing of the Senate or senators. I think that using those words is unparliamentary and should be discouraged. You can have a debate about whether something is right or wrong without having to call people and things liars.

The ACTING DEPUTY PRESIDENT—I would have to check the Hansard, but I think Senator Carr was referring to a
document that he believed was not correct rather than reflecting on individuals or members of the Senate as a group or members of the government as a group. I will not take the point of order. I will let Senator Carr continue and I will keep listening to what he has to say.

Senator CARR—Again, I think you have ruled very fairly. This is a document that peddles lies. It is a document that has cost the taxpayers $275,000, that has been distributed to 2½ million Australian children. It is not right for this minister to spread this political propaganda through Australian schools. It is totally inappropriate for that sort of action to take place. It is the sort of action that the government ought to be condemned for. The peddling of lies to children is not the work of the Australian Commonwealth minister for education and he should stop it.

The ACTING DEPUTY PRESIDENT—In that particular case, Senator Carr, you were reflecting on a minister, and I would ask you to withdraw it.

Senator CARR—Whatever you require.

The ACTING DEPUTY PRESIDENT—I have asked you to withdraw.

Senator CARR—I withdraw. This is a document that clearly is a lie. It is costing the Australian taxpayers dearly and this sort of thing should not be undertaken by any government. What we saw in this document was the claim that 27 per cent of year 3 students failed to meet acceptable literacy standards in 1996. It goes on to cite a new survey in 1999 which has used a different—yet, of course, nationally agreed—benchmark which found that almost 87 per cent of year 3 students met the required standard for reading. So it is quite apparent that this government is not even able to get its line straight on these things.

I see that Senator Kemp is now in the chamber. I am sure he could talk to his brother about the gross waste of taxpayers’ money and the peddling of political propaganda to the children in this country. The minister has clearly not been honest and truthful in the way in which he has presented this information. Literacy does require additional support and we are supporting the bill. But we are also saying that the use of this literature is not appropriate and that the way in which this process has been handled needs to be attended to by the Senate, and an amendment at the second reading stage of the bill addresses these issues.

The Labor government had the Disadvantaged Schools Program, on which $67 million was expended in 1996, and the English as a Second Language Program, on which $68 million was expended in 1996. These programs were essentially relabelled as literacy programs. Last year we saw the State Grants Act incorporate literacy funding into the new and even larger bucket to contain funding for special education. So what the government has basically done is claim that there is a large sum of money being made available for literacy, but it has essentially rebadged older programs which were aimed at helping students with particular needs. The government has done that for base political motives. We cannot let the debate on literacy go by without having a look at it in a broader political context.

An increased amount of funding has been provided to non-government school students and a number of schools have been faced with a situation where the amount per capita for students with disabilities has not been included in last year’s bill. The real problem here is that the government once again has had to correct its own errors in the way in which these bills have been presented to the parliament. We have seen it with the establishment of state grants funding. We see it with this measure. We see it so often that one really has to ask what level of competence is being displayed here. It seems abundantly clear that the minister is not competent to do his job properly. It is a sad situation when the Senate constantly has to come back and correct the minister’s mistakes in the legislative program. It is for that reason that this motion is being moved in the second reading.

What really troubles me is that this government has lost sight of what education ought to be about. It ought to be about making sure that there is agreement about the key priorities for education. There ought to be a debate within this country, but there also
ought to be agreement about the assumptions that underlie our education system. This government has lost sight of those basic roles that the Commonwealth ought to be fulfilling. I think education is the keystone of the structure of Australian society. We have seen that schools have been funded. I think the values reflected, and the policies and the rhetoric around schooling provides the background around which school education takes place. You cannot get away from that basic proposition.

Young Australians grow into adulthood in a world which is crucially shaped not only by their parents but also by the educational system in which they participate. The sorts of social and ideological assumptions that underpin this government’s policies are therefore open for public discussion. The central place of education in society should be reflected in a policy approach which is inclusive.

Senator McGauran—Look at this.

Senator CARR—Look at this. The ACTING DEPUTY PRESIDENT—Order! Senator McGauran, you know that that is out of order.

Senator CARR—I come back to the old adage—and Senator McGauran demonstrates again today—that you cannot put brains into a statue. It is a tragedy to me that there are senators here who continually demonstrate that simple educational fact. The central role of education in society should be to reflect a policy approach which is inclusive. In a multicultural society we ought to be able to ensure that everyone—no matter what their religious background, their social class, or their gender—gets a fair go. That is simply not happening under this government. The government has introduced educational policies which I think have been demonstrated to be a clear indication of a government that is no longer interested in the fundamental premise of what, to quote Knowledge Nation, ought to be the case—that every school, whether a state school or a non-government school, ought to be a centre of excellence and ought to provide all children with a quality education. We do not have that under this government.

We have seen a minister who has used the literacy debate in this country—to put it in other terms—as a weapon, as a bit of a teacher bashing exercise, to create the impression that public education is not up to the mark and that people ought to be undertaking the alternative option—as he sees it—of freedom of choice to move into the private system, which he will then fund at some extraordinary levels. We have seen that wealthy and powerful schools get a disproportionate share of the public funds. We see a situation now, and I will quote the head of the education department in New South Wales—

Senator Kemp—You voted for the funding bill.

Senator CARR—Senator Kemp, you should listen for a moment. You might learn something. It is quite clear that you need to take some further education yourself. Ken Boston points out that under this government there is a real danger that our public education system will cease to become inclusive and that:

They would no longer embrace a cross-section of society. They would decline into a safety-net provision—a lesser network of residual schooling for children of the disadvantaged and unassuming.

In that context we are entitled to ask why it is, if the government says that literacy is a key aspect of social justice, that in this country—to quote the national report on schooling which was tabled yesterday—boys from lower socioeconomic groups in New South Wales have a 54 per cent year 12 completion rate, whereas for higher socioeconomic groups the rate is 72 per cent. In Victoria, the rate is 53 per cent for boys from lower socioeconomic groups compared to 70 per cent. In Queensland the rates are 61 per cent compared to 77 per cent. In South Australia the completion rate is 49 per cent for people mainly from working-class backgrounds compared with 73 per cent for boys in higher socioeconomic groups. In Tasmania the comparison is a 58 per cent completion rate for boys from working-class backgrounds and an 88 per cent rate for people in higher socioeconomic groups.

Frankly, this is unacceptable but, under this government’s policies, we are going to find a continuation of this. In fact, we are
going to see an acceleration of the unequal and divisive policies. We are going to see a situation where the financial circumstances are such that—while government will claim there is an increase in spending for schools as a whole—in terms of the spending for the government school system, there is no increase at all. Under figures presented in answers to questions from Senate estimates—E71, if you want to quote those—you will see there has been a concentration of extra spending to the non-government school system for the 31 per cent or so of those mainly category 1 which have little need for extra help. According to question E75, Commonwealth expenditure for government schools is 0.28 per cent.

In 1996, the percentage share of direct Commonwealth funding for schools was 41.5 per cent, which is total expenditure. That is now down to 35.7 per cent of total expenditure going to schools in the government school system. That figure will now reduce, according to the latest figures I have from the department, to 33.4 percent of the Commonwealth government’s outlay for schooling. It will have moved from 41.5 per cent in 1996 down to 33.4 per cent by 2005.

Quite clearly, this is a deliberate policy position of this government. We have seen that this government seeks to reduce the public role in education. It is right across the board, not just in schools. We see it in the TAFE sector and the higher education sector and it has the same result. The effect of the government’s inequitable policies are a poorer quality, less opportunity for innovation and very bad news for ordinary citizens in this country. This is a government that favours the wealthy and the privileged. Its education policies demonstrate that comprehensively. I move:

At the end of the motion, add:

“but the Senate condemns the Government for:

(a) misusing the issue of literacy for political advantage;

(b) manipulating statistics about literacy achievement; and

(c) providing $145 million to wealthy category one schools which could have been better used improving literacy for students in government and needy non-government schools”.

Senator HUTCHINS (New South Wales) (11.12 a.m.)—It is my pleasure to follow my colleague and one of our more articulate spokesmen on education, Senator Carr. I rise to talk on the States Grants (Primary and Secondary Education Assistance) Amendment Bill 2001 and support Senator Carr’s amendments to this bill. I think it is important we recognise that literacy is a matter that needs to be dealt with in this country. I do not think it is overstating the fact that, for a lot of people, education has been a passport to the future. For generations of men and women from working-class backgrounds, it has been their opportunity to realise their potential. That is why I am concerned about the rhetoric and the actions of the government in relation to the process of this bill. Let us think back 100 years when those opportunities were not available to all men and women, to our great-grandparents or great-great-grandparents. Those opportunities are now available to all people, essentially because of the process of Labor governments throughout the last century.

Our forebears had the opportunity to fulfil their potential as a result of the introduction of compulsory secondary and primary schooling. Under the Whitlam government, we had an opportunity to go to university free of charge. This progress in education has substantially occurred because of the opportunities that have been made available because of the election of Labor governments. As I said, that has meant that people from working-class or low socioeconomic backgrounds have had the opportunity to fulfil their potential. That has been their passport to the future. I am grateful that I had that opportunity, like many people of my generation. My parents and grandparents did not have the opportunities that I had. Those opportunities occurred because of the reforms in education.

The aim of this bill, as outlined so articulately by Senator Carr this morning, is to provide additional funding for literacy and numeracy programs for the years 2001-02 and 2002-03, in line with the literacy and
numeracy benchmarks for years 3, 5 and 7 approved by the Commonwealth, state and territory governments in April of 2000. I will comment on the government’s record. During the 1996 election, the coalition announced that it would address the issue of literacy. However, in 1994 the Paul Keating government commissioned the national school English literacy survey which compiled data on rates of literacy in Australia. The survey found that four per cent of year 3 students were assessed as being below the draft benchmark for reading. Not happy with those results, upon coming into office, Dr Kemp recommissioned the 1994 report and arbitrarily set a much higher benchmark for literacy. The literacy standards in Australia report found that 27 per cent of year 3 students failed to meet the standard. Dr Kemp got the result he wanted.

Senator Kemp—Fancy having high standards!

Senator HUTCHINS—Your brother got the result he wanted. I suppose that is what you wanted. You wanted to demonstrate to people that there is a difficulty in public education in this country. That is what the government wanted to do: they manufactured a crisis so that they could solve it. I am not sure that the measures in this bill will solve the government’s so-called crisis. The survey commissioned by the Keating government in 1994 found that only about four per cent of year 3 students were in that predicament. I suppose when you commission a report, you have to expect the results that you want and, as I said, Dr Kemp manufactured the crisis to serve his own political agenda.

Following agreement between the Commonwealth, states and territories on the formulation of national standards of testing in April 2000, the 1999 year 3 reading national benchmark results indicated that 87 per cent of year 3 students achieved the new benchmark. Where do we stand? In 1994, it was four per cent. In 1999, it was 87 per cent under the Kemp agenda. The national benchmark results in April 2000 show 13 per cent. So a number of figures have been presented to determine the national benchmark for literacy and numeracy. I think it is very poor form of the government to run out to the community and say that there is this difficulty in public education in this country. I do not think anybody would stand in this parliament and say that we could not improve our game or that we could not do more for our young people to improve their literacy and numeracy, but to manufacture a crisis so that you can get stuck into public education and deprive it in the way that you have in your bills and redistribute funds from needy government and non-government schools into the hands of the category 1 schools is atrocious.

With this redistribution of wealth—not from the top to the bottom but from the bottom to the top—a number of the elite schools in Sydney and Melbourne, and wherever else they are in this country, will be able to purchase polo fields, put up more sports gyms, put in more pools, sponsor more rugby sides or something like that. I have no idea what they will do but, as has been outlined by Senator Carr, I do not believe that the young men and women at these category 1 schools will be more disadvantaged than their fellow students at other schools.

This bill merely repatches and repackages existing programs and claims a funding boost for literacy. In 1997 the government diverted funding from the Disadvantaged Schools Program to the English as a Second Language Program, wrapped it all up together and called it the literacy program. Last year literacy and special education were combined and wrapped up into a strategic assistance program. On budget night, the minister—that is, Senator Kemp’s brother—claimed that the government would provide an extra $36.9 million to literacy programs over the next four years. This so-called extra funding is provided for in this bill. However, closer inspection of the budget papers reveals that the additional expenditure for literacy programs over the next four years is zero. There is no funding increase at all in this bill because the existing levels of funding are merely being maintained. Let me repeat: there is no extra funding in this bill for literacy programs over the next four years.

The government’s concern about literacy and numeracy in schools, in public and private and non-government education
schemes, is just cant and hypocrisy. Where are they? What are they doing? They are trying to redistribute the wealth that we have invested in education, not from the top to the bottom but from the bottom to the top. If we are successful in winning power shortly, which I believe we will be at the next election, we have put on record what we will do. As I said, we support the bill because it supports literacy programs. When the Keating government was in power and launched the original survey into literacy levels in 1994, the Labor state governments also undertook and supported a significant number of literacy programs—for instance, in New South Wales, literacy rates are among the highest in the country.

Labor does, however, oppose the crisis manufacturing that the Minister for Education, Training and Youth Affairs, Dr Kemp, has engaged in over the past years, with his claim that close to one-third of Australian children cannot read or write. Do you really believe that, Mr Acting Deputy President? This minister has been trotting around the country, and has been reported in newspapers, on television and on radio, trying to manufacture a crisis in education and trying to undermine the support and the integrity of the education system. Do you really believe that one-third of Australian children cannot read or write? That is rubbish. If I could swear, I would swear, because it is not true.

We established, through our surveys in 1994 and in 2000, that this is not the situation. It is a reflection of this government that they are sticking by this, because it is really manufacturing a crisis. It is undermining the integrity and the strength of the education system. We believe that Dr Kemp and the government should not mislead the Australian public when it comes to disclosing the amount of money they are putting towards literacy programs. They should not claim that they have increased funding when they have merely maintained it. As I said earlier, and I emphasise again, this is not increasing funding for literacy; this is just maintaining the levels for the next four years. There is so much bunkum from this government and from Senator Kemp’s brother, Dr Kemp, who is in the House of Representatives, that I am sure some apologist from the government will get up and give some sort of response to our claims.

Senator McGauran—Lucky we got the good brother!

Senator HUTCHINS—He has a good brother, does he? I do not have a brother, so I cannot comment. When we are elected, we will support targeting literacy assistance at areas that are most in need. I do not claim—and I am sure that no-one else would claim—that there are not some difficulties in particular areas. There are undoubtedly areas, in places of low socioeconomic backgrounds or migrant backgrounds, where there are some difficulties. When we get into power, we will call them education priority zones and we will target needy government and non-government schools with additional funding and additional literacy programs. We will not put a bandaid on it. We will not run out and discriminate. We will not run out and try to undermine education in this country. Do you really believe that one-third of Australian children cannot read or write? That is rubbish. If I could swear, I would swear, because it is not true.

We will also fix up literacy by attracting more quality teachers to the profession. We will do this by funding 1,000 new teacher scholarships to encourage the best year 12 students to go into teaching. We will also provide funds for reskilling and for professional development for teachers to improve the quality of teaching in schools. We will also set up a learning gateway: a learning Internet site that will allow parents to help their children to learn at home. We will also direct more funds into urgent capital works for schools. We are going to pay for all of this when we are in government. We will redirect the $105 million that the government is giving to the country’s 58 wealthiest schools—like King’s School—to needy government and non-government schools. King’s School—where a number of coalition members went—is going to get, under the government’s formula for category 1 schools, an extra $4 million. I cannot imagine why King’s School would need another $4 million. I have no idea what the school fees are, but I can only imagine that they are quite high. Maybe Senator McGauran or
Senator Kemp could tell us—they probably went to similar schools in Melbourne so they could tell us how much the school fees are.

Can you imagine King’s School in Sydney needing $4 million? Are they going to fund extra teachers? I doubt it. They probably have the best because they pay higher wages. Are they going to fund more computers? No, they probably have the best. What are they going to do with the $4 million? I can only imagine that it might pay to fit out the cricket side, it might pay for the jerseys for the rugby side or it might pay for some excursion to Switzerland or somewhere like that. I have no idea what the extra $4 million will do for the King’s School. But I can imagine that in places like St Mary’s or Mount Druitt or Penrith or Campbelltown or Camden that $4 million will be well spent trying to assist young children at school who may need assistance in literacy and numeracy. That is what we will do with the money. We will redirect that money to the places it is needed. It will not be used to provide rugby jerseys or cricket gear or overseas trips for people who are well-to-do. That is a big difference between us and the coalition.

I cannot imagine how some of the knockabout men and women I know who are members of parliament on the coalition side could stomach what has occurred in relation to the way they have funded this states grants bill. I cannot imagine how, in their party room, they let this go through. I know that the Deputy Prime Minister, Mr Anderson, is an old King’s boy, and I suppose he stood over his National Party colleagues. I know a number of them, and they are not bad people—and that includes you, Mr Acting Deputy President Calvert. I cannot understand why you would let this redistribution go ahead. I cannot understand how you could let King’s School get $4 million when there are areas that you would know of that are crying out for assistance. All we are doing for students at the King’s School is paying for their jerseys or paying for a polo field or paying for some gardener to keep up their many cricket fields. I imagine that it would have been an interesting little discussion in the coalition party room when this came up.

**Senator Carr**—I don’t think they discussed very much; that is part of the problem.

**Senator Hutchins**—You are right, Senator Carr. They would not have discussed very much; they get led from the top. When the community see Senator Kemp’s brother—or Dracula, as they call him out there—they know he is not coming to take the blood away from the likes of King’s and Geelong Grammar; they know that he is going to take the money away from St Mary’s Public School, they know that he is going to take the money away from a number of the systemic Catholic schools in Western Sydney. That is what they know him as: Dracula. He is going to take the blood and the sweat of ordinary Australians and redistribute it to the wealthy few in this country.

It is with great pleasure that I support Senator Carr’s second reading amendment. It outlines quite clearly the cant and hypocrisy of this government and the misleading of the public that Senator Kemp’s brother has done in trying to put this legislation up. There is no extra funding for literacy in this. All he has done is try to manufacture a crisis so he can solve it. He is trying to overcome the situation that exists: that he is a failure as a minister, that he has failed as a minister to convince the Australian community that he is being fair and equitable. All he has done, as I said earlier, is redistribute from the bottom up to the top, and we in Labor will not put up with it.

**Senator Allison** (Victoria) (11.31 a.m.)—The States Grants (Primary and Secondary Education Assistance) Amendment Bill 2001 says it provides an additional $33.3 million in funding for literacy and numeracy programs for the 2001-02 and the 2002-03 financial years. This additional funding will be provided through the Strategic Assistance for Improving Student Outcomes program and grants for the National Literacy and Numeracy Strategies and Projects Program. As Senator Hutchins has already pointed out, it is not at all clear whether this is additional money or not. Since 1996 the government has had a great record of finding ways to try to demonstrate that additional money is being spent, particularly on government school...
education, but when you look at the finer print, when you look at the details, it is often illusory, to say the least.

It is also a drop in the bucket compared with the $700 million that was handed out to non-government schools at the end of last year. Thirty-three million dollars is not to be sneezed at but it pales in comparison to $700 million. It is also a drop in the ocean when you talk about per capita funding. I do not have the stats for how many students we now have in schools, but my expectation is that this would amount to not much more than $10 per capita. Even if it were $20 or $30, it is not a lot when you talk about addressing the very serious problems, for some students, of literacy.

The government’s amendments provide for an additional $190,000 for targeted assistance for educationally disadvantaged students in 2001 and an additional $2.7 million for non-government school students with disabilities over the program years 2001-04. Those amendments were originally moved in the Innovation and Education Legislation Amendment Bill 2001, which the Democrats voted against in July this year partly due to the increase in establishment grants for non-government schools. Again, it is a very small amount of money: $190,000 for targeted assistance for educationally disadvantaged students—money which amounted to a great deal more than $190,000—a lot of schools are not now able to do the sort of work that they were doing with students prior to that time. I visit schools on a regular basis and I know that many schools were able to use that disadvantaged schools—money which was used to be out there for disadvantaged schools—money which amounted to a great deal more than $190,000—a lot of schools are not now able to do the sort of work that they were doing with students prior to that time. I visit schools on a regular basis and I know that many schools were able to use that disadvantaged schools funding in a very effective way. The government should be condemned for seeing that it disappeared.

The Democrats will support this bill even though we have serious problems with the government’s approach to the literacy issue and, in particular, with the way in which benchmarking is distorting learning in our schools. I have been calling for more funding for literacy programs ever since I have been in parliament. In my first speech, I identified the problems of some students in literacy. As I said, we have also been drawing attention to the link between socioeconomic disadvantage and learning problems and difficulties; it is not absolute but it is certainly there in statistically significant evidence.

Dr Kemp wants us to believe that under his government literacy and numeracy standards have improved significantly. As Senator Hutchins mentioned, we all remember the manufactured crisis where Dr Kemp said that a third of year 9 students could not read. We know that he was selectively using a longitudinal study which was not intended to look at literacy for year 9 students but rather was a much more complex test. He entirely misled the Australian public by saying that the results of that equated to a third of year 9s not being able to read. In fact, it was a comprehension study, a longitudinal one, and the students in that had very impressive results. The minister says of this legislation:

... there is not another government in the last two decades in Australia that can claim to have made any progress whatsoever against literacy and numeracy, whereas we can claim to have halved it in the early years and to have continued to make further progress.

What the minister has sought to do over recent times is to compare the results of the 1999 year 3 national benchmark with the 1996 National School English Survey. Even the Bills Digest were not fooled by this—I should not say ‘even’; they are never fooled by anything. The Bills Digest said:

These results have been heralded as a significant improvement on the results of the National School English Survey conducted in 1996. However the degree of improvement since that survey is debatable, given that two reports from the same survey produced significantly different results, ranging from four per cent of Year 3 students achieving below an estimated range of achievement for reading to twenty-seven per cent not achieving against the required standard.

It is obvious that the problem is that Dr Kemp is comparing apples with pears. The equating mechanism used to compare literacy and numeracy benchmarks for the 1999 report was not in place for the National School English Survey in 1996. Dr Kemp is, to say the least, creative in the way he
chooses to use numbers. The *Australian* on 16 August this year said:

The much-touted national benchmarks for indicating competence in literacy are simply an exercise in number crunching. The benchmarks introduced by Kemp do not show the complexity of literacies children are involved with each day.

We have all seen the calls, whether from the Victorian state government last week or from Dr Kemp or from other governments around the country, for simplification of the curriculum and a return to basics—literacy and numeracy. Those of us in this place who have been teachers, and I count myself as one, know that students learn in different ways and that you cannot simply get rid of subjects that might have been used to improve literacy, while setting before a group of students the same task that they might have seen previously and not cottoned onto. I would argue that students learn in very different ways. A student might learn literacy through a civics class or through an arts class. It is not always the case that the only way children learn is through an English or mathematics class, and it is an insult to teachers to suggest that this is the case, that students are not learning to communicate either verbally or in written form except through English classes.

There was a very good letter in the *Age* about a week ago from an assistant principal in Victoria, pointing out that literacy is not something new. Just because governments of one persuasion or another—and they are both guilty of this—say we need to improve literacy, that does not mean it is a new idea. This is central to schools’ and teachers’ objectives and has been for many years. Sometimes ministers for education like to suggest that they are the only ones who have ever thought of this, but there are teachers out there in schools for whom this is a very high priority, and they work very hard to achieve it. There are lots of innovative ways of tackling numeracy and literacy issues, but there are no easy answers. It is not just a question of benchmarking and testing. Some students may cotton on very easily, and some are reading even before they get to school, but for some it will mean very intensive work. We are not talking about a homogenous group of students for whom Dr Kemp’s benchmarking and testing will work.

In fact, the government’s focus on benchmarking is having a profound effect on teaching in Australian schools. Many of the schools I have visited have told me that a substantial amount of time is now spent preparing students for these tests and ensuring that performance targets are met. This means that, instead of learning new skills and ideas, our students are learning how to pass these tests. Last time we debated this question, there was a threat that schools would be financially penalised if they failed to achieve performance targets. We all said at the time that this was an absurd notion: if a school had poor numeracy and literacy results, it made no sense to remove funding from that school. What it needed was more funding rather than less.

Even so, there is considerable pressure on schools and teachers to meet those standards, even though students living in different, poorer socioeconomic areas, with parents who are non-English speakers, for example, are going to have a great deal more difficulty in meeting the standards set by students from wealthier, English speaking homes. If you do not have disadvantaged schools funding, then you do not have that acknowledgment that there are difficulties in teaching some students in some areas.

It is my concern that, in efforts to ensure that standards are met, we are overlooking individuals and their specific circumstances and needs. We are not, for instance, paying enough attention to students with specific learning difficulties and learning disabilities. I have said many times in this place that it is estimated that one in every 10 Australian students has a learning disability, and yet the specific needs of these students across the board are largely overlooked. Learning disabilities were defined by the National Institute of Health in 1993 as disorders:

... that affect people’s ability to either interpret what they see and hear or to link information from different parts of the brain. These limitations can show up in many ways: as specific difficulties with spoken and written language, coordination, self-control or attention. Such difficulties extend
to school work and can impede learning to read, write or do maths.

I have said many times that, unless we are able to identify these children and then direct substantial resources towards assisting them, we are unlikely to significantly improve literacy levels in this country. It does not matter how many times you benchmark and test or how many times you tweak that testing in order to get the right result, if you are not identifying those students and helping them specifically with their disability or their difficulty, you are not going to improve literacy levels meaningfully in this country.

This is not just a funding issue. We do need to have teachers who are trained in identifying learning disabilities and we do need to use best practice in dealing with those students. However, in many of the schools I have been into, they have decided that it is necessary to have class sizes of two, three, nine or 10 students in certain categories of learning disability. Therefore, we need the flexibility to have very small class sizes, so that there can be a one-to-one relationship.

The very narrow definition of ‘disability’ adopted for special Commonwealth and state funding means that assistance is virtually non-existent in many states. It is up to the schools themselves to scratch the funding together from wherever they can get it. Many parents are obliged to go outside the school system to find that funding for identification. Some of them do not know why it is that their child is not learning at the same rate as their peers and, very often, they are obliged to pay quite large sums of money to have that assessment done. It can cost $250, $300 and even $500, I have heard. In most states, there is not a way for this identification to take place. In some states there is a way, and there is good work being done, but, by and large, it is falling back on to parents to, firstly, identify the problem and then work their way through the system to make sure that their student is properly helped.

The Democrats support the extension of funding to non-government schools for students with disabilities. Bringing the per capita grants for non-government schools in line with government funding is a reform that should have been introduced long ago. Whilst many private schools—particularly Catholic systemic schools—do take students with disabilities and students that are difficult to teach, other schools do not. It is high time that we removed any argument that schools might be able to mount for not taking students with disabilities.

The Democrats will be supporting the second reading amendment put forward by Senator Carr, although item (c) is not the most critical issue to us with regard to funding for non-government schools. We think the whole SES structure was ill advised. I urge the ALP, when and if they come to government, to not just look at category 1 schools and pull back that $145 million. This is an issue of fairness, both within the non-government sector and between non-government and government sectors. Clearly, the SES funding model is wrong and we should review it and find a fairer, more equitable system for funding both government and non-government schools. We agree with a thrust of it and we do condemn the government, like the ALP, but I put on the record that item (c) is a clumsy way of approaching what is a very poor attempt at a better funding model for non-government schools.

Senator BUCKLAND (South Australia) (11.47 a.m.)—The States Grants (Primary and Secondary Education Assistance) Amendment Bill 2001 provides for some $36.9 million for literacy and numeracy funding. This was a measure first announced in 1997. It has been reannounced in this budget but it is not an extra allocation of funds. Essentially, it is an instalment payment on a rebadged Keating government initiative. Because this government have never had a new idea with regard to education policy and because they could not stand to admit that they could not better the Keating government policy, they just changed the name. This government have engaged in badge engineering, no different to what the automobile industry does: give it a new grill, a new coat of paint, new wheels, and it is something different. In fact, it is not. The Department of Education, Training and Youth Affairs admitted as much in its answer.
to the question on notice by Senator Carr during estimates hearings earlier this year.

We have a minister who has sought to use literacy to score cheap political points rather than face up to the tough issues of working with state governments of whatever political persuasion and rather than face up to the tough issues of working with teachers, principals and parents to help lift the literacy standards of students in schools across this nation. The reason this minister has sought to score political points from literacy is that he has created in his own mind a complete and utter fiction. After recognising the problems associated with poor literacy and numeracy skills, the Keating government set about rectifying the problem; they set about doing something about it. The first obstacle was a lack of information about literacy levels. As well, there was a problem in that any information that existed within the state education system was not comparable. In 1994, the Keating government commissioned a study into national literacy levels.

Government senators interjecting—

Senator BUCKLAND—Whilst my colleagues on the other side are calling out that we have no policy, they have adopted exactly what we had in 1994, but they put a different name to it. So it is no good saying that there is no policy on this side; they use ours anyway.

The Keating commissioned study was designed to collect national comparable data on literacy. The Howard government received the report in 1997. The report showed below average reading skills were held by only four per cent of year 3 students and, similarly, only six per cent had below average writing skills. Dr Kemp was immediately dissatisfied with this and sent the report to the statistical equivalent of a re-education camp and demanded reprocessing of the data using arbitrary benchmarks set by him: ‘Here’s the answer I want, boys. Now, you create a document that tells me why I’ve come up with it, but don’t come up with what the truth is.’

Not surprisingly, figures for below average reading blew out to 27 per cent. Dr Kemp engineered a false crisis to score political points at the expense of students in the poorer schools of our country. This is a fact confirmed when they kept the literacy and numeracy program that was already in place, albeit with a new name. Labor’s policy is what they kept. Dr Kemp has done nothing whatsoever to contribute to the solutions this country needs to improve its literacy and numeracy skills. Instead, he has simply rebranded Labor initiatives and cynically manipulated statistics to score some cheap political points. Phil Oude, a Liberal from Victoria, said Dr Kemp:

... ought to do the right thing ... own up to the fact that he has manipulated the figures in a most dishonest and disgraceful fashion.

The importance of education in our economy will only ever increase. That is why it is so essential that we get it right. The critical importance of education in our future has yet to be grasped by this government. The strategic thinking of this government is poor and backward. It is not just the federal Labor Party expressing contempt when we talk about the lack of initiatives by this government but also our contempt for the manipulation of these literacy figures of Dr Kemp’s. As well as the Labor Party, a former Victorian Minister for Education and Dr Kemp’s own Liberal colleagues from Victoria are condemning him. It is a sad day for Australian education when they are dumped with a minister as inadequate as he is.

During the 19th century the use of coal and the emergence of railways drove a massive acceleration in economic growth. The use of coal provided a revolution in industrial techniques and processes. Railways provided a new and much quicker communications system. These two developments, the use of coal and railways, opened up the world to an industrial revolution. Nearly two centuries later, it is the ALP that recognised that a new revolution was and is under way. Information and research and development are the coal of this revolution and our schools, universities and research units are our mines. Telecommunications systems are our new railways, providing such incredible developments in communications that they are opening up our world to an information revolution. Education, training and research
and development are assuming a strategic importance close to that held by resources and land in the past. As education becomes more important in this economy, it becomes increasingly important that everyone has the basic numeracy and literacy skills to take part in developing the economy.

The real point is that the states have been carrying out these types of tests for some long time. If you look at the results of these tests that have been carried out by the states over many years, there has not been much of a change. But there has been a modest improvement in the last few years in the literacy performance of students in Australian schools. The reason for the modest improvement in some areas in some states is not that the minister for education manipulated the figures from a survey conducted in 1996; there is no manipulation there. It is that some governments have actually been putting extra resources into addressing the literacy problems. They have been doing the hard work, unlike Minister Kemp. In some of the states they have developed reading recovery programs. They are not rebadging old models; they have been forward thinking and they are doing something about it.

There are fewer parts of the economy for people to fall back on if they fall behind in their education skills. Those of us with children in schools today know the effects of that: if one child falls behind because the teacher is spending more time with those who are less academically skilled, the whole class falls behind. The money is not being directed to properly address the crises we have in our schools, but the government relies on a Labor policy. If we do not get this right people will be doomed to be left behind from as early as primary school, and it is a long time in Australia since that has been the case. Even my own state of South Australia, which is pathetically behind the other states in education, has realised that it is too late to identify students with literacy problems by the time they enter high school. It has realised that you cannot let it go too long.

We have to make sure that we are identifying students with literacy problems as early as possible. One of the great privileges we as members of parliament have is in getting to visit schools and to speak to some of the teachers who are there every day changing students lives and opening up opportunities for them for the future. One of the sad things we get to do is to hear the teachers, the principals and the parents continually telling us that students have problems with literacy and numeracy because the funds and the programs are not there to properly address what has been occurring. And this government has its ears closed to the tragedy that is currently facing us.

It is so disappointing that Dr Kemp insists on playing ridiculous games, manipulating figures, scoring cheap political points and simply rebadging old programs. It is disappointing because the future is in education. Labor has addressed that in where it is going. This government is only tagging along, hoping to pick up something from it. Labor knows where it needs to go. Mostly, it even knows how to get there. It is just a matter of this government recognising the urgent need to do something about it, and this government has not recognised it. This government is lazy and will not do anything about it because it does not want to do anything about it.

Senator Kemp—It is going the way of roll-back; it is dreadful!

Senator BUCKLAND—I may not have had Senator Kemp’s luxury education, I may not have gone to one of those privileged schools, but it is very clear from listening to him in the chamber today that my education was more thorough and taught me more than that of his. He is showing his lack of education, his lack of intelligence, in his comments here today.

Honourable senators interjecting—

Senator BUCKLAND—There has been hardly any increase in federal funding for literacy, but we have the Minister for Education, Training and Youth Affairs producing misleading information. The government’s claim is that over the next four years it will be spending almost $1.4 billion of Commonwealth funds to address literacy. The problem is that the minimal extra funding is simply rebadging the old model and the disadvantaged schools will be no better off. It is
even wrapping up into the English as a Second Language Program some of the special education program money and claiming that it is going to do something about literacy. This government has done nothing and intends to do nothing for those who are disadvantaged in their learning skills.

That is why the Labor Party is proposing to establish education priority zones and put extra Commonwealth funding into schools that need the most help—not the category 1 schools but the schools out there that need the most help. It is through programs like education priority zones that Labor will direct real extra dollars into the schools that need extra help, whether they are needy government schools or non-government schools, because that is the way to make a difference. You do not make a difference performing in the way this minister for education is: by simply rebadging Labor’s old policies.

Let me make it very clear that the federal Labor Party support basic skills testing. No matter how many times the current federal minister for education makes the claim that we do not, we do support it—even though we know that it is not a perfect measure for student performance. Every day teachers are making assessments about the progress of their students. Those of us with young children know that that is happening, because we talk to the teachers. Those in this chamber should know, too, as they go around the schools and are told this by the teaching staff and the parents. The skills test is really a very crude measure of the performance of students, but it does provide some extra information that can be useful to the teachers in better serving the needs of their students.

The difference between the Liberal Party and the Labor Party is not whether or not we support basic skills testing but whether, unlike the government, the Labor Party support providing extra funding to do something about literacy and numeracy. The government needs to stop reannouncing measures to do something about the past. It has to look to the future. It has to announce something that is decent. It has to announce something that is going to assist students and our community into the future. The Labor Party will do that; the Liberal Party is incapable.

Senator FORSHAW (New South Wales) (12.06 p.m.)—It is very appropriate that we are here today debating the States Grants (Primary and Secondary Education Assistance) Amendment Bill 2001, because it enables the Senate to get onto the real issues that are concerning people out there in the electorate. Of course, one of those issues is education. This debate provides an opportunity to demonstrate that when it comes to education, and particularly to education funding, this current government has a disgraceful record and, of course, it is going to find that out when the election is called in the next couple of months. I want to congratulate Senator Carr on his very appropriate second reading amendment. Whilst this government has endeavoured in this legislation to distort the arguments about literacy and about funding for literacy and numeracy education, the second reading amendment draws attention to the real issues that face the country in respect of education. Senator Carr’s amendment:

...condemns the Government for:
(a) misusing the issue of literacy for political advantage;
(b) manipulating statistics about literacy achievement; and
(c) providing $145 million to wealthy category one schools which could have been better used improving literacy for students in government and needy non-government schools”.

That is where the real focus of this debate needs to be: on those issues that have been raised in the opposition’s second reading amendment moved by Senator Carr. As other speakers from the opposition and Senator Allison from the Democrats have said, when it comes to education generally, this government has a disgraceful record. Whilst it claims that it has increased funding, it has in fact reduced funding, particularly to the public schools sector.

Whilst the Minister for Education, Training and Youth Affairs stands up, as he did yesterday, and claims that the government has provided record funding for tertiary education and for universities, the real facts are completely the opposite, as the vice-
chancellors have pointed out. Those that manage the universities and know the real situation say that there is a crisis of funding in the tertiary education sector—all due to this government’s massive cuts since it came into office in 1996. The little things that the government has done to redress some of the problems it created have come about because of pressure from the education sector and pressure from the opposition for it to roll back its own policies. But of course there is still a major problem. There is a lot to be done, and the only way it is going to be achieved, clearly, is if there is a change of government.

The government claims that this bill is intended to improve schooling outcomes particularly in regard to literacy and numeracy. The government and the minister have tried to trumpet up their proposals by claiming that there will be $36.9 million provided over the next two financial years for numeracy and literacy funding. But, as we know, that is not new money. That is merely a continuation of the funding programs that were previously in place. The government and the minister have been caught out, as they have been caught out time and time again. Their backbenchers know they have been caught out and have complained about it.

As the President of the Liberal Party, Shane Stone, said, the public and indeed members of the government believe that this government is sneaky, mean and tricky. I want to concentrate particularly on those characteristics of meanness and trickiness because that is what this minister has engaged in. As previous speakers have pointed out, Minister Kemp created a bogus issue, claiming that up to one-third of students in year 3 in this country could not effectively read or write. He used a survey and distorted the figures deliberately to create a crisis which he then said he would set out to resolve. Talk about scare tactics! That has got to go down as one of the monumental scare tactics ever perpetrated on the Australian public by any minister of a government.

I remember the headlines in the papers when he made those assertions, and I can recall the concern that parents had about whether or not it was true. Of course, it was not true at all. It was a gross misrepresentation of the real position. I certainly would not deny that there have been and continue to be concerns about literacy and numeracy standards. If you believe in education and if you believe in improving education, you always have to strive to do better, and you can always do better. At the same time, it is disgraceful to suggest, as Minister Kemp did, that there was a crisis of literacy to that extent. That was an attack upon the dedication and the professionalism of the teachers in our state and non-government schools throughout this country. We all here are witness to the fact that our teachers throughout this country deliver first-rate world standard quality education. They do it despite the funding constraints that are put upon them by government. They have had to continue to do that in the face of massive education cuts that this government introduced in 1996 and subsequently.

Minister Kemp is exposed as being tricky and sneaky, as Shane Stone, the federal President of the Liberal Party, acknowledged in his famous memo. It is clear that, on the standard of numeracy, Minister Kemp failed and he failed badly. It is probably an appropriate suggestion that he is the one who needs to return to school and learn how to add up, read the figures correctly, interpret them and reflect them in his public statements, because he clearly distorted those figures for political purposes.

In the area of literacy—an area that, as many senators and members know, I am particularly interested in, as someone who in an earlier life studied literature and took a great interest in it; and I wish I had time to read more than I do today—I am reminded of one of the novels that I studied at school and at university: *The Adventures of Huckleberry Finn*. Huck Finn was a young, largely uneducated boy, but he saw through the tricksters and the fraudsters that he came across in his journeys. I invite Minister Kemp to get a copy of that great novel out of the Parliamentary Library and to sit down and read it. If he has not got time to read the entire book, he could at least read the chapters where Huck came across the bogus king and the
bogus duke and their outrageous, outlandish claims. As I said, Huck saw through them. He saw that they were tricksters and fraudsters, and I think that is a pretty good description of the sorts of activities that this minister has tried to perpetrate with respect to claiming a crisis in literacy and numeracy in this country.

What do we also have from this government? The things that they will not address and tackle are the massive problems they have created through, for instance, slashing TAFE funding by $240 million since they came to office, forcing higher repayments for students on HECS loans, cutting $60 million from funding to public schools as a result of the enrolment benchmark adjustment, a reduction of $170 million for rural and regional universities during their government, massive cuts to student assistance schemes, amounting to up to $500 million; and neglect for research and investment, an approach that was even condemned by the government’s own Chief Scientist. So this government’s record on education generally is disgraceful. Of course, we have seen where their priorities lie: with devoting greater resources to the elite schools—the category 1 schools—than to the public school sector.

Senator Calvert interjecting—

Senator FORSHAW—Senator Calvert interjects and says, ‘This is the politics of division.’ Raising this, Senator Calvert, is not the politics of division. The politics of division has been deliberately created by Minister Kemp and this government, because they have deliberately and consciously allocated a greater and increasing proportion of budget funds to the wealthier schools at the expense of the poorer schools. That has been a major change in the approach adopted for education funding in this country since the sixties and seventies. I have to recognise that, under previous Liberal governments, it was never that bad. We had a policy position in this country where schools funding was determined on the grounds of equity, fairness and need. This government has removed the principle of need and promoted the principle of greed. If you do not understand that, Senator Calvert, through you, Mr Acting Deputy President, you are going to learn that lesson in a couple of months time.

I will finish by returning to the bill itself. It is quite clear that the real issues are addressed in Senator Carr’s second reading amendment. I urge the Senate to carry that amendment, because it draws attention to the real problems in education, not the bogus ones that have been created by the tricksters and the fraudsters, as represented by this government.

Senator ELLISON (Western Australia—Minister for Justice and Customs) (12.19 p.m.)—At the outset I will start where Senator Forshaw left off in relation to Catholic schools and make it very clear to the Senate that this government has delivered nearly $9 billion for Catholic schools in forecast funding for the next four years. This includes increased funding from 1998 of approximately $1.2 billion. In fact, what the Senate should remember is that Labor denied this funding until the last minute through its delay of the states grants bill last year. I will come to that later on in the furphy that the second reading amendment moved by Senator Carr poses in relation to funding of $145 million being taken from category 1 schools.

Let us just dwell on the Catholic schools for a moment. It is Labor that is in fact attacking the Catholic schools in this country. You have only to look at the destructive decision by the opposition to vote down the innovation bill. That decision has already denied just over $26,000 to the Jubilee Catholic Primary School in Gaven in Queensland. In fact, it is now committed to denying funds to Lumen Christi Catholic College at Pambula Beach, St Angela’s Primary School in Kellyville and St Andrews Catholic College in Cairns. So there are three Catholic schools which are now in the course of being denied funding because of the opposition’s tactics, and you have one Catholic primary school in Queensland which has already been denied over $26,000 due to those tactics. Labor now has to explain those actions and also explain to the 1.3 million parents of students at Catholic parish schools why it will not pay new Catholic schools the funds to which they are entitled under a law that Labor supported as recently as last year. So
last year you had Labor supporting it; this year you do not. This is money for new Catholic schools which Labor is saying no to.

You have members of the opposition like Senator Hutchins saying that the government is not supporting Catholic schools. That is totally hypocritical when you look at what Labor has done. As the Good Book says, ‘Ye shall know them by their fruits’—by their actions, you shall know what they really mean. What you have seen is an opposition which has denied funding to a Catholic school and which is intent on denying further funding to new Catholic schools. That is something those opposite cannot escape from. Catholic schools are smart—they realise where the game is played and they realise what the opposition has done in denying it funding and in the actions that it took in voting down the innovation bill which would have set in train right now funds going to Catholic schools. But the opposition voted it down. That is what it thinks of Catholic parish schools: taking an action in the Senate—in this very chamber—to deny money to Catholic parish schools. It is fair to say that those Catholic parish schools are not wealthy schools. In fact, the parents who send their children there make great sacrifices to send their children to a Catholic school and largely come from an income bracket which is not at the top end of the scale. Yet you have a Labor opposition, which purports to hold itself out as being a party for the workers and the average man and woman in Australia, denying funds to Catholic parish schools.

Let us have a look at this second reading amendment which has been moved by Senator Carr. It tries to resurrect the old furphy that was raised some years ago in relation to literacy and numeracy. The first two parts of the amendment try to say that the government beat up a problem in relation to literacy and numeracy for political advantage. Of course, the parents of Australia know better. They know that there was a problem with literacy and numeracy in this country. You just have to look back to 1995 at the analysis from the longitudinal survey of Australian youth by the Australian Council for Educational Research which revealed that 30 per cent of 14-year-old students in year 9 did not have adequate basic literacy skills. That was not Dr Kemp, it was not this government and it was not the Liberal Party; it was the Australian Council for Educational Research—a thoroughly respectable body—which conducted a survey that revealed that 30 per cent of 14-year-old students in year 9 in Australia did not have adequate basic literacy skills.

The reaction across Australia and in my visits to many schools shows that parents agreed fully with that and thought that much had to be done in relation to literacy and numeracy, and they have supported wholeheartedly the measures taken by this government. In fact, you have to remember that these figures—which the amendment says are a furphy in that we have misused these for political advantage and we have manipulated the statistics—are entirely consistent with the analysis against draft benchmarks of data from the 1996 national school English literacy survey which showed similar numbers of year 3 and year 5 students who had not reached a minimum acceptable level of reading achievement. So we have another respectable analysis of literacy levels endorsing what the Australian Council for Educational Research revealed in its 1995 report.

You have to look here at the motive behind the amendment. Senator Carr is trying to belittle the good work done by this government and Dr Kemp in relation to literacy and numeracy. We have achieved national benchmarks. We have also achieved the ability, for the first time ever, of parents to know how their children are measuring up against these national benchmarks. As we now have this national data at the state level on literacy and numeracy achievement against standards, parents have the right to know about this information. But, of course, it is an unfortunate state of affairs that the majority of state Labor governments have not seen their way clear to allowing Australian parents to know how their children are measuring up against these national benchmarks. As we now have this national data at the state level on literacy and numeracy achievement against standards, parents have the right to know about this information. But, of course, it is an unfortunate state of affairs that the majority of state Labor governments have not seen their way clear to allowing Australian parents to know how their children are measuring up against these national benchmarks. In fact, the only two governments that have allowed parents this crucial information
are the ACT and Western Australia. It has to be remembered that, if it were not for the efforts of the Commonwealth government and Dr Kemp, parents in Australia would never have had this opportunity. You have to ask why these state governments are blocking this information from parents.

In a recent evaluation of the Western Australian literacy and numeracy assessment, it was confirmed that parents appreciated the addition of information about their child’s performance against national benchmarks to the information they already received from the state’s literacy and numeracy testing program. Parents saw the information from the program as a mechanism to help raise literacy and numeracy standards in schools. This comes from a Labor state government in Western Australia which has allowed this information to go to parents. This has revealed that parents want to know this information, yet it is being denied to other parents across Australia. But, of course, you have to remember that this information would never, ever have been available to parents in the first place had it not been for the efforts of this government in addressing the outrageous situation which existed in relation to literacy and numeracy in this country. Yet you still have Senator Carr trying to say that this has been a beat up, a furphy and something that the government has used for political ends. If improving the literacy and numeracy skills of Australian youngsters is a political end, then it is one that this government wholly applauds. We will continue to pursue the improvement of literacy and numeracy standards in this country across the board. It is essential that young Australians be given the skills—these essential communication skills—in order for them to carve out a better life for themselves and to make a contribution to the Australian community.

As a result of this innovative action by this government, we have seen some results. There has been a major improvement in literacy outcomes over the period since the national school English literacy survey conducted its analysis in 1996. National data released by the ministerial council of education ministers in 1999 revealed:

Achievement against the literacy and numeracy benchmarks shows that the percentage of year 3 students not achieving a minimum acceptable standard had fallen to some 30 per cent. For those in year 5 in 1999, around 14 per cent were also not achieving the minimum literacy standard for students in that year of schooling.

So what you are seeing is an improvement, because we are addressing the problem. If we had let that problem alone, if we had swept it under the carpet like the previous Labor government had done, you would have lost a generation of Australians in relation to literacy and numeracy. You would have let them go and it would have been very difficult to have recovered that lost ground. In the last part of his second reading amendment, Senator Carr states that the Senate condemns the government for:

(c) providing $145 million to wealthy category one schools which could have been better used improving literacy for students...

I have just been outlining what this government has done for literacy and numeracy in this country. Senator Carr is calling on us to do more yet, at the same time, he is saying that we have been beating up the figures in relation to the need for extra funding for literacy and numeracy in this country. Senator Carr has to make his mind up. Do we have a problem or don’t we? Did we do the right thing or didn’t we in addressing this problem? He cannot have a two-way bet now; in fact, he is having a three-way bet. In relation to the $145 million allocated to category 1 schools, last year the Labor opposition tried to amend the states grants bill so that that money would go to students with disabilities. After that, the Leader of the Opposition stated that they should spend this money on capital works for government schools. Now we have Senator Carr saying that the money should be spent on literacy. You can only expend $145 million once. You cannot spend it three times.

Last year the Labor opposition said that it should have gone towards funding for disabled students, then the Leader of the Opposition said that it should have gone towards capital works for government schools, and today Senator Carr said that it should go towards improving literacy for students in government and needy non-government
schools. Where is it going to go? How many times can you spend $145 million? Do they know what they want to spend it on? In the space of nine months, on three different occasions, they have said that they want to spend it on three different things. They have to make up their mind. Where do they want this money to go? You have only got one shot on it. Senator Carr, you have got to make your mind up. You have got to get your education policy clear. You have got to let the people of Australia know where you spend the money. Is it going to go towards disability funding, or is it going to go towards capital works, or is it going to go towards literacy? On the issue of literacy, you say that we beat it up out of all proportion and try to manipulate it for our own ends. You say that we do that and then you say, ‘But we still need to spend money on literacy.’ The logic there escapes me and I am sure it escapes all those who are listening.

This government remains committed to having a strong government and non-government school sector. The increased funding that we have put into education demonstrates just that. By our actions, you know our commitment—because of the money that we have put into government and non-government schools. For the opposition to say that we have not supported Catholic schools is outrageous when the opposition, by their own nefarious tactics, have cut and stopped funding for Catholic parish schools. We believe that funding should be applied across the board in relation to literacy and numeracy, and we have done just that. Back in 1995-96 we recognised the problem and we acted on it. That is why you have seen national benchmarks. That is why you have seen an improvement in relation to literacy levels. And that is why, for the first time ever, Australian parents are able to gain access—should Labor state governments allow them to—to information on how their children are performing against national benchmarks. That is a right every Australian parent should have, and we thoroughly believe that. It is over to the states and the territory governments who have not done this to give a good reason as to why they have not done it. I am sure that the parents in those states and territories who have not been allowed that information would have a lot to say as to why they would want to know how their children are fairing. This is an excellent bill and I commend it to the Senate.

Amendment agreed to.

Original question, as amended, resolved in the affirmative.

Bill read a second time.
Motion (by Senator Carr) agreed to:
That the resolution relating to the States Grants (Primary and Secondary Education Assistance) Amendment Bill 2001 be communicated by message to the House of Representatives for concurrence.

In Committee

The bill.

Senator CARR (Victoria) (12.36 p.m.)—In the second reading debate I referred to a pamphlet entitled ‘Your child’s future—Literacy and numeracy in Australian schools’. That pamphlet, which was distributed to Australian schoolchildren, was clearly political propaganda. I ask the minister whether he can confirm that 2½ million of these pamphlets were distributed and that the cost of this political propaganda was $275,000?

Senator ELLISON (Western Australia—Minister for Justice and Customs) (12.37 p.m.)—You cannot answer a question which is based on a false premise and the false premise is that it was political propaganda. Information to parents and students and teachers in relation to education in this country is not propaganda. It is information which people want to know about. I think that Senator Carr, by calling it political propaganda, bases his question on a false premise. But, based on the fact that this was information about education which was vital to communicate to people in the community, I will answer the question. Senator Carr’s question was on how many pamphlets went out. I will have to take that question on notice.

Senator CARR (Victoria) (12.37 p.m.)—I am very disappointed. I was hoping to finish the committee stage of this bill by 12.45 p.m. I trust that the officials will be able to find the answer to that question, but they are indicating that they cannot do it today. That is a tragedy. Perhaps they will have time over the
weekend to find it, if it cannot be done today. I am more than happy to accommodate the department, because I know how hard they work. I am sure the weekend is a reasonable length of time for them to find an answer to a very simple question: was this political propaganda sent out to 2½ million Australian children and, through them, to their families, and did it cost $275,000? How often has a government sought to send out these sorts of pamphlets—you call them information; I call them political propaganda—in this way? How often has the Commonwealth of Australia sent, through the children of this country, material that is highly contentious and quite clearly political in its nature? How often has the Commonwealth of this country sought to use the children of Australia as part of a political campaign?

Senator ELLISON (Western Australia—Minister for Justice and Customs) (12.39 p.m.)—I think that answer was given in the Senate estimates. You should refer to the answer given there.

Senator CARR (Victoria) (12.39 p.m.)—I am trying to establish whether the estimate has varied, because I know how difficult it is for the department to get accurate figures. The minister is quite right. When I asked this question in the Senate estimates, I was told that it cost $275,000 and that it was sent to 2½ million Australian children—who were used as part of the Commonwealth government’s political campaign in terms of this beat-up that the minister was pursuing. I ask again: how often has this sort of behaviour been undertaken by the Commonwealth?

Senator ELLISON (Western Australia—Minister for Justice and Customs) (12.40 p.m.)—The officials have advised me that they are getting the answer from that estimates hearing and we will provide that to you. We should have the other figure to you shortly. But I make the point that Australian children, as you call them, young Australians have every entitlement to the same information about education as their parents have.

Senator CARR (Victoria) (12.40 p.m.)—I tell you what: when my young lad, who is six years old, brings home this pamphlet, I think I am entitled to ask, like any other parent in this country, why this minister thinks it appropriate to use the schools of Australia for this sort of political propaganda. My young Seamus, at six years of age, is entitled to a broad political education, but I think it is unreasonable that you use him and all the other hundreds of thousands of six-year-olds to foist this sort of nonsense onto the schools of this country. It is totally inappropriate to use government money for political propaganda and to use the children of this country to advance the dubious cause of this minister.

Senator ELLISON (Western Australia—Minister for Justice and Customs) (12.41 p.m.)—As always, the government is cost effective. If we had mailed it to the parents, it would have been a much more expensive exercise than sending it to the schools so that the children could take it home to their parents. That is a much more efficient way of doing things. I note that the teachers union does similar things. Senator Carr should take note of that. Senator Carr is really barking up the wrong tree here. To my knowledge there has been no complaint about this process. It is essential that modern governments of today communicate directly with people, and that includes young Australians.

Senator CARR (Victoria) (12.41 p.m.)—From now on, we will never hear any other complaint about people who wish to distribute political messages through the schools. Is that the implication of the minister’s answer? We will hear no more complaint from this government about unionists standing outside schools distributing pamphlets about the reasons they are taking industrial action or the like. I take it that the government now supports that sort of behaviour. So be it. You say this is a cost effective measure. My understanding is that there are about 3½ million students in this country. Why did you print only 2½ million pamphlets?

Senator ELLISON (Western Australia—Minister for Justice and Customs) (12.42 p.m.)—I will verify both of those figures. I will not take them on face value as being accurate. We are looking into the first figure and we will look into the second one.

Senator CARR (Victoria) (12.42 p.m.)—It is unfortunate that you cannot provide this today. It is not available right now. Is that the situation? I think it is most unusual that you
come to this debate without it. It is very disappointing.

Senator Ellison—Where does it relate to the bill?

Senator CARR—I take it then that you do not want the bill today. Is that what you are saying?

Senator Calvert—You are delaying the bill.

Senator CARR—I do not think that is right. The government introduced a bill—the innovations bill—on which the Senate passed a motion that it should be split because it sought to bring in an omnibus bill linking highly controversial measures with others that were not so controversial. It was inappropriate for that to occur. With that in mind, the Senate obviously thought it necessary that there be separate bills. The government, by the way, has agreed to that, by reintroducing the various measures as separate bills. I think the minister ought to at least acknowledge that the government was completely wrong on that, as it is completely wrong in the distribution of propaganda such as this and in using the children of Australia to advance it. I think it is a scurrilous political tactic.

Senator ELLISON (Western Australia—Minister for Justice and Customs) (12.44 p.m.)—It was the opposition who stopped that bill dead in its track. That bill dealt with funding for Catholic schools and the establishment of new non-government schools. It is as simple as that, and they cannot deny it. Senator Carr should know better.

Senator Carr—Minister, will responses to my questions be forwarded this afternoon?

Senator ELLISON—Yes.

Bill reported without amendment; report adopted.

Third Reading

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

ALCOHOL EDUCATION AND REHABILITATION ACCOUNT BILL 2001

consideration of House of Representatives Message

Message received from the House of Representatives indicating that the House had made the amendment requested by the Senate.

Third Reading

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

FINANCE AND ADMINISTRATION LEGISLATION AMENDMENT (APPLICATION OF CRIMINAL CODE) BILL 2001

Second Reading

Debate resumed from 21 August, on motion by Senator Hill:

That this bill be now read a second time.

Senator PATTERSON (Victoria—Parliamentary Secretary to the Minister for Immigration and Multicultural Affairs and Parliamentary Secretary to the Minister for Foreign Affairs) (12.46 p.m.)—I was supposed to thank honourable senators for their contribution, but I presume there is support for the bill on all sides of the house. The bill under consideration makes amendments to offence provisions in the various legislation under the Finance and Administration portfolio to ensure compliance and consistency with the Criminal Code. The aims of the bill are clearly set out in the second reading speech. I commend the bill to the chamber.

Question resolved in the affirmative.

Bill read a second time, and passed through its remaining stages without amendment or debate.

FINANCIAL SECTOR (COLLECTION OF DATA BILL 2001

FINANCIAL SECTOR (COLLECTION OF DATA—CONSEQUENTIAL AND TRANSITIONAL PROVISIONS) BILL 2001

Second Reading

Debate resumed from 20 August, on motion by Senator Ian Macdonald:

That these bills be now read a second time.

Senator O'BRIEN (Tasmania) (12.48 p.m.)—Just in case Senator Patterson is wondering, the opposition also supports this legislation.

Senator PATTERSON (Victoria—Parliamentary Secretary to the Minister for Immigration and Multicultural Affairs and Par-
parliamentary Secretary to the Minister for Foreign Affairs) (12.48 p.m.)—I thank the honourable senator for his very short contribution. These two bills give effect to the harmonisation and streamlining of the collection of statistical information across the financial sector in Australia. The Financial Sector (Collection of Data) Bill 2001, the main bill, transfers the administration of the Financial Corporations Act 1974 from the Reserve Bank of Australia to the Australian Prudential Regulation Authority. The other aims of the bill are clearly set out in the second reading speech. There were two amendments moved by the government in the House, and I believe the opposition will be supporting those. There were two opposition amendments moved in the House, which the government supports. A technical amendment has been circulated, and it is foreshadowed that the amendments will be moved in the committee stage.

Senator O’BRIEN (Tasmania) (12.49 p.m.)—by leave—I am sure what Senator Patterson says is correct, but I would like the opportunity to check that. If we could defer the committee stage of this matter until the next bill, that would be more satisfactory as far as I am concerned.

Question resolved in the affirmative.

Bill read a second time.

Ordered that consideration of the bill in committee of the whole be made an order of the day for a later hour.

INTERNATIONAL MARITIME CONVENTIONS LEGISLATION AMENDMENT BILL 2001

Second Reading

Debate resumed from 21 August, on motion by Senator Hill:

That this bill be now read a second time.

Senator O’BRIEN (Tasmania) (12.50 p.m.)—The International Maritime Conventions Legislation Amendment Bill 2001 amends six acts of parliament relating to Australia’s compliance with international conventions. As Mr Ferguson, the shadow minister, told the other place, the opposition supports this bill. The changes to the various pieces of legislation contained in this bill are largely facilitative and technical in nature. Firstly, in relation to amendments to the Limitation of Liability for Maritime Claims Act 1989, the 1976 Convention on Limitation of Liability for Maritime Claims allows a shipowner or salvor to set limits for the amount of damages they can be required to pay for damage caused by their ship, shipowner, salvor or their employee or agent. The limits are set out in the convention. These limits were amended by the protocol of 1976 to increase liability limits and to provide a simpler method for future increases of liability limits. Schedule 1 of the bill will amend the Limitation of Liability for Maritime Claims Act to amend the 1976 liability protocol.

The Protection of the Sea (Powers of Intervention) Act 1981, which is known as the intervention act, gives the Australian Maritime Safety Authority important powers to take measures to protect the sea from pollution by oil and other substances discharged from ships. Section 9 of the intervention act relates to the taking of measures under the 1973 protocol. An annex to this protocol lists the polluting substances, other than oil, that pollution prevention measures can be taken in relation to. Schedule 2 of the International Maritime Conventions Legislation Amendment Bill 2001 amends the intervention act to implement the list of these substances approved by the Marine Environment Protection Committee of the International Maritime Organisation in July 1996.

Schedule 3 of the International Maritime Conventions Legislation Amendment Bill 2001 amends the Protection of the Sea (Prevention of Pollution from Ships) Act 1983, which is known as the pollution prevention act. This implements MARPOL 73/78, which is the International Convention for the Prevention of Pollution from Ships—as amended by the 78 protocol. The amendments include a range of changes: the removal of the requirement to include the text of conventions in schedules to the act; the implementation of amendments to MARPOL 73/78 on categorisation of liquids, pollution by packaged substances and disposal of garbage; the introduction of changes to incident reporting arrangements; the provision for
Australian Federal Police officers to be inspectors under the act, which will avoid the need for separate paperwork and approval at the time of incidents; and provision of the power to AMSA officers to require the discharge of waste from a ship to a reception facility.

The bill also makes a range of amendments in relation to penalties and offences under the pollution prevention act. It is now providing that any person, rather than just the owner and the master, who is responsible for unlawful discharge is guilty of an offence. This requires the owner of a ship to report an oil pollution where a master has not done so—ensuring that the owner or master of the ship is guilty of an offence if the pollution damage resulted from their negligence—and provides that the same penalty applies to the discharge of harmful substances in all parts of the act.

Schedule 4 of the International Maritime Conventions Legislation Amendment Bill 2001 amends the Submarine Cables and Pipelines Protection Act 1963, known as the cables and pipelines act, to reflect the terminology of the United Nations Convention on the Law of the Sea, rather than that in the superseded 1958 convention. The amendments provide that the act applies to the ‘exclusive economic zone and the high seas’, as defined in the United Nations Convention on the Law of the Sea, rather than the ‘high seas’, as defined in the latter. In some cases, the protocols being facilitated by this bill have not taken effect. They are waiting for sufficient international signatories and the commencement dates in the bill, as I understand it, provide for this.

As I advised at the start of my speech, the opposition does not view the International Maritime Conventions Legislation Amendment Bill 2001 as contentious. In fact, we agree that the changes are necessary to implement international conventions that are important to maritime and shipping safety regulation. The opposition is totally committed to the safety and efficiency of the shipping industry, and we believe that Australia has a key role to play on the international scene to ensure that world shipping is safe—in the interests of the environment and national interests of all nation states. Australia has an intrinsic vested interest in this objective because of our geographic isolation and the fact that we are an island totally reliant on shipping and aviation services to access other markets.

Another important part of our international obligations in relation to both maritime and aviation matters relates to search and rescue. These obligations are spelt out in the National Search and Rescue Manual. The manual was derived from the relevant international and domestic agreements. These international organisations include the International Civil Aviation Organisation, which is known as ICAO, and the International Maritime Organisation. The International Maritime Organisation focuses on shipping matters, including the administration of the International Convention for the Safety of Life at Sea—known as SOLAS. The IMO is also the organisation that coordinates and issues international procedures for search and rescue at sea. Australian Search and Rescue, which is known as AusSAR, has a critical role to play, both in international search and rescue and in domestic search and rescue.

Senators would have noted that the domestic role of AusSAR has received a considerable amount of attention in this chamber in recent times. That interest has focused on the search for the fishing boat, the Margaret J, and the role of AusSAR in that search. The international obligations placed on AusSAR by the convention to which we are a signatory are very important—but the domestic search and rescue role of this organisation is no less important. On Tuesday, I asked for an explanation for the failure of the Minister for Transport and Regional Services, Mr Anderson, to answer certain questions that I placed on notice. Those questions went to both the domestic and international role of AusSAR. Those answers have now been provided, and I thank Senator Ian Macdonald for his assistance yet again.

The question on notice 3784 related to the missing yacht, appropriately named, Aimlis. I have been advised that a distress signal from this yacht was first detected at 1.28 a.m. on Tuesday, 26 July. That signal was detected
by Taupo Maritime Radio, New Zealand, but AusSAR initiated a response to the distress situation. Question 3715 related to a missing cruiser known as *Just Cruisin*. I was told, in that answer, that the cruiser last made contact at 1.53 p.m. on Friday, 6 July. That contact was with the volunteer coastguard at Mooloolaba. The cruiser advised that it was en route to Tangalooma, on Moreton Island. It was not until 10.31 p.m. on Tuesday, 10 July that the Sydney water police advised AusSAR that a vessel was overdue on the North Coast of New South Wales.

The Queensland police then requested, by facsimile, that AusSAR assume coordination of the search, and AusSAR agreed to take control of it. The transfer of coordination became effective at 2.15 p.m. on Wednesday, 11 July. The basis for accepting the transfer was that the search area spanned part of the Queensland and New South Wales coastlines and the coordination of the three authorities would be best handled by AusSAR. The responsibility for the search was then transferred back to the Queensland authority, taking effect at 5.30 p.m. on 13 July.

The approach taken by AusSAR in relation to *Just Cruisin* provides a sharp contrast to the approach taken by AusSAR to the search for the *Margaret J*. The last contact with the *Margaret J* was on 9 April. The Tasmanian police then contacted AusSAR on 13 April to advise that the boat was overdue and to seek assistance with the search. I understand that, while a request for assistance was not clear, it was obvious that the Tasmanian police needed help. I understand further that the contact made by the Tasmanian police on 13 April was interpreted by AusSAR as a request for assistance. In the case of *Just Cruisin*, AusSAR accepted the request from the state authority to take over coordination of the search. That takeover came into effect at 2.15 p.m. on 11 July.

In the case of the *Margaret J*, I understand that AusSAR told the Tasmanian police that they would have to complete their initial search, exhaust their search effort, or find the search beyond their capacity before AusSAR would consider taking over the coordination of the search. Those resources were well and truly exhausted by 15 April but, following a second request from the Tasmanian police for AusSAR to assume control, the police were told that the search area was too large and it was not worth searching further in the absence of new intelligence. In contrast, the justification for AusSAR taking over the coordination of the *Just Cruisin* search was that the search area spanned two state coastlines, New South Wales and Queensland. I am told AusSAR was, therefore, better placed to manage the search effort. The last time I looked, Bass Strait has on one side the Victorian coast and on the other the north coast of Tasmania. It, therefore, could have been possible for AusSAR to coordinate search resources from both Victoria and Tasmania, as was done for *Just Cruisin*.

In response to the second request for assistance from the Tasmanian police, I understand that AusSAR responded saying that the boat had been missing for six days, the search area was very large and therefore an extension of the search could not be justified. According to the answer that I have been given, AusSAR took over the search for *Just Cruisin* five days after the last contact with the vessel. This is just short of the elapsed time that AusSAR relied on to deny the Tasmanian police assistance with the *Margaret J* search.

The opposition is the sole party with commitment to a sustainable, safe and efficient shipping industry for Australian exporters and importers. Mr Anderson is committed only to the lowest common denominator, not to a sustainable industry. As we have witnessed in many sectors, the lowest cost service is not usually the best. Too often we see safety standards eroded or undermined in order to get that cost down. As Mr Ferguson told the other place, the shipping policy of the Howard government has been one of taking risks with the quality of shipping, Australia’s environment, Australia’s defence and Australian industry in the narrow pursuit of the bottom line. It is important to remember that the coastal shipping trade is part of the domestic transport task in the same manner as trucking, rail and domestic aviation services. It is, therefore, difficult to understand why the minister has never released the industry-government working party report
into the competitiveness of the Australian shipping industry. Only one reason comes to mind, and that is the fact that the report did not say that cabotage should be abolished.

The *Australian Financial Review* reported in 1999 that an analysis by Access Economics in the hidden report showed that the government’s policy of eliminating cabotage without genuine reform would carry significant economic costs. This is exactly what is happening. The Howard government is undermining cabotage without genuine parallel reform and inflicting significant damage on all interstate transport industries and operators as a result.

The Australian Shipowners Association submission to the current Senate hearing on a different bill also provides an interesting statistic. In 1998-99, vessels operating under the single voyage permits and continuing voyage permits carried 15.1 per cent of the total Australian interstate and intrastate transport industry freight task. In simple terms, that means the operators moving 15.1 per cent of Australia’s domestic freight do not have to pay Australian award conditions. In the majority of cases, these operators are also receiving direct subsidies from their nation of origin. In fact, the submission outlines 10 acts of the Australian parliament that do not apply to foreign shippers or in some way favour their operation over Australian operators. How can Australian companies compete with that? How can that be described as a fair go?

The Howard government has a shipping policy that directly assists overseas operators to avoid the same laws and obligations that Australian transport operators are required to meet. The impact of this is showing, as foreshadowed to the minister in the report which is buried, I believe, on his desk. He is removing cabotage by stealth without appropriate reforms or policy direction and the expected economic damage is being inflicted. The Australian public and the shipping industry are paying the cost. In 1996 there were 69 vessels in the Australian fleet. In the year 2000 that had dropped to 49 vessels. Again, to quote the Australian Shipowners Association submission, since 1995-96 inclusive the average net annual disinvestment in Australian shipping was $4 million in real terms, compared with a net annual average investment of $292.8 million between 1989-90 and 1994-95. Those dates are inclusive. The Australian Shipowners Association submission says:

The reasons for the reduction in investment are evident from an analysis of the government’s role in the reform process in the shipping industry. In particular, the ability of investors to be confident of a positive policy environment in Australia is a major factor.

That is a damning comment on the performance of this government generally, and Mr Anderson in particular, in relation to a key sector of the Australian transport system.

I want to finish by going back to the issue of the *Margaret J* and the role of AusSAR in that search. I am concerned, based on information that is now being provided to me, that all the facts in relation to the role of both AusSAR and the Tasmanian police may not be subject to proper public scrutiny, as certain persons involved in the search have discussed the presentation of a sanitised and harmonised version of the events. I am alarmed at the prospect of an attempt to rewrite history in relation to this matter, and that is the reason I will continue to pursue this matter. That is the reason why there must be a full and open public inquiry by the Senate.

**Senator GREIG (Western Australia) (1.07 p.m.)**—What the International Maritime Conventions Legislation Amendment Bill 2001 proposes to do comprehensively was adequately covered by Senator O’Brien, but I think it is perhaps helpful just to dot point the three key purposes of the legislation, which are as follows: firstly, to amend the Limitation of Liability for Maritime Claims Act 1999 and update definitional provisions in the Admiralty Act 1988 and Navigation Act 1912 to incorporate changes to the international instrument which underlies this act; secondly, to amend the Protection of the Sea (Powers of Intervention) Act 1981 to update a list of substances other than oil covered by the act to incorporate a resolution of the body which is responsible for updating the underlying international instrument; and, finally, to amend the Protection of
the Sea (Prevention of Pollution from Ships) Act 1983 to implement amendments to the underlying international instrument, to change certain administrative and enforcement arrangements and to revise offences and penalties.

We Democrats are broadly supportive of all of that and have an acute interest in the environmental aspects of it, particularly in relation to oil and other potentially toxic substances. To that end, we had two minor concerns with this legislation. The first was identified by both the Parliamentary Library researcher and also staff working with me, and it was to do with item 15 of the bill. Item 15 replaces a requirement to retain with a prohibition on discharge. The Bills Digest says:

It will be an offence under proposed section 10 to discharge oil residues into the sea, where that would be an offence under proposed sections 9(1) and 9(1B), unless the discharge is made to a reception facility.

We share the mild concern of the library researcher, who argued:

Two unintended consequences may arise from the drafting of proposed section 10. First, it is possible that the section permits the discharge of oil residues into the sea where the discharge is being made to an onshore reception facility. Second, it is possible that the section permits discharge of oil residues between vessels at sea or elsewhere onshore.

That may not be the intention of the drafting, and I suspect that it is not, but it remains a mild concern— and we Democrats would like to see that better drafted.

A second concern we had with the legislation is that it provides that an inspector has the discretion to require discharge of materials into a specified facility. Our particular concern with that is that the proposal does not require any set of standards, whether environmental or other standards, in relation to that procedure, and is therefore very open-ended.

In response to both those concerns, I have had briefings with the department and spoken directly with the minister’s office with the view to some amendments that will alleviate our concern with the unintended consequences referred to in the explanatory memorandum, and also to see whether we could tighten the legislation a little to ensure that an inspector would only require discharge when he or she has a reasonable belief that discharge into a specified facility is necessary in order to avoid a risk of discharge at sea. So, to that end, I understand that there is an agreed informal arrangement that, if those concerns of the Democrats can be alleviated and accommodated with an amendment which would have cross-party support to progress the passage of this legislation, we Democrats will happily lend our support to that and ensure that this legislation is passed quickly in the non-controversial section provided for on Thursday next week.

Senator PATTERSON (Victoria—Parliamentary Secretary to the Minister for Immigration and Multicultural Affairs and Parliamentary Secretary to the Minister for Foreign Affairs) (1.11 p.m.)—The International Maritime Conventions Legislation Amendment Bill 2001 amends four acts to give effect to matters in international marine conventions. I will not respond to the comments of Senator O’Brien. Obviously he took the opportunity in his speech to address the issue of the Margaret J, but I think there has been considerable discussion about that in various Senate forums, and no doubt, as he said, there will be more.

I mention particularly the amendments to the Protection of the Sea (Prevention of Pollution from Ships) Act. This is the principal Commonwealth act intended to prevent pollution of the sea by ships. Senator O’Brien made some disparaging remarks about our record. This bill demonstrates that we are addressing issues with regard to the environment, because the amendments to this act include a requirement for ships to have a waste management plan and to carry a garbage record book. There are also amendments to provide that the owner of a poorly maintained ship cannot use an inappropriate defence of ‘fair wear and tear’ in the case of discharge of pollutants, such as oil or sewage, into the sea. Each of the amendments in this bill is fairly minor, but taken as a package they represent an important and significant step in the protection of the marine environment.
I note the Democrats’ intention to move amendments to the bill in the committee stage. Given what Senator Greig has said, we are likely to be supporting these amendments in that phase on lunchtime on Thursday. I look forward to that, Senator Greig. I commend the bill to the house.

Question resolved in the affirmative.

Bill read a second time.

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

**FINANCIAL SECTOR (COLLECTION OF DATA) BILL 2001**

**FINANCIAL SECTOR (COLLECTION OF DATA—CONSEQUENTIAL AND TRANSITIONAL PROVISIONS) BILL 2001**

In Committee

The bills.

**Senator PATTERSON** (Victoria—Parliamentary Secretary to the Minister for Immigration and Multicultural Affairs and Parliamentary Secretary to the Minister for Foreign Affairs) (1.14 p.m.)—In my second reading speech on the Financial Sector (Collection of Data) Bill 2001 and the Financial Sector (Collection of Data—Consequential and Transitional Provisions) Bill 2001, I foreshadowed that we would be moving a minor amendment, which has been circulated. There is a table and a supplementary explanatory memorandum relating to the government amendment to be moved to the Financial Sector (Collection of Data—Consequential and Transitional Provisions) Bill 2001. The memorandum was circulated in the chamber on 23 August 2001. I move the amendment:

(1) Schedule 2, page 22 (after line 23), after item 130, insert:

130AA Subsection 63(5)

After “regulations”, insert “, and of the Financial Sector (Collection of Data) Act 2001.”.

**Senator LUDWIG** (Queensland) (1.14 p.m.)—I indicate on behalf of the opposition that we agree to that amendment.

Amendment agreed to.


Financial Sector (Collection of Data) Bill 2001 reported without amendment and Financial Sector (Collection of Data—Consequential and Transitional Provisions) Bill 2001 reported with an amendment; report adopted.

**Third Reading**

Bills (on motion by Senator Patterson) read a third time.

Sitting suspended from 1.16 p.m. to 2.00 p.m.

**QUESTIONS WITHOUT NOTICE**

**Groom Federal Electorate Council of the Liberal Party**

**Senator ROBERT RAY** (2.00 p.m.)—I direct my question to Senator Kemp, representing the Treasurer. Can the minister confirm that the Groom Federal Electorate Council of the Liberal Party held a fundraising dinner at Picnic Point Function Centre in Toowoomba on 23 November last year and that this dinner was attended by both Treasurer Costello and the Minister for Small Business, Mr Macfarlane? When did Mr Macfarlane inform the Treasurer that the Groom FEC had entered into a fraudulent arrangement to claim GST input tax credits in regard to the catering of that function? When did the Treasurer become aware that Mr Macfarlane’s local party was improperly pocketing input tax credits on this fundraiser through a trail of tax invoices and cheques through the Queensland Liberal Party headquarters, as is clearly set out in the minutes of the Groom FEC meetings over many months and in the accompanying bank statements?

**Senator KEMP**—Senator Robert Ray is back on the high policy issues! We have noted the contributions that Senator Ray has made over the last five years, and they are a total waste of space, in my view. When I think of fundraising, I think of John Curtin House, for which the Labor Party is ripping out $36 million from the taxpayer over and above what normal rents would be. One of
the things that we would be interested in if Robert Ray could use his forensic skills—

The PRESIDENT—Senator Ray.

Senator KEMP—I am sorry to be so familiar, Senator. If Senator Ray could use his forensic skills at the estimates committee to explore that particular issue, I think that would create at least a feeling that Senator Robert Ray was really concerned with standards in the parliament rather than cheap attempts at muckraking. The other thing I think of when I think of fundraising is Markson Sparks and the fundraising efforts of the Labor Party. We well remember the interest that Senator Faulkner has in many such topics but he never explores, of course, Labor Party fundraising. Those are the sorts of issues that I think of when matters of fundraising are raised.

Senator Ray, I have no knowledge of the particular matters that you have raised. What I have learnt through somewhat bitter experience in this parliament is that, when Labor Party senators stand up and make accusations against people, they so often seem to be totally wrong. We well remember Senator Faulkner’s outrageous attack on the Baillieu family, for which he has never apologised. As I said, when I think of fundraising, Senator Ray, those are the sorts of issues that I think of. When I think of you, Senator Ray, I think of a man who has spent five years totally immersed in muckraking. One of the reasons that the Labor Party has such an appalling record on policy development is that the leaders of the Labor Party, like Senator Faulkner and Senator Ray, have never bothered to turn their minds to these issues. This is the sort of standard question which I would expect from Senator Robert Ray.

Senator ROBERT RAY—Madam President, I ask the minister a supplementary question. Just when and how did Treasurer Costello ‘carpet’ Minister Macfarlane, as is noted in the Groom FEC minutes? Is the Assistant Treasurer aware that Minister Macfarlane told a meeting of the Groom FEC on 20 March this year that ‘if news of this got out it could bring down the government’? If both the Treasurer and Minister Macfarlane saw this fraudulent activity as a serious threat to the government, why didn’t they refer it to the tax office and why didn’t they refer it to the Federal Police? Finally, if you are saying that there is no source material to this, will you allow us to table at the end of question time all the minutes of the Groom FEC and all the bank statements in our possession?

Senator KEMP—Let me just make the point that Robert Ray’s behaviour in the area of muckraking and the standards which he adopts are well known. I will refer the matters that he has raised—

Senator Conroy—Where has George Brandis gone?

Honourable senators interjecting—

The PRESIDENT—Order! There are a number of senators shouting across the chamber and it is totally disorderly. It makes it impossible for me to hear and, I imagine, for anyone else who is trying to listen.

Senator Conroy—George, we need you.

Senator Forshaw interjecting—

The PRESIDENT—Senators Conroy and Forshaw, I have just drawn the attention of the chamber to behaviour which is disorderly.

Senator KEMP—I will refer the matters that Senator Ray has raised to the Treasurer. If the Treasurer has any comments that he wishes to make, Senator, I will inform you.

Hospitals: Funding

Senator NEWMAN (2.06 p.m.)—My question is to the Leader of the Government in the Senate, Senator Hill. Will the minister inform the Senate how the Howard government has been able to deliver a 28 per cent increase in Commonwealth funding for public hospitals? Is the minister aware of any alternative approaches to the funding of health services? What would be the impact, if these were to be implemented?

Senator HILL—Yes, it is true that the Howard government has been able to deliver a real increase of 28 per cent in health care, with $31.7 billion going to public hospitals. The Howard government has been able to do so much better than the previous Labor government in relation to funding of hospitals because it has been able to deliver sound economic management in this country. When
Labor was in office, taxes were high, deficits were high and interest rates were high and Labor simply could not afford to fund hospitals in the way that they should have been funded. By contrast, we have been able to run budgets in surplus and we have, therefore, been able to invest in public services such as hospitals in an unprecedentedly high manner.

When Labor was in office instead they ran up debts—some $80 billion of debt in their last five years of office. And who was the finance minister at that time, as the books of the nation slipped further and further into the red? Mr Beazley, the now Leader of the Opposition, who aspires to be the next Prime Minister of this country. This is the same Mr Beazley who in the last few days was somewhat loose with the truth in relation to health matters. That might not have come as a surprise to some people, because if they remember his record as finance minister they will remember that he was somewhat loose with the truth then as well. What did he say about the books being in surplus? He said the books were in surplus, when he was finance minister before the 1996 election, whereas they were $10 billion in deficit. How could there be a more blatant misleading of the Australian people than that? He said, ‘The books are in surplus,’ when they were $10 billion in deficit. The only other alternative explanation is incompetence. Either he was so incompetent that he did not know, or alternatively he was not telling the truth and deliberately misled the Australian people on that occasion.

Senator Alston—He has form.

Senator HILL—As my colleague says, he has form. So when his personal credibility was under question yesterday, the people of Australia should not have been surprised.

Opposition senators interjecting—

Senator HILL—Oh, Labor now says that yesterday he did tell the truth; his daughter was turned away. Well, then, why didn’t Senator West say that when she briefed from the caucus? Why didn’t she come in here yesterday and say, ‘I have been verballed’ or, alternatively, ‘I’m sorry, I misunderstood what my leader said’? Why didn’t Senator George Campbell, whose job it is to keep Senator West honest at the briefings, come in here yesterday and say, ‘Senator West got it wrong, I forgot to tap her on the shoulder. We both got it wrong; we both misheard Mr Beazley’? Or why didn’t Ms Jenny Macklin—who went on the Graham Richardson show yesterday and said Mr Beazley’s daughter was turned away from the hospital—go into the other place yesterday and say, ‘I am sorry, I also misheard Mr Beazley in the caucus meeting’? Of course, the real answer is that they all got it right and Mr Beazley misled caucus and misled the Australian people. So he continued with his bad form.

But getting back to the question, at least in relation to health he does not have the excuse of incompetence, because it was within his family’s knowledge. Nobody knew other than him. So on the health issue, what is the alternative? (Time expired)

Senator NEWMAN—Madam President, I ask a supplementary question. I note that the minister has twice confirmed that the government is investing a record amount in public hospitals and, given recent public concern about the level of service at emergency services in public hospitals in Western Australia, will the minister provide any further information about Commonwealth support for public hospitals?

Senator HILL—That is a good supplementary question. If this government is providing record funding to public hospitals in Western Australia and Mr Beazley has a complaint about public hospitals in Western Australia, why didn’t he go to Mr Gallop? In other words, the Western Australian Labor government, with record money for public hospitals in Western Australia, has apparently upset Mr Beazley. But did he go and criticise his Labor government for failing to deliver a quality product? No, he decided to take a cheap political point instead, and he did it furthermore on the base of misleading the Australian people. The Australian people should ask the AMA in Western Australia what they think about Labor’s delivery of hospital services. They say:

WA voters should be wary of the federal Labor Party’s decision to put health on top of the agenda
following the failure of the state Labor government to deliver on its promises.

(Time expired)

Groom Federal Electorate Council of the Liberal Party

Senator Faulkner (2.13 p.m.)—My question is directed to Senator Kemp, representing the Treasurer. Is the minister aware that the minutes of the Groom FEC of the Liberal Party record a high level of concern about the fraudulent nature of the GST rort in relation to the Costello fundraising—

Government senators interjecting—

The President—Order! Senators on my right will not shout in that fashion while a question is being asked. I at least need to hear it, and so does the person of whom the question is being asked.

Senator Ian Macdonald—I rise on a point of order, Madam President.

Senator McKiernan—Is that a peppermint? What if he had a peppermint?

The President—Senator McKiernan, I draw your attention to standing orders.

Senator Ian Macdonald—Madam President, I rise on a point of order. Senator Faulkner’s question seems to be asking Senator Kemp whether he is aware of the Groom FEC minutes of the Liberal Party. I am wondering if you could ask Senator Faulkner or rule yourself how the Groom FEC minutes of the Liberal Party could possibly be within Senator Kemp’s portfolio?

The President—I need to be able to hear the question before I can conclude that, and I was having difficulty hearing the question at the time. Please start again, Senator Faulkner, and also indicate to whom you are addressing the question.

Senator Faulkner—My question is directed to Senator Kemp, representing the Treasurer. Is the minister aware that the minutes of the Groom FEC of the Liberal Party record a high level of concern about the fraudulent nature of the GST rort in relation to the Costello fundraising dinner? Is it not a fact that some Liberal Party members were so concerned about this rort of the GST that they sought professional advice from an accountant as to the propriety of what they were doing? Further, is it not a fact that the accountant’s advice stated:

Based on our interpretation of all the facts surrounding the transactions, we are of the view that it would be very difficult for you to claim that the Groom FEC and the (Queensland Liberal Party) had not entered into a scheme and that the Groom FEC had not received a GST benefit.

Does the Assistant Treasurer believe that the Groom FEC and the Queensland Liberal Party have fully and properly met the responsibilities imposed on them by their own government’s GST?

Senator Alston—Madam President, on a point of order: now we have heard it all in its disgraceful glory.

Government senators interjecting—

The President—Order! Senator Alston has the call.

Senator Alston—This question is clearly about the internal affairs of the Liberal Party. It is couched in terms that make an assumption about the way in which one particular entity might or might not have submitted a claim or entered into an arrangement. There is no evidence that it has; it is simply referring to some advice obtained by someone about a hypothetical transaction. Senator Kemp is not at liberty to divulge advice about actual transactions. He is certainly not in a position to express a belief—which is what he was asked—about the internal affairs of the Liberal Party. I ask you to rule that this is just another tawdry example of Labor not being interested in any policy issues.

Senator Faulkner—Madam President, on the point of order: while I agree with Senator Alston that this is a disgraceful rort, I point out to you that this question is absolutely in order. I have asked a question about the Treasurer’s responsibility, about the administration of the goods and services tax, and, as many questions have been asked in this chamber over a long period of time, how a particular arrangement—in this case, a rort—applies to the responsibilities that the government have in administering their own goods and services tax. This question, Madam President, is no different in its nature to very many that have been asked in this
chamber and have been found by you to be allowable questions. What is unusual about it is that the government are trying to cover it up and stop it being asked. I ask you to demand that the minister answer this reasonable question.

The PRESIDENT—Senator, I am sure that you know that I cannot demand that the minister answer a question as you wish it. The first part of the question clearly asked about a matter that was outside the minister’s portfolio. The latter part of the question certainly referred to matters that are within his portfolio interests. If he has anything to say about that, he may do so.

Senator Alston—Madam President, there is no point of order arising out of that pseudo submission. I understand the second part of the question is: what is the Assistant Treasurer’s belief as to the efficacy of this scheme? He is not here to give legal opinions or tax quotes or anything else. This is not a serious attempt to explore policy issues. It is to do with a particular transaction, and that is not within the terms of standing orders or within the minister’s responsibility.

The PRESIDENT—He cannot give a legal opinion and the minister knows that. There may be matters within the tax office arrangements that he cannot disclose. If the minister has anything that he wishes to say on the matter, he may do so.

Senator Kemp—We have had a question from Senator Faulkner based on a whole host of allegations, none of which I am aware of. Senator Faulkner made a whole host of claims. I will look at the question and see whether there is any particular information I am able to give to Senator Faulkner.

Senator Faulkner—Madam President, there is no point of order arising out of that pseudo submission. I understand the second part of the question is: what is the Assistant Treasurer’s belief as to the efficacy of this scheme? He is not here to give legal opinions or tax quotes or anything else. This is not a serious attempt to explore policy issues. It is to do with a particular transaction, and that is not within the terms of standing orders or within the minister’s responsibility.

The PRESIDENT—Again, there were matters within the question that are not within the minister’s portfolio. If there is anything within it that he wants to comment on, he may do so.

Senator Kemp—There is something that is within my portfolio. Senator Faulkner described the GST as an insidious tax. In that case, my question to Senator Faulkner is: why is the Labor Party proposing to keep it? It is absolutely extraordinary. If we accepted at face value what Senator Faulkner said, it raises questions about the judgment of the Labor Party. As I have mentioned in this chamber, I know nothing about the matters which Senator Faulkner has raised. I know that he has a reputation in this parliament for getting things wrong. As I said, I will look at the matters.

Economic Policy

Senator Watson (2.22 p.m.)—My question is directed to Senator Vanstone, the Minister for Family and Community Serv-
ices. Will the minister inform the Senate why the Howard government has placed such an emphasis on living within our means? Is it the case that irresponsible spending by governments pushes up interest rates and depresses the standard of living for families? Is there agreement on this particular point? Will the minister inform the Senate of the impact of irresponsible economic policies on the most disadvantaged in our community?

Senator VANSTONE—I thank Senator Watson for this particularly astute question. The answer is yes, of course, because the first people who are hurt by a weak economy are in fact the low income workers, the unemployed and the lesser skilled—all those people who might be the clients of my department, Family and Community Services. This government has been prepared to make some very hard decisions to protect the vulnerable, because they are in fact the first who are hurt by weak economies and governments who go on opportunistic spending sprees.

In contrast—because Senator Watson asked me whether there was agreement on this matter—Mr Beazley, when finance minister, was quite the opposite; he was weak. Government debt skyrocketed from $55 billion to $96 billion, government spending on interest blew out from nearly $3 billion to nearly $8 billion and interest rates increased to over 10 per cent. That is why I say that Mr Beazley is not fit to be Prime Minister. Why? Because he demonstrated in his time as finance minister a fundamental flaw: weakness. You should not be a finance minister if you do not have the strength to keep finances under control—if you do not have the ticker to do the job. If you are a weak person, if you do not have the ticker, you certainly should not be applying for the Prime Minister’s job.

Given his appalling record—that is, Mr Beazley’s—I was somewhat stunned to read excerpts of a speech Mr Beazley made, which he is advertising as a policy announcement, on what he calls Kim Beazley’s policy page. It turns out that Mr Beazley would have us believe that he, the man who was too weak to control spending as a finance minister, will be strong enough to control it if only the Australian people will just give him one more chance. To put the weak in control is a laughable notion. The speech begins with the somewhat pontificating remark, ‘I begin with fiscal responsibility.’ He should have added ‘which I never exercised when I was finance minister’. It continues, ‘It is essential that governments live within their means,’ and he should have continued with ‘which we never did when we were last in government’. He says now that it is essential to live within your means, but the Labor Party never did when they were in government. He goes on in the excerpt of the speech, which, as I say, is on Kim Beazley’s policy page, ‘Better living standards for everyone.’ What a joke is that, compared with Labor’s last time in office! He goes on to point out how important it is to live within your means to keep interest rates down and the standard of living up. I agree; the government agrees. The trouble is that those opposite never practised it when they were in government. And then there is this gem: Mr Beazley’s golden rule, the first point of which is ‘governments must not borrow to finance current spending’. Hello! Here we have the man who last let spending get out of control saying that he will now control it—the finance minister who had the biggest debt now committing himself to balancing the budget. How stupid does he think we are? How vulnerable does he think we are? This is like Skase lecturing on corporate responsibility or Bill Clinton saying that he never even met Monica Lewinsky. The Australian people are not that gullible. They will not swallow this and they will not put a weak man in control.

Groom Federal Electorate Council of the Liberal Party

Senator COOK (2.29 p.m.)—My question is to Senator Kemp, representing the Treasurer.

An honourable senator—Show some standards, Cookie.

Senator COOK—Madam President, I am about to show some standards. Is the minister aware that the deliberate GST rort undertaken by the Groom—

Honourable senators interjecting—
Senator Kemp cannot hear.

Senator COOK—Is the minister aware that the deliberate GST rort undertaken by the Groom FEC was instigated and encouraged by Queensland Liberal Party figures such as Ms Sandy Sharman, FEC chair and member of the party’s state executive, State Vice-President Neville Stewart and then State Director of the Liberal Party, Graeme Jaeschke? Can the minister confirm that the state director himself was central to this tax rip-off, personally handling the cheques and the bogus invoices? Given the clear evidence of the FEC minutes that the state director had also used his GST avoidance strategy in at least two other FECs across Queensland, including the electorate of Lilley, and had advised the FEC that this was an endorsed strategy for bills over $2,000, was this fraudulent activity an agreed fundraising tactic statewide and has it been exported by Mr Jaeschke to his new job as state director in South Australia?

The PRESIDENT—Order! Very little of that comes within the minister’s portfolio responsibilities. Do you have anything you wish to say, Senator Kemp?

Senator KEMP—I refer Senator Cook to the answers I gave to Senator Ray and to Senator Faulkner.

Senator COOK—Madam President, I have a supplementary question. Given the parlous condition of the Queensland Liberal Party’s finances after the state election campaign, is it any wonder that party figures have been turning to dubious fundraising tactics to pay off its debts? Is the minister aware that the Groom FEC minutes indicate that the unsuccessful Cunningham state seat campaign had to be bailed out of a debt of $3,100? Or is the minister aware that the Longman FEC minutes indicate that the campaign in the state seat of Glasshouse was over $9,000 in the red, only able to be bailed out by that FEC at the rate of 10 cents in the dollar? Is it any wonder that the Queensland Libs have resorted to dodgy finances, including ripping off the Australian taxpayer?

The PRESIDENT—There is almost nothing in that which relates to the minister’s portfolio.

Senator KEMP—Madam President, there is, however, one brief comment I would like to make. ‘Ripping off the Australian taxpayer’ was a comment made by Senator Cook. The biggest ripping-off rort of the Australian taxpayer is currently being conducted by the Australian Labor Party, in which $36 million of taxpayers’ funds are being funnelled into Labor Party coffers through a quite improper contract made with the government when Labor was in charge. If Senator Cook is worried about rorts and people ripping off the taxpayer, maybe Senator Cook and Senator Robert Ray, the man who looks after the ethics in this place, might turn their minds to that and waive that contract that has so fraudulently ripped money off the Australian taxpayer to the tune of $36 million.

Honourable senators interjecting—

The PRESIDENT—Order! Senators will come to order to allow Senator Stott Despoja to ask her question.

Foreign Investment Review Board: Accountability

Senator STOTT DESPOJA (2.31 p.m.)—My question is addressed to the Minister representing the Prime Minister. Does the minister agree with the recommendation of the Senate Select Committee on Certain Aspects of Foreign Ownership Decisions, chaired by Senator Alston, that FIRB processes must be ‘more open and transparent to meet modern standards of accountability in public administration’? In relation to the Foreign Investment Review Board’s decision to approve SingTel’s purchase of Cable and Wireless Optus, can the minister inform the Senate as to what has been done to increase the accountability of decisions made by FIRB?

Senator HILL—To improve the accountability? I will take advice and come back to the honourable senator.

Senator STOTT DESPOJA—I ask a supplementary question, Madam President. Can the minister also inform the Senate after getting his advice whether the minister is
aware that the report of the committee chaired by Senator Alston also called for applications and accompanying documentation of FIRB decisions to be made public after 12 months? Can the minister assure the Senate that, if the coalition remain in power for that long, they will release all the relevant documentation to the Australian public in this particular circumstance?

Senator HILL—Of course there would be material that is commercial-in-confidence. In this particular instance, there are also defence matters that, when explored and taken into account by the government, may have affected the extent to which they would have gone to FIRB. I do not know, I doubt it, but I will see if there is anything I can add to the other information that I am to get for the honourable senator. I do remember that when we were in opposition we were very keen on improving accountability in the FIRB process, and I am confident that we would have done so to some extent in the meantime, the full details of which I will get for the honourable senator.

Groom Federal Electorate Council of the Liberal Party

Senator CONROY (2.33 p.m.)—My question is to Senator Kemp, representing the Treasurer. Is the minister aware that the Federal Director of the Liberal Party, Mr Lynton Crosby, was informed of the Groom FEC rip-off of the taxpayer as early as 21 February this year? Did Mr Crosby inform the government as to what action he took, if any, to halt the scam, to investigate all payments and invoices and to ensure that all tax responsibilities were fully and properly discharged? Can the minister confirm that the only action taken by the Federal Director of the Liberal Party was to cover up this rort? Was the government informed as to what action Mr Crosby took to ensure that all units of the Liberal Party strictly abide by the GST tax system, introduced by Prime Minister Howard and Treasurer Costello, including in relation to fundraising events for the Liberal Minister for Small Business and featuring the Liberal federal Treasurer?

The PRESIDENT—Order! There is almost nothing in that question that relates to the minister’s portfolio. If the minister wishes to make any comment, he can do so. But I do not see that it is within his area of responsibility.

Senator Faulkner—Madam President, on a point of order: with respect, this question was asked of Senator Kemp in his capacity as Minister representing the Treasurer. There is a great deal, I believe, Madam President—

Senator Alston interjecting—

The PRESIDENT—Order!

Senator Faulkner—I know you’re not, but Madam President may be.

Senator Alston interjecting—

The PRESIDENT—Senator Alston!

Senator Faulkner—Madam President, I do believe the questions that went to whether the government was informed by Mr Crosby of certain actions—two separate questions contained within the question that Senator Conroy asked—surely must be within the minister’s responsibility as he sits in this chamber representing the Treasurer. Madam President, I would ask you to reconsider the ruling you have made. I believe you are in error, because clearly this falls within the responsibilities of Mr Costello. I do believe it is appropriate that Senator Kemp, representing him in this chamber, answer the question.

Senator Alston—I rise on a point of order, Madam President. Senator Faulkner really has lost the plot here. It is basically a plea for mercy. He is putting his belief to you. He is imploring you to reconsider. He is doing everything other than put a submission to you. The fact of the matter is that the question traverses matters that are internal to a particular branch or division of the Liberal Party and has nothing to do with policy issues. Senator Faulkner well knows that, and that is why he is not even game to put a serious submission to you. Madam President, you should give it the weight it deserves.

The PRESIDENT—There is no change to my view that there is almost nothing in the question that relates to the minister’s portfolio. At the end there was a suggestion about whether the government was informed. If the minister had anything to say on that, he could do so.
Senator Robert Ray—Madam President, on the point of order: the internal workings of the Liberal Party are not the responsibility of Minister Kemp or anyone else, we understand that, but twice during the question reference was made to whether it was drawn to the government’s attention, and that is what made the question relevant. You have in fact picked up on one of those references in the latter part of your ruling, so that does make the question relevant.

The President—I only noticed it once. If there is anything that the minister wants to comment upon, he may do so.

Senator Kemp—What we are seeing is another Labor stunt. I refer Senator Conroy to the answers the Treasurer has given in the other place.

Senator Conroy—Madam President, I ask a supplementary question. Are these revelations of the GST rorts perpetrated by the Queensland division of the Liberal Party just another sign of the rank desperation to which they have sunk, plagued by debts and political irrelevance? Do these events in Groom prove correct the views of the Liberal Party preselection candidate for the seat of Ryan, Ms Astrid Vallati, who stated:

... the Liberal Party in Queensland reeks of defeat, and it is just a matter of time when and who will dispose of the carcass.

The President—That is not a supplementary question.

Environment: Great Barrier Reef

Senator Bartlett (2.38 p.m.)—My question is to the Minister for the Environment and Heritage and leads on from reports earlier this week regarding applications to conduct seismic testing near the Great Barrier Reef Marine Park. I ask the minister whether seismic testing has previously been conducted in or adjacent to the Great Barrier Reef Marine Park. Were any of these surveys conducted or funded by the Australian government or government agencies? When and where did those surveys occur? Did any of those surveys include an assessment of the oil potential of sites in areas such as the Townsville Trough, the Queensland Plateau or the Marion Plateau? If so, how many barrels of oil were estimated to be in any of those areas?

Senator Hill—I think that a long time ago there was some seismic work done in the Townsville Trough. It may well have been a government instrumentality that carried it out, but I will need to refresh my memory and get that information, which I will do and will provide to the honourable senator. The most interesting revelation that has come out on this subject in the last few days is that the Labor Party in this chamber came in here and said what a disgrace it was for us to take an application seriously enough to even require an environmental impact study. They said that they would not do that, that they would just dismiss it out of hand. They may not be aware that since then I have received a letter from the relevant Queensland minister that says that the Labor government in Queensland has not dismissed the matter out of hand. In fact, he said that the application that has been made for a permit under the Queensland legislation has gone to a number of agencies within the Queensland government for consideration.

Senator Bartlett—Madam President, I ask a supplementary question. While the minister is accessing that information about seismic testing that has been conducted previously in or adjacent to the marine park, could he also ascertain if any of the information from those surveys that is in the possession of the government is accessible to the oil industry, whether any oil companies have accessed that information and whether included amongst those who have accessed that information is the company that has made the recent application to conduct further seismic testing just outside the world heritage area?

Senator Hill—This application is for an area some 50 kilometres from the eastern boundary of the world heritage area. It is actually a long way away from the world heritage area and even further, approximately 70 kilometres, away from the reef. But I am quite happy to obtain whatever information on previous seismic work is available to me and to share it with the honourable senator. My recollection is that it was very prelimi-
nary work, but I will see what I can find and will let the honourable senator know.

Groom Federal Electorate Council of the Liberal Party

Senator HOGG (2.41 p.m.)—My question is to Senator Kemp, the Assistant Treasurer. Does the Assistant Treasurer recall an announcement by the Australian Taxation Office on 4 April 2001 that a Cooma man had been arrested for fraud following a three-month investigation codenamed Operation Panther which was set up to investigate the fraudulent obtainment of input tax credits? Isn’t the fraudulent obtainment of input tax credits precisely what the Groom Liberal Party GST tax scam was designed to achieve? Will the minister now request that the Taxation Office’s Operation Panther investigate the tax avoidance activities of the Groom federal electorate council of the Queensland Liberal Party, activities undertaken with the full knowledge of the Minister for Small Business?

The PRESIDENT—To the extent that that is asking for an opinion, the minister should not answer it. Anything further, Senator Kemp?

Senator KEMP—Madam President, it is an astonishing thing that Senator Hogg, I read in the newspaper, is holding himself out as a future President of the Senate. I can only say to Senator Hogg that he had better up his game and change his friends if he wishes to become elevated to higher office. We are seeing a range of questions on this issue and a whole host of allegations by the Labor Party, and what I would do is refer Senator Hogg to the answer that the Treasurer has given in the other place.

Senator HOGG—Madam President, I ask a supplementary question. I ask whether the minister can confirm the requirement under the ministerial code of conduct that:

Ministers must be honest in their public dealings and should not intentionally mislead the Parliament or the public ... Ministers should ensure that their conduct is defensible ...

Under Prime Minister Howard’s ministerial code of conduct, is it ‘honest in public dealings’ or ‘defensible’ that Minister Macfarlane knew of the GST rorts of his local party since at least December of last year and yet took no action to have the police or the Taxation Office investigate?

The PRESIDENT—Very little of that comes within the minister’s portfolio, in my opinion.

DISTINGUISHED VISITORS

The PRESIDENT—Order! I draw the attention of honourable senators to the presence in the President’s gallery of a delegation from the House of Councillors of Japan led by Mr Masaaki Yamazaki. On behalf of honourable senators, I have pleasure in welcoming you to the chamber and trust that your visit here will be worth while and enjoyable.

Honourable senators—Hear, hear!

QUESTIONS WITHOUT NOTICE

Coastwatch

Senator EGGLESTON (2.44 p.m.)—I have a question for the Minister for Justice and Customs, Senator Ellison. Will the minister advise the Senate of the key findings of the Joint Committee of Public Accounts and Audit’s review of Coastwatch released yesterday? How is the Howard government’s record investment in Customs Coastwatch contributing to the safety and security of Australia’s borders? Is the minister aware of any alternative policies, and what would be their impact if those policies were implemented?

Senator ELLISON—At last a serious question, at last a very important question, which all Australians are interested in. I acknowledge the work that Senator Eggleston has done in relation to Coastwatch and his keen interest, having regard to the fact that he has spent a lot of time in the north-west of Australia. Yesterday, a report was handed down by the Joint Committee of Public Accounts and Audit which found that Customs Coastwatch operated as a highly effective body in detecting and intercepting unauthorised arrivals. This committee have taken extensive evidence and sat over a period of time investigating Coastwatch and have come up with a clean bill of health—an endorsement, in fact—for what Coastwatch was doing.
You have to look at what the Leader of the Opposition, Mr Beazley, did when he was Minister Assisting the Minister for Defence and looked into Coastwatch back in 1984. He found that Coastwatch—or a coastguard then—would be cost ineffective and would duplicate services. That is precisely what the Joint Committee of Public Accounts and Audit found yesterday. It said that a stand-alone coastguard would duplicate services and be cost ineffective—precisely what the Leader of the Opposition found in the early eighties. Yet what do we have the Leader of the Opposition and the opposition coming up with? In January 2000, when they were under pressure to come up with policies, they said, ‘We’ll have a coastguard.’ They pulled it out of the air and said, ‘We’ll have a coastguard.’ And what did the minority opposition members say in the committee report yesterday? They said, ‘We’ll have a coastguard.’

The question arises: where are you going to get $2 billion from? You are going to get $2 billion by taking it from other law enforcement agencies and other areas of Customs and Defence. But the Leader of the Opposition has said that it will not cost $2 billion. He has gone back on what he said in that report when he looked at this previously. He is saying that it will cost only $220 million, but that is at odds with what his fellow ministerial colleagues have said. They have said that they are going to purchase between 12 and 15 specialist vessels. That is going to cost $850 million.

It is like the three hospitals that we had yesterday from Senator West and Senator George Campbell. We have got three different versions here today on coastguard and Coastwatch. The coastguard is going to cost $2 billion—that came from the Leader of the Opposition in that report in the early eighties. But no, it is going to cost $850 million, and that came from opposition spokesmen such as the shadow minister for fisheries, Mr O’Connor; the shadow minister for Customs, Mr Kerr; and the shadow spokesman, Mr McMullan. They all said it was going to cost $850 million. More recently, you have got the Leader of the Opposition saying $220 million. They do not know what they want and they do not know how much it is going to cost.

What the Joint Committee of Public Accounts and Audit said yesterday was that Coastwatch was working—it was effective. The minority report was designed to prop up the opposition’s totally flawed policy on a coastguard. They also tried to beat up black flights. They said that there were a lot of unauthorised flights, and they relied on anecdotal evidence. Of course, Defence said that they detected only four possible unauthorised flights—black flights—over 10 years. This flies in the face of the conclusions drawn by the minority members. (Time expired)

Senator EGGLESTON—Madam President, I ask a supplementary question about so-called ‘black flights’. Does the minister know whether or not the Customs department has any evidence of use of airfields in the north of Australia for unauthorised flights from South-East Asia and whether or not any other evidence of such flights has been detected over last 10 years?

Senator ELLISON—Senator Eggleston knows the north-west very well. What was inquired into was the question of these flights in the north-west sector. There was evidence from surveys of data from Darwin and Broome indicating close to zero activity in unauthorised air movements. In fact, there was one that they detected which turned out to be a pastoralist returning to his property. That is the basis on which Labor want to have a coastguard. They want to build their case on evidence which is non-existent. They simply want a name change, which is going to cost $220 million. Why don’t they join with the government in having an effective Coastwatch? Why don’t they just support us in looking out for Australia’s borders? Why don’t they support us for a change?

Goods and Services Tax: Insolvencies

Senator O’BRIEN (2.50 p.m.)—My question is to Senator Kemp, the Assistant Treasurer. How does the minister respond to the comments of Mr George Lopez, National
Chairman of the CPA Australia Centre of Excellence, in the *West Australian* on 11 August that the centre’s own research, which found national insolvencies had risen 35 per cent since the start of the calendar year, provides ‘for a strong argument for the fact that the GST had had an effect on insolvencies’.

Senator KEMP—Let me make a couple of comments on the question which has been raised by Senator O’Brien. The fact is, Senator O’Brien, the Labor Party is proposing to keep the GST. We know as a matter of fact that you have been banned from talking about roll-back. We know that roll-back is off the agenda. No-one can tell us what it is, no-one can tell us how much it will cost and no-one can tell us where the money is coming from. No-one in this chamber wants to stand up and speak about roll-back.

I have probably said 20 times that I am prepared to stay back in the chamber. If Senator Cook gives me a note that they want to debate roll-back, I will be here and will be very happy to debate it. I make the offer for the 21st time that I am readily available to debate roll-back in this chamber with you. But you will be like Senator Cook: you will walk out of the chamber as fast as you can, as you always do, when the word ‘roll-back’ is mentioned. Senator, the public would want to know why you are proposing to keep the GST if you believe that it is a bad tax.

Senator Cook—We are not!

Senator KEMP—Senator Cook! The assumption underlying the question is contradicted by the attitude of the Labor Party, which wants to keep the GST. There is an old saying, ‘There are lies, damned lies and statistics,’ and we should add a fourth category and that is statistics quoted by the Labor Party.

The opposition is always quick to make wild claims. Let me make a couple of observations, Senator. Companies often wind up for a variety of reasons that may have nothing to do with solvency issues. For example, historically there are more companies wound up through company shareholders voluntarily deciding to wind up a solvent company than for any other reason. If you examine the ASIC figures for the total number of companies under external administration, the proportion of companies under external administration compared with total company registrations has not altered a great deal in the last five years. The average for the last five years, I am advised, is 0.70 per cent of registered companies being placed under external administration in any given year. In 2000-01, the figure is 0.71 per cent, which is almost the same for the coalition’s period in office. By comparison, the average of registered companies placed under external administration in Labor’s last five years was one per cent—it was higher than in the coalition’s five years! So thank you for your question, Senator, and I look forward to your supplementary question.

Senator O’BRIEN—Madam President, I ask a supplementary question. Firstly, on the subject of roll-back, because that is a subject that the minister raised, will he confirm that the Groom FEC was implementing its own illegal version of roll-back? Secondly, in relation to the question that I asked, aren’t the record high insolvencies, according to Mr George Lopez, the National Chairman of CPA—not your figures, independent figures—for the December 2000 quarter, when the first business activity statements were due, further evidence that the Howard government’s complicated new tax system and associated paperwork and compliance burden is detrimental to small business and unlikely to improve in the near future?

The PRESIDENT—The first part of the supplementary question is out of order. The second part is in order.

Senator KEMP—When I hear a Labor senator expressing concern about small business, I look over to the other side of the chamber and I see 100 per cent union bosses. One in five members of the work force are members of unions, but 100 per cent of Labor senators are—and, as I said, union bosses to boot. It is a bit rich for Senator O’Brien to stand up purporting to worry about small business. I tell you what, Senator: small business is worried about the Labor Party and it is worried about union power. Anyone in small business who contemplated the thought that we could have a Labor govern-
ment would be expressing the greatest possible concern.

**Environment: Management of Radioactive Waste from Oil Sludge**

Senator ALLISON (2.56 p.m.)—My question is to the Minister for Industry, Science and Resources. Is the minister aware that naturally occurring radioactive oil sludge from the Esso oil rig is proposed to be dumped in a municipal waste site just outside Sale, Victoria? Does the minister have a view about the appropriateness of land based disposal of this radioactive material? Has the government considered requiring this material to be reinjected into spent oil fields, as is done in parts of the UK and the US?

Senator MINCHIN—No, I am not, and I will get some further information on that matter. Your question does enable me to highlight the great significance of the government’s very sincere proposals to ensure that we manage radioactive waste properly in this country. It would be of great assistance to the government if parties like the Australian Democrats played a much more constructive role in ensuring that Australia does properly manage its radioactive waste. We are putting a lot of effort into implementing the former Labor government’s policy of establishing a proper repository for low level radioactive waste in this country. We have the cooperation of the South Australian Liberal government to ensure that does proceed in the central north of South Australia. We would also appreciate the cooperation of parties like the Democrats in ensuring that we can properly store Australia’s store of intermediate level radioactive waste in a purpose-built facility, the search for which we have now commenced. It is critically important that we manage and properly store our radioactive waste in this country and not leave it lying around where it has been for some 40 to 50 years due to the inattention of those like those opposite who had 13 years to deal with this problem and did not. We are dealing with these problems. In relation to the specific matter that Senator Allison has raised, I will get further information on it.

Senator ALLISON—Madam President, I ask a supplementary question. Minister, this is not a waste repository; this is a municipal dump where this radioactive material is proposed to be put. Would the minister also look at the question of oil rig workers in Western Australia who are being exposed to high levels of radioactive scale from oil rigs? Is it not time for a national approach to properly dealing with this naturally occurring radioactive waste from oil drilling?

Senator MINCHIN—In relation to onshore use of dumps, I would hazard that that is entirely a matter for state governments who have proper responsibilities in relation to waste disposal of that kind. I note what is said about offshore oil rigs. These are the most highly regulated oil rigs operating anywhere in the world. The safety regime that applies to Australian oil rigs offshore is of the highest world standard indeed to ensure the safety of those workers and to ensure minimal risk to those workers and the environment. We can be proud of the standards that we do apply to our offshore oil rigs.

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

**QUESTIONS TO THE PRESIDENT**

**Information Service Cuttings**

Senator KNOWLES (3.00 p.m.)—Madam President, may I seek your guidance about an information service that is provided to senators. I was going to raise this with you earlier on but time has not provided the opportunity. Senators are provided with newspaper clippings as a service to give us information that we would not otherwise have access to, and I notice today in particular that there are many articles that have not been put in there that are adverse to Mr Beazley, like ‘Keystone Kim’.

The PRESIDENT—Order! It is out of order to hold up newspapers.

Senator KNOWLES—I just hold them up as reference but there are many more.

The PRESIDENT—It is out of order to do that.

Senator KNOWLES—There are many, many more that have not appeared in these cuttings for the information of senators. May
I ask you, Madam President, as to why they have been excluded.

The PRESIDENT—I have not seen the monitored service today and I cannot comment upon it. I will get some advice.

Senator Robert Ray—On a point of order, Madam President, I am interested in your ruling on this because I do not mind which way it goes. Previously you have ruled out questions to you after question time, saying they should be asked during question time. The reverse is done in the House of Representatives. I do not mind if you set a precedent today and we do this in future, but we really need a ruling. Should questions to you be addressed to you during question time or immediately after question time following the House of Representatives example? I am not critical of Senator Knowles here. I just want to know what your attitude is to this. Previously you in fact ruled it out, but there may be a change of policy. I just want to know.

The PRESIDENT—I do not recall ruling a question out during question time. I have taken questions during question time from senators and I cannot recall ruling that out, but I will check it.

Senator Robert Ray—You have never ruled out questions to yourself during question time—

The PRESIDENT—No, I am not aware of having ruled them out afterwards.

Senator Robert Ray—but after question time I did raise a point of order—I think it was also to a question from Senator Knowles; she may recall it—some time ago, and you agreed then to rule the question out and it had to be asked during question time. The question is whether you rule out questions to yourself after question time or not. I do not mind which way you rule as long as we have some certainty.

The PRESIDENT—I will see that it is made certain. I am not aware of having ruled them out after question time either, but I shall check it.

ANSWERS TO QUESTIONS WITHOUT NOTICE

Pensioners: Centrelink Questionnaire
Child Care: Centrelink Payments

In-vitro Fertilisation
Medicare: Bulk-billing
Pharmaceuticals: Pricing

Senator VANSTONE (South Australia—Minister for Family and Community Services and Minister Assisting the Prime Minister for the Status of Women) (3.02 p.m.)—Senator Bartlett asked me a question on 28 June, Senator Dennan on 9 August, Senator Harradine on 9 August, Senator McLucan on 20 August, and Senator Forshaw on 22 August. I seek leave to incorporate the answers in Hansard.

Leave granted.

The answers read as follows—

Senator Bartlett asked the Minister for Family and Community Services on 28 June 2001:

Is it the case that over 140,000 lengthy Centrelink questionnaires were sent to pensioners three months ago requiring them to disclose their interests in trusts and private companies? Is it also the case that between 40,000 and 50,000 of those forms are still to be returned, a nonreturn rate of more than one-third of all forms issued? Did your department include a reply paid envelope for people to send those forms back? Is it true that people are finding it simply too complex and difficult a task to answer the up to 90 questions on the forms? Is it also the case that up to 50,000 Australian pensioners now face having their pensions cancelled because difficulty in completing these forms has prevented them from completing them correctly and on time?

Is the Minister implying that if the nonreturn rate is close to one in three, the majority of those people are people who are cheating the system? If not, when she gets the figures, can she reconfirm that those many thousands of pensioners face having their pensions cancelled because difficulty in completing these forms have not been returned? Can the Minister also say what the Department is doing to protect the privacy rights of those non-Centrelink trustees and private company directors whose full trust or private company asset details will now be held by Centrelink, and with regard to the information on the forms, in respect of those trusts and companies, that relates to other people who are not Centrelink clients?

Answer:

(The points taken on notice were whether reply paid envelopes were sent, the number of returns and the consequences of not returning the form)
Reply paid envelopes were not included with the Trusts and Companies data collection package sent to customers.

On 18 June 2001, reminder letters were sent to approximately 42,000 customers. In the letter customers were advised they could request an extension of time to lodge their forms if they could not meet the due date for return - many people (approximately 9,000) have done this and received extra time in which to consult with their professional advisor.

Centrelink has not stopped payment for any customers for failing to lodge their data collection forms.

Senator Denman asked the Minister for Family and Community Services on 9 August 2001:

Can the Minister confirm that after October this year some families will still be receiving notices that they owe Centrelink money despite the one-off $1,000 waiver that the Minister introduced last month? Can she confirm that this will occur because those families have child care benefit debts greater than $1,000, and can the Minister also confirm that it is largely larger families with more than one child in care, using long hours of care, who are particularly at risk?

**Answer**

(the point taken on notice relates to estimates of the numbers involved)

On 1 July 2001 the Prime Minister said that about 400,000 families will benefit from the $1,000 waiver which applies to both Family Tax Benefit and Child Care Benefit. Due to the interaction between income estimates, actual tax information and usage information from child care services it is not possible to predict an exact number of Child Care Benefit families that may have debts greater than $1,000 until we have more information.

Child Care Benefit reconciliation will progressively occur from October when we have tax information and information from child care services.

Senator HARRADINE - My question is directed to Senator Vanstone, representing the Minister for Health and Aged Care. Can the minister advise the Senate: does the government consider it appropriate for an IVF company in Sydney to be engaged in pre-implantation diagnosis of an embryo to see whether it is male or female for the purposes of transferring only that embryo of the right sex for family balancing purposes? If the government considers that that is highly inappropriate, what action is it taking to ensure that taxpayers’ money is not being spent through Medicare on that service?

Senator HARRADINE - Madam President, I ask a supplementary question. It is a simple question and it is still not answered. I asked that question before: do we – all of the government and all of the opposition, the Democrats and the whole of this chamber – not believe that sex selection for family balancing purposes and the transfer only of the desired embryo for the right sex is inappropriate and should be condemned? Don’t we all agree with that? It is discrimination. All I am asking is: what is the government doing about it to ensure that taxpayers’ money at least is not going into that? That is either a yes or a no – yes, we are doing something about it to ensure that public moneys are not going into that disgraceful, discriminatory action.

Senator VANSTONE - The Minister for Health and Aged Care has provided the following answer to the honourable senator’s question: it is not the role of the Commonwealth government to decide the appropriateness of pre-implantation genetic testing services. The appropriateness of these services and the responsibility for enacting legislation relating to this testing lies with the State and Territory governments. In relation to in-vitro fertilisation (IVF), three States (Victoria, South Australia and Western Australia) have legislation and the remaining States have stated their intention to enact legislation in the area of assisted reproductive technology (ART). The Commonwealth Government through the National Health and Medical Research Council (NHMRC) has recommended that all States and Territories implement consistent legislation to regulate ART.

At present, there is no Medicare item number available for pre-implantation genetic testing and there have been no submissions from the profession to the Medicare Services Advisory Committee (MSAC) for these services to be included on the Medicare Benefits Schedule.

The IVF company in Sydney informs all patients that no rebates are payable and charges patients the full cost of treatment.

Furthermore, pre-implantation genetic testing for sex-selection or any other reason unrelated to a specific medical condition would not be payable under Medicare as it would be prohibited under the Health Insurance Act 1973 as this would not constitute a clinically relevant service. Responsibility for pre-implantation genetic testing for sex-selection available through the private sector lies with the State and Territory governments and is
Senator McLUCAS - My question is directed to Senator Vanstone, representing the Minister for Health and Aged Care. Is the minister aware that the most recent Medicare statistics show a further decline in the bulk-billing rate and that over three million fewer services a year are being bulk-billed now than when the Howard government was elected? Don’t the same statistics also show that the average patient cost to see a GP has gone up 35 per cent, from $8.32 to $11.21? Don’t these statistics show that under a Howard government it has become more and more difficult to see a bulk-billing doctor and more and more expensive to see a doctor who doesn’t bulk-bill?

Senator McLUCAS – Madam President, I ask a supplementary question. Is the minister aware that the most recent Medicare statistics show a 30 per cent increase in the average patient cost for specialist medical services since the Howard government was elected? Isn’t it true that average patient charges have increased from $13 in 1996 to $17 in 2001? Aren’t these increases part of the Howard government’s policy of pushing more and more costs on to patients, just like in America?

Senator VANSTONE - The Minister for Health and Aged Care has provided the following answer to the honourable senator’s question:

**Bulk-billing**

It is always tempting, as has the honourable senator, to use the best combination of statistics to make a political point. In this case, the honourable senator has mistakenly asserted that the number of all bulk-billed services has fallen since the Government was elected, when the reality is that they have risen.

According to Medicare statistics in 1994-95, the last full year of the Keating government, the number of all bulk-billed services – GP (unreferred attendances) and specialist - was 130.8 million. In 2000-2001, the number of all bulk-billed services was 152.7 million.

In growth terms, this represents an increase of 16.7 per cent over the period. It is therefore incorrect to suggest that there are fewer bulk-billed services overall, because the reality is that there are many more.

Similarly, GP bulk-billed services moved from 77.3 million in 1994-1995 to 78.1 million in 2000-2001, having declined from a peak of 82.6 million in 1996-1997. But it is also true to say that the overall number of GP services has fluctuated over the same period, from 98.5 million in 1994-95 to 100.6 million in 2000-2001, peaking at 103.1 million in 1997-98. In other words, while the trend for GP bulk-billing is disappointing in that it has fallen slightly from a very high peak, it is more or less keeping pace with the slight fall in the last few years, in the overall number of GP services being provided. There is no bulk-billing crisis.

Looking at specialist services, 53.5 million such services were bulk-billed in 1994-95, and 74.6 million in 2000-2001, an increase of 39.3 per cent. Over the same period, overall specialist services rose from 89.6 million to 113.3 million, an increase of 26.5 per cent. What is interesting to note is that the percentage growth, over the period, in bulk-billed specialist services well exceeded the comparable growth in all specialist services.

In metropolitan areas, GPs are continuing to bulk-bill an average 85 per cent of services because of competition between GPs to attract and retain patients. This has been because competition is a key to practitioner bulk-billing – this hasn’t been a recent discovery, it’s been an underlying assumption of the Medicare structure all along under Labor and Coalition governments.

The Government, from day one, has been committed to bulk-billing. It would have been very easy for us, as an incoming government in the face of the 1996 black hole left by the Leader of the Opposition, to have taken the scalpel to bulk-billing, but we didn’t. We didn’t because we recognised that the greatest possible availability of bulk-billed GP and specialist services is a key to fair access to medical services for all Australians, but particularly for those most vulnerable in our community.

The point that the Government makes in response to the Opposition’s sudden concern about bulk-billing is simple. Under this Government the numbers of bulk-billed services have always exceeded Labor’s best efforts. What the Opposition paints as a crisis is really something of a success story for good policy and good management by the Howard government.

**Patient charges**

The figures that the honourable senator quotes for patient contributions for GP and specialist services otherwise appear to be correct as published, except for some creative rounding up instead of rounding down. The Government is not hiding from these statistics. But the honourable senator has been disingenuous in her use of those statistics because of one simple fact – they represent actual rather than constant dollars over the period.
Between 1994-1995 and 2000-2001, the Consumer Price Index rose by 16.1 per cent, and 11.4 per cent between 1995-1996 and 2000-2001. This accounts, for a start, for nearly half of the apparent growth in reported average patient contributions per service.

Another significant component is accounted for by the difference between the MBS benefit and the MBS schedule fee for any given service. What the honourable senator presumably is actually concerned about are patient contributions exceeding the schedule fee, but Medicare statistics indicate that schedule fees have been observed for around 80 per cent of services right across the last decade. The number of services that attract any fees in excess of the schedule therefore is relatively small, and the number of services attracting highly excessive fees is even smaller still.

It also needs to be noted that the recorded patient contribution figures themselves may not always be absolutely correct, because they reflect what amount has been charged the patient, not necessarily what the patient has actually paid. The Government is aware that many GPs and specialists discount their fees for accounts settled promptly; where, however, the fee has not been paid by the time that the Health Insurance Commission has been notified of the charge, the nominal fee will be reflected in the statistics, exaggerating the average patient contribution across all services.

The Government is not happy with any apparent excess in patient charging, but there is no easy solution. The bottom line and biggest single driver of bulk-billing and patient charging is competition: where there are fewer GPs or specialists available to provide a service, the greater the incentive for the doctor to use their market advantage to charge fees above the MBS schedule.

Relative lack of competition is also a major reason why bulk-billing by specialists tends to be proportionally lower than for general practice, and why patient contributions – when they are charged - are often higher than they ideally should be.

The Government agrees that deterring excessive patient charging is a major challenge, but instead of doing nothing we are meeting it in a range of ways, including:

- Providing $300 million over the next four years for an increase in patient rebates for GP services as part of its commitment to ensuring that the work of GPs is more appropriately recognised, and that GP MBS remuneration is improved;
- Through our Rural Health: More Doctors, Better Services strategy providing a range of opportunities for GPs to practise in rural and remote Australia, and attracting more doctors to practise in local rural and remote communities generally;
- Working with medical colleges, State governments and universities to support a high quality and accessible medical workforce, with an adequate supply of GPs and specialists to meet community needs; and
- Most importantly, we are moving to close the gap between for in-hospital specialist services, so that privately insured patients are not out of pocket for medical bills associated with a episode of hospital care. At latest count, the proportion of in-hospital private patient services covered by no-gaps arrangements is 69 per cent and rising.

On the other hand, the Opposition offers nothing. There is no secret Government agenda to make it either more difficult to see a bulk-billing doctor, or more expensive to see a doctor who doesn’t bulk-bill. This is a figment of the Opposition’s fervid and poll-driven imagination.

Medicare is in excellent shape, and its value to the Australian people has improved under this Government as more services are delivered and community demand for quality and clinically effective medical services is met.

Rather than try and score creative political points Labor should put more time and energy into explaining how they can do better. If they are going to do the usual Labor thing and throw money at a perceived problem, the Opposition should tell us where the money’s coming from, and assure Australians they won’t roll back Medicare as they seem to want to roll back everything else.

Senator FORSHAW - My question is directed to Senator Vanstone, representing the Minister for Health. I ask: when did the Minister for Health become aware that his consumer representative on the Pharmaceutical Benefits Pricing Authority, Mr Geoff Honnor, was also employed as a consultant to the Australian Pharmaceutical Manufacturers Association? What conflict of interest did the minister, as consumer representative, have when the PBPA negotiated the listing of Celebrex on the pharmaceutical benefits scheme? Why has the government allowed the independence of the authority charged with negotiating prices for
pharmaceuticals to be so seriously compromised by the actions of Minister Wooldridge?

Senator FORSHAW – I ask a supplementary question, Madam President. I thank the Minister for that answer. I point to the first part of the original question, minister, which asked: when did the Minister become aware of Mr Honnor’s employment as a consultant? I do not think you actually provided that. I ask you to answer that part of the question. Also, how many meetings of the Pharmaceutical Benefits Pricing Authority has Mr Honnor had to excuse himself from because he was on the pharmaceutical industry’s payroll? Who was representing Australian consumers on the Authority when the Minister’s consumer representative was unable to participate because of conflict of interest?

Senator VANSTONE - The Minister for Health and Aged Care has provided the following answer to the honourable senator’s question:

The potential conflict of interest through Mr Honnor’s employment as a consultant to the Australian Pharmaceutical Manufacturers Association was brought to the attention of the Minister for Health and Aged Care’s office on Friday 17 August 2001. Mr Honnor has not had to excuse himself from any meetings of the Pharmaceutical Benefits Pricing Authority because of potential conflict of interest. As Senator Vanstone advised the Senate on 22 August 2001, Mr Honnor’s contract with the Australian Pharmaceutical Manufacturers Association commenced after the last meeting of the Authority, which was on 11 July 2001. The contract has now been completed.

ANSWERS TO QUESTIONS ON NOTICE

Question No. 3667

Senator HARRIS (Queensland) (3.03 p.m.)—Pursuant to standing order 74(5) I ask the Assistant Treasurer, Senator Kemp, for an explanation as to why an answer has not been provided to question on notice No. 3667 which I asked on 28 June 2001.

Senator KEMP (Victoria—Assistant Treasurer) (3.03 p.m.)—I always like to provide answers to questions. Sometimes Senator Harris’s questions are a little bit difficult to provide answers to. I think the record shows that sometimes your questions are quite complex. I cannot immediately recall to mind this particular question. Leave the issue with me and I will find out what has happened to the question and, if it is possible that we can answer the question, I will make sure the answer is provided to you.

Senator HARRIS (Queensland) (3.04 p.m.)—I move:

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

The question I have requested an answer to is in relation to the Australian Taxation Office changes on private rulings. For Senator Kemp’s assistance, I will read the question:

(1) Can the Assistant Treasurer provide the names of the officers of the Australian Taxation Office (ATO) who recommended that favourable private rulings or favourable letters of approval be issued in the following cases:

(a) ruling for Main Camp issued over Deputy Commissioner Doughty’s name;
(b) ruling for Main Camp issued over Deputy Commissioner Foster’s name;
(c) ruling for Main Camp issued over Deputy Commissioner Nicholls’ name;
(d) ruling for Red Claw issued over Deputy Commissioner Butler’s name;
(e) ruling for Tumut River Orchard issued over Deputy Commissioner Appleton’s name;
(f) ruling for the Golden Vintage project at Forbes; and
(g) letter of approval of project shown on Four Corners on 18 June 2001, and is issued by the ATO in August 1995 to accountants acting for a project.

(2) Can the Assistant Treasurer name any other co-operative investment projects that received a favourable private binding ruling in the period 1992 to 1998.

(3) (a) Why is the ATO issuing position papers that falsely accuse people of not having their cattle or their section of a project identified as theirs; and (b) is this identification requirement new law introduced in Tax Ruling 2000/08.

I take Senator Kemp’s point that some of my questions are quite complex, but that does not remove the requirement to respond to them. In relation to the Main Camp private rulings, I have a piece of correspondence from a Geoff Taylor, that I received today. He raises two issues: firstly, that a Mike
Parusel, a Queenslander and one of the co-operative investment project contact group, rang him today informing him that he is working in Perth. Mr Parusel is a man who was audited by the ATO over four months in 1995 in relation to his investment in two projects. After they had approved what he had done, Mr Parusel went ahead on that basis and invested further in those programs. The question is: why shouldn’t he? He had the ATO officers there; they gave him a favourable ruling, so he again invested in those projects. The ATO have now changed that ruling. Secondly, Mr Taylor goes on to say: I have now received a notice of intention from the ATO to reassess in relation to a project for which I have claimed no deductions for the upfront expenses. Our investigator network tell me that this is not uncommon. What it does illustrate is that the ATO is not even checking the returns they hold for individuals before issuing these notices. These two issues I raise today relate to private rulings from the ATO. The first relates to a person who had a face-to-face assessment with the commissioner’s officers and received a favourable ruling but has now had that ruling reversed. The other is a clear indication the ATO had not checked their files in relation to claims that they are now saying are no longer allowed. I look forward to an answer.

Question resolved in the affirmative.

ANSWERS TO QUESTIONS WITHOUT NOTICE

Groom Federal Electorate Council of the Liberal Party

Senator FAULKNER (New South Wales—Leader of the Opposition in the Senate) (3.10 p.m.)—I move:

That the Senate take note of the answers given by the Assistant Treasurer (Senator Kemp) to questions without notice asked today relating to taxation and a Liberal Party fundraising dinner. Leaked Liberal Party minutes have revealed a scam to defraud the tax office of GST payments following a fundraising dinner for the Liberal Minister for Small Business, Mr Macfarlane, who is in charge of the government’s small business policy. The guest of honour was the Treasurer, Mr Costello. After the dinner, Mr Macfarlane and his crew, on the advice of Liberal Party headquarters, defrauded the tax office. Mr Costello found out and failed to take appropriate action.

On 23 November last year, the Liberal Federal Electorate Council of the electorate of Groom held a fundraising dinner in Toowoomba, with Mr Costello as the guest speaker. Tickets for this ‘gala night of political insight and fine dining’ were $80. Leaked minutes of the Groom FEC executive have revealed an elaborate scheme hatched by the Liberal Party to defraud the tax office of GST revenue. What a rotten show the Howard government runs. At the time of the dinner, the Groom FEC was not registered for GST, meaning it did not collect GST nor could it claim GST input tax credits. This means, under the Liberal’s own GST legislation, that Groom FEC could not seek a credit or refund from the tax office for GST it paid on any goods or services it purchased.

Evidence contained in the minutes, and other information leaked from the Queensland Liberal Party, show the Liberals arranged it so that the catering bill for the function would be paid by the Queensland Liberal Party headquarters, a registered GST entity which subsequently claimed a GST input tax credit. The catering bill was originally, appropriately, paid by the Groom FEC but this payment was later retrieved from the caterer to allow the Liberal Party’s headquarters to pay the amount, thus swindling the tax office. In other words, this scheme is aimed at having the Australian taxpayer make a contribution to the re-election campaign of the Minister for Small Business, Mr Macfarlane.

Mr Macfarlane was present at the meetings at which this fraudulent mechanism was discussed and imposed on the FEC treasurer against her will. Her objections were recorded in the leaked minutes. The treasurer of the FEC, Ms Margaret Watts, later resigned over this issue. The minutes also show the FEC sought advice on the issue from a firm of accountants. The advice concluded that the arrangement should be overturned, that the money should be paid back and that ‘we further express the view that the Commissioner of Taxation could attack these transactions’. The minutes also reveal that the matter was brought to the attention of the federal Treasurer, Mr Costello, and that Mr Costello carpeted the small business minis-
ter, Mr Macfarlane, over the issue. Did Mr Costello take any action to refer this GST tax avoidance to the ATO or did he arrange for the evaded GST revenue to be paid back to the tax office?

There is evidence that this scam was used in relation to at least two other Queensland Liberal FECs. The then Queensland Liberal state director, Mr Graham Jaeschke, asserted that this GST fraud was put in place on the advice of the federal Liberal secretariat. You have got to ask: how far up the line does this scam go? The actions of the Groom FEC Treasurer, Ms Watts, led in February this year to the federal director of the Liberal Party, Mr Crosby, advising that the mechanism was ‘not feasible’ and should be shut down. If Mr Macfarlane and Mr Costello cover up a breach of their new tax system by their own political organisation, in my view they should be sacked.

Senator Brandis—Madam Deputy President, I draw your attention to standing order 193(3). The Leader of the Opposition in the Senate has made a serious imputation against two members of another house. That is not permitted under standing order 193(3). I ask you to direct him to withdraw it.

Senator Faulkner—I am afraid that Senator Brandis is showing his inexperience in the chamber. All I am saying is that Mr Macfarlane and Mr Costello are unfit to hold office. Now that I have explained this situation to Senator Brandis and all senators—hopefully, many will be listening to this explanation—I am sure all Australians would agree with me.

Senator Brandis—Madam Deputy President, on a point of order, the prohibition is on ‘all imputations of improper motives and all personal reflections’ on any member of another house. Madam Deputy President, you should rule that the reflections cast upon the Treasurer and the Minister for Small Business were imputations and personal reflections.

Senator Hill—Madam Deputy President, I rise to speak in relation to the point of order.

Senator Faulkner—Even you do not agree with that.

Senator Hill—I do agree with him. I think he is correct. Where Senator Faulkner has failed is to introduce the notion of fraud and, by implication, he is now alleging that the Treasurer and Mr Macfarlane have been associated with a fraud. If he is going to make such an allegation, under our standing orders he has to make it a substantial motion. He cannot allude to it in debate because that would be reflecting on the member. So there is a procedure open to Senator Faulkner under our standing orders, if he chooses to use it; but he has not done that, so he should be brought to order.

The Deputy President—I will rule on the point of order. In the past that has not been ruled unparliamentary and has been used on several occasions—in fact, here, today.

Senator Faulkner—that is another attempt by the Liberal Party to cover this matter up. The real cover-up is by Mr Macfarlane and Mr Costello in covering up a breach of their own GST tax system. That is the problem. It is so indicative of the current Howard government. It really is a government without integrity. I do think it is a resigning offence, and Mr Macfarlane should be the first to go. (Time expired)

Senator Mason (Queensland) (3.17 p.m.)—The Queensland Liberal Party is obviously more interesting than even I thought. I do not know any of the details that have been discussed here this afternoon.

Senator Faulkner—You are lucky, aren’t you!

Senator Mason—Senator Faulkner, you interject. I certainly do not. I am sure if there has been any wrongdoing, it will be pursued. While some people receive titillation from this, I do not. While we are on the topic of honesty and accountability, one thing that has always annoyed me since I came to this parliament a couple of years ago is that we have the best and the brightest of the Labor Party—the future government—talking about these issues. Senator Ray, Senator Faulkner, Senator Conroy and Senator Hogg and others are, in effect, muckracking. If we are going to talk about truth and untruths and honesty and dishonesty, let us talk about the
hydra of the ALP recently about honesty. On your side of parliament, you get into trouble when you talk about the truth. Senator Conroy is the most recent example. Yesterday, Mr Beazley gets into trouble for, let us say, stretching the truth. While I accept that we play politics hard, I find the hypocrisy absolutely pathetic. The fact that, a few months out from a general election, the entire question time is taken up by your side on issues like this is absolutely pathetic. But if we have to discuss corporate donations, let us do that.

Honourable senators interjecting—

The DEPUTY PRESIDENT—Order! If senators wish to speak, they may seek the call later. Senator Mason.

Senator MASON—Thank you, Madam Deputy President. While we are on the issue of donations to political parties, corporate donations in the context of Markson Sparks have been discussed before the Standing Committee on Finance and Public Administration. We all know that the Australian Labor Party have benefited by, in effect, circumventing the act. In an article in the Bulletin on 5 September 2000, Laurie Oakes talks about a great swag of money—$40,000—paid for a lunch with Mr Whitlam.

I will get to the issues that matter to Australians in a second, and I will not disappoint—I never do—my friends in the ALP. I will get to that in a second. Let us talk about corporate donations for a moment. The Australian Labor Party have benefited enormously by circumventing the current legislation with respect to political donations. The Markson Sparks fiasco has totally obliterated the intent of that act. They in the Australian Labor Party know that. I do not know who would pay $40,000 to have lunch with Mr Whitlam, and I do not care. The fact is that those people were not even indicated in the list of donations.

Have a look at the article in the Bulletin of 5 September 2000. It says that, and no-one has disputed that, We are talking about honesty, accountability and integrity in government. We have had Senator Conroy, who gets into trouble for being honest, Mr Beazley for being dishonest and this lot for totally transcending—

The DEPUTY PRESIDENT—Senator Mason, it is disorderly and unparliamentary to ascribe dishonesty to a member in this place or in the other place. Please withdraw that.

Senator MASON—I withdraw that. Mr Beazley has been economical with the truth.

Opposition senators interjecting—

Senator MASON—He has been! What he said yesterday was pathetic. I always thought that Mr Beazley—even though I did not agree with his politics—was at least honest. The fact is that—and I wish that this was being broadcast—the issues that matter to the Australian people are not being debated. What gets me is that we have the bright sparks of the Australian Labor Party talking about this sort of muckraking garbage when they should be talking about the capacity of the Australian Labor Party to govern.

Senator Robert Ray—No more than tax cheats! That is what you are!

Senator MASON—The Australian Labor Party is no longer just an opposition, Senator Ray, but now the alternative government.

The DEPUTY PRESIDENT—Address the chair, please, Senator Mason.

Senator MASON—that is what they are supposed to be, but they cannot get over that hurdle. Do you know why? They have nothing to say. You either have nothing to say, Senator Bishop or, on the other hand, you do not want to refer—

The DEPUTY PRESIDENT—Address the chair, please, Senator Mason.

Senator MASON—Madam Deputy President, they have nothing to say. They have an appalling record in government. I have a few seconds left to reflect on that. This lot over there nearly bankrupted this country because of the billions of dollars they put on the credit card. They are the matters for this country. No one cares about what the Groom FEC has done or will do. This lot cares because they have nothing else to do except muckrake. (Time expired)

Senator COOK (Western Australia—Deputy Leader of the Opposition in the
I remind the chamber of the Watergate principle. It comes in two parts: there is an offence and there is a cover-up. It is not the offence that brought down the President of the United States; it was the cover-up of the offence. My advice to the Liberal Party is to put the facts on the table and expose them, because there is a symmetry between President Nixon and the Treasurer, Mr Costello. The two questions that Tricky Dick Nixon would not answer were: what did you know and when did you know it? Those questions were put to Mr Costello today. What did he say by way of an answer? His answer was almost the same as Richard Nixon’s. It was: ‘If you’ve got the evidence, prove it.’ That was his answer—not coming clean, not fronting up, not telling the truth, not burnishing his integrity. He said, ‘If you have the evidence, prove it.’ Is that the response of an innocent person? No, it is not. The questions that hang in the air, over the head of the Treasurer, are: what did he know and when did he know it?

Honourable senators interjecting—

The DEPUTY PRESIDENT—Order! The level of noise is too high.

Senator COOK—It may be that Senator Brandis, who is a lawyer and somewhat of an expert in tax litigation, was the adviser in Queensland.

Senator Carr—He knows a fair bit about tax legislation! He knows a fair bit about it!

The DEPUTY PRESIDENT—Order! Senator Carr.

Senator COOK—If he was he will be able to tell us that in a moment. But we know this is a widespread rort that has eaten at the inner core of a corrupt Liberal Party branch in Queensland. We also know that the fundamental questions that underpin this debate are questions of integrity in office, of honesty with the people of Australia and of ministerial responsibility. There is also, in the political field, a question of arrant political hypocrisy. The focus is on the Treasurer, Mr Costello. We know that a rort has been engaged in by the Queensland branch of the Liberal Party, by the Groom FEC and, as Senator Faulkner said, by a couple of other FECs, as well. We know that the rort occurred. It is a fact.

We have documentary evidence—some of which was read into the Hansard a moment ago by Senator Faulkner—from no other source than the minutes of this corrupt FEC, which indicts the Queensland Liberal Party. We know, from those minutes, that the Howard government’s Minister for Small Business, Mr Macfarlane, was an active player in the execution of this rort. We know, from these minutes and from his words, that he was ‘carpeted’ by the Treasurer. That implicates the Treasurer. If the Treasurer carpeted him over this, as he has explained to the FEC, then the Treasurer knew what the incident was. It raises these questions that have to be answered. Was the Treasurer a co-conspirator with Mr Macfarlane? If he is not that then is he, after the fact, complicit in the event of this alleged fraudulent activity? Is he someone who aided and abetted the execution of this fraud? Has he, as a minister, misconducted himself?

Bear in mind that when the Governor-General of Australia swore him in as a minister, he swore him in to uphold the laws of this nation and to enforce them without fear or favour. The fact that his own political party is involved does not exempt him. He never swore an oath of office to ‘uphold the laws of Australia, except for where it affects the Liberal Party’. He swore an oath of office to do it for everyone. Every taxpayer in this country knows that the Liberal Party works for the big end of town and not for the average Australian. Here is a case where the Liberal Party, although claiming to clamp down on tax avoidance and a black economy, has been perpetrating an alleged fraud on the Taxation Office and engaging in the black economy. It is not just the people I have mentioned. Look at the other names. (Time expired)

Senator BRANDIS (Queensland) (3.30 p.m.)—Allegations of fraud are not lightly made, nor should they be. The allegations that have been made today by several opposition senators, including the Leader of the Opposition in the Senate, are allegations of fraud and they not only have been lightly made but are unauthenticated and wrong.
Thursday, 23 August 2001

Senator Carr interjecting—

Senator Faulkner—There are many members of the Queensland Liberal Party who are shovelling this stuff at us.

The DEPUTY PRESIDENT—Order! Senator Faulkner and Senator Carr, will you please come to order.

Senator BRANDIS—Since Senator Ray opened this issue a little over an hour ago, I have made some inquiries. Although those inquiries have been brief and incomplete, they have revealed these facts to me. First, before the beginning of the 2000-01 financial year, the Liberal Party—like, I dare say, the Labor Party, other political parties in this country and voluntary associations—took advice as to how its GST obligations were to be complied with. That advice was then circulated to all units of the Liberal Party in Queensland and in other state divisions of Australia. That is no secret. Senator Faulkner, I should hope that the Labor Party also took steps to ensure that its procedures for GST compliance were intact and in conformity with the new legislation. The Queensland Liberal Party certainly did.

On 23 November, as opposition senators have said, a fundraising function was held by the Groom FEC. An issue arose as to the treatment for GST purposes of the proceeds from that function. The relevant fund was placed into a bank account so that advice could be sought as to how it was to be treated. That advice was then circulated to all units of the Liberal Party in Queensland and in other state divisions of Australia. That is no secret. Senator Faulkner, I should hope that the Labor Party also took steps to ensure that its procedures for GST compliance were intact and in conformity with the new legislation. The Queensland Liberal Party certainly did.

On 23 November, as opposition senators have said, a fundraising function was held by the Groom FEC. An issue arose as to the treatment for GST purposes of the proceeds from that function. The relevant fund was placed into a bank account so that advice could be sought as to how it was to be treated. That advice was then circulated to all units of the Liberal Party in Queensland and in other state divisions of Australia. That is no secret. Senator Faulkner, I should hope that the Labor Party also took steps to ensure that its procedures for GST compliance were intact and in conformity with the new legislation. The Queensland Liberal Party certainly did.

That is all this amounts to: a great beat-up to deflect attention from the dishonesty of the Leader of the Opposition as revealed in the parliament during the course of this week—that and nothing more. Compliance by the Liberal Party with its obligations, on advice—that is all this amounts to. Those who have sought to twist it, to distort it into something else, ought to hang their heads in shame.

Senator ROBERT RAY (Victoria) (3.35 p.m.)—The crux of this is: you cannot claim GST inputs back if GST was not imposed on the original charge. If you did not put GST on the admission tickets to this dinner, you cannot claim back the GST inputs. What happened was that the treasurer of Groom FEC paid the bill to the caterers, quite appropriately. He was then forced to withdraw that payment. It was all channelled through head office for only one reason. Cheques were exchanged between Groom, head office and then on to the caterer; it all resulted in head office harvesting about $890. Talk about perverting the government’s tax laws for a miserable amount. However, this does come from a state branch that held a raffle a few weeks ago, cancelled it because they did not sell enough tickets and then pleaded not to refund anyone; so they are really into small beer here. That is what it was about, and it was a combination of the state office and certain elements of the Groom FEC. I am not alleging that Mr Macfarlane was an initiator of this, but it is quite apparent that at some stage he became aware of it, because one of the FEC meetings was apparently held in his own home. What then happened is that he had to inform Mr Costello that this was amounts to seeking to avoid those obligations—which is what we have heard from Senator Ray, Senator Hogg, Senator Cook and Senator Faulkner—is deeply dishonest. I would hope—although I would not have much confidence—that, if in the early days of the GST law an issue had arisen within the Australian Labor Party as to how it ought to comply with its obligations arising out of a fundraising function, it too would have taken the steps that the Liberal Party in Queensland in the Groom FEC took to set the moneys aside, to seek professional advice as to what the obligations were and then to fulfil them. That is all this amounts to: a great beat-up to deflect attention from the dishonesty of the Leader of the Opposition as revealed in the parliament during the course of this week—that and nothing more. Compliance by the Liberal Party with its obligations, on advice—that is all this amounts to. Those who have sought to twist it, to distort it into something else, ought to hang their heads in shame.
going on, and Mr Costello apparently—according to the minutes—rebuked Mr Macfarlane.

What was their duty of office at this stage? I think it should have been to immediately, on behalf of both of them, refer the matter to the Commissioner of Taxation or to the Federal Police. That would have been a safer course of action. However, the natural inclination of all politicians—which they should try to resist—is to cover things up and hope they will never come out. But they should not have tried to heavy local officials, because they are the ones who may eventually get charged with trying to pervert the tax act. It is not fair to treat local voluntary officials in this way.

We heard Senator Kemp say today that he did not know anything about this, and I think he is telling the truth. However, he is representing the Treasurer in this chamber, and it is legitimate for us to ask questions as to whether tax avoidance or evasion or whatever you like to call it is occurring in this instance, especially when it comes from a Liberal Party that put the legislation through this chamber and has talked in glowing terms about getting rid of the black economy and about how this is less manipulable than other tax systems. Yet they are into it. It seems to be systemic in the Queensland branch: it happened in the Lilley FEC and where else we do not know. We only have the minutes from Groom, and those summarising Senator Mason's speech to the rank and file of the FEC when he was addressing the Longman branch.

Senator Mason—It was a good speech, Senator Ray.

Senator ROBERT RAY—It seemed pretty boring to me. But we have all those things. You see, that is the difficulty. I know what this turns out to be is not a scam simply by the Queensland Liberal Party: the responsibility is with the Carroll faction of the Queensland Liberal Party. I understand that the Tucker faction—the out faction, if you like—is extremely upset with this particular rort. The moment they express a bit of concern about it, what happens? Mr Tucker gets stripped of his preselection for the coming election. The rank and file get bowled over, and so the Tucker faction has to go to court to get proper preselection procedures put back in. It is not good enough to punish Mr Tucker because he will not go along with tax dodging rorts. Good luck to him; I at least admire the fact that he is not prepared to. But, of course, all the members of the Carroll faction were in this like big brown dogs. The fact is, though, that it is for peanuts. They should have just sent the $890 off and copped it sweet; instead of that, all these contortions are gone through.

Senator Kemp referred to me today as a muck-raker. I do not mind that. It is in the Upton Sinclair mould. If I were a real muck-raker, I would have run out the fact that a senior Liberal minister went down to the panel beater at Collingwood and got his electorate car repaired and paid for the repairs with cash. It was alleged to me that it was a GST dodge. I investigated it and found that full GST was paid, so I did not raise the matter. I could easily have distorted that and left that person embarrassed. Why he went and paid cash for it at the panel beater, I do not know, but he did pay full GST. (Time expired)

Question resolved in the affirmative.

FEDERAL OFFICE OF ROAD SAFETY
Return to Order

Senator ELLISON (Western Australia—Minister for Justice and Customs) (3.40 p.m.)—by leave—I wish to make a short statement in relation to the Senate return to order of 22 August 2001 seeking that the Minister representing the Minister for Transport and Regional Services provide certain documents. These documents have previously been sought from the Department of Transport and Regional Services under a freedom of information application. The application for these documents was rejected. On that occasion the department advised that the release of the documents could reasonably be expected to impair the department’s ability to evaluate and provide advice to the minister on individual road safety black spot projects. Following the Senate’s return to order, the minister has examined supplying the documents and, after due consideration, he also believes that publication of the
documents could prejudice the department’s ability to provide advice and declines to table the documents.

Senator O’BRIEN (Tasmania) (3.42 p.m.)—by leave—I move:

That the Senate take note of the statement.

Compliance with the terms of the return to order agreed to by the Senate earlier this week, in my view, is very much in the national interest and is not protected in the way that is suggested by the minister in the statement he has read out: that is, that it would somehow impair the ability of the department to provide information and advice to the government in relation to the administration of the Federal Road Safety Black Spot Program. Indeed, the issue at hand is the very integrity of the government’s Federal Road Safety Black Spot Program.

Organisations seeking funding through this program are required to meet the terms of the eligibility criteria detailed on the Department of Transport and Regional Services’ web site. As you would expect, those criteria go very directly to the issue of road safety and how safety can be enhanced or safety hazards removed through this capital works program. Also on the web site are the factors that the federal minister is required to take into account when assessing which projects receive funding. The first dot point on the web site document—that is, the first test the minister is required to take into account when assessing which projects may receive funding—is whether the project meets the criteria for the program. That is point number one. Given the specific nature of this program and given these criteria, one would expect funding to be accurately directed to areas of highest risk, as shown by, for example, high average casualty rates. One would expect that, if a section of road was in need of funding but did not meet the terms of this program, its proponents would be encouraged to look to other road funding programs for money. It is essential that people who seek funds through the black spots program can be confident that their application will be, as should others, properly assessed against the criteria. It is also essential that, of the projects meeting these criteria, priority is given to funding the worst trouble spots. This should be a program with very little flexibility and even less ministerial discretion. It should not be a pot of money to meet the short-term political needs of the transport minister or of his office. It should be a pot of money to address the high risk points in the national road system and it should be aimed at saving lives.

The reason that I am seeking access to this material is because I am concerned that in relation to this particular black spot project—that is, project N00752—very few, if any, of the criteria were in fact met. That is not to say that the section of road in question, which is the Delegate to Delegate River Road section, did not need upgrading. I understand that it did. I also understand that the funding that has been made available has not done the job that is required either. What was required, in fact, was a commitment by the government to fund and upgrade the road from an appropriate program. I sought access to this material by way of a freedom of information application, but access was refused to all but a few documents. I will come back to those documents shortly. I also placed a number of questions on notice in relation to the black spots selection criteria and the extent to which this project met those criteria. Those questions are numbered 3672 through to 3681. Those questions were placed on notice on 2 July and are now overdue. I would appreciate the minister chasing those answers for me, but that is another matter to which I may have to come back on another day.

As I said, the reason that I am pursuing this matter is because I understand that project N00752 did not meet the black spot program criteria. I have been advised that the recommendation that went to the then minister, Mr Vaile, was that the application for funding not be approved. I understand that the application was only progressed because the department was pressured by the then minister’s land transport adviser. I understand that Mr Vaile ignored that departmental advice and approved the project, despite the fact that it did not qualify for funding under the criteria. If my advice is wrong, this matter can be settled and the people seeking as-
sistance to reduce or remove dangerous sections of road through black spot funding can apply for money confident that they will be given a fair hearing. But if my advice is correct, those genuinely seeking funding through the black spots program can have no confidence that they will be given a fair hearing. That would be proven, of course, if the documents that the Senate and I have sought in this return to order were produced. If I am correct, Mr Vaile at least has allowed this program to be manipulated, and manipulated for political gain.

I referred earlier—as did the minister in his statement—to a freedom of information application for documents in relation to this project lodged by me on 2 July this year. One of the documents that I was provided with was entitled ‘Notice to tenderers’. On page 2 of that document, there is a paragraph that reads:

The methodology for carrying out the work is to be a ‘reverse tender’ process. This involves the invitation of tenders to investigate and propose a suitable project or projects that can be shown to provide safety improvements.

This may in fact be the way that things are done. It would be unusual, to say the least, that any application for assistance through a program with such a tight set of criteria is not required to actually nominate a specific project, but, in this case, tenderers are asked to offer suggestions.

The black spots program also provides funding for projects that have not met the list criteria but have been recommended for treatment on the basis of an official road safety audit report. There is also a discretionary clause for the minister to approve funding, but on the basis of advancing national road safety, not advancing political prospects. So it appears to me that if an application for assistance through a program with such a tight set of criteria is not required to actually nominate a specific project, but, in this case, tenderers are asked to offer suggestions.

I have also been provided with a copy of the nomination form for the project, and it is dated 26 August 1997. It was lodged by the Delegate River and Border Districts Progress Association. What appears next at point 18 on the nomination form is a little unclear, I must say, but it is the nature of the heading which is of concern. Under that heading, it states:

Since 1990, some 61 accidents have occurred on this section of road. We believe this section of road necessitates urgent upgrading before further fatalities occur.

That is, there were just under nine accidents per year. I would be interested to see how that accident rate compares with other actual or potential black spot sites. While there is a reference to fatalities, the actual number of deaths on this road section is not identified. I would be interested to hear from the minister as to the actual number of deaths on this section of road as compared with other potential or actual black spots. The last document that I received through the FOI process was a typed note to the then land transport adviser and to the then minister, Mr Vaile. It reads:

Dear Lochie,

Could you please fill in the details for items numbered 10, 11, 12 and 13 on our behalf? We don’t have a copy of the quote from the local road contractor that we left with you. Thank you.

Then it is signed. What does that suggest? It suggests to me that this particular submission for black spots funding was personally progressed—in fact, the paperwork even com-
pleted—by the minister’s own land transport adviser.

In the absence of this material we have the following matters that require clarification: claims put to me that this project was forced through by Mr Vaile at the urging of his land transport adviser and against the very forceful advice from the Department of Transport and Regional Services that it should be rejected; questions on notice that go to the issue of the criteria for black spots funded and the compatibility of this project with those criteria that remain unanswered; an email suggesting that the section of road covered by this application had not been identified as unsafe by the local council as late as August 1997; and evidence that Mr Vaile’s land transport adviser may have in fact personally completed the application for funding for the project in Mr Vaile’s office.

The best way to deal with this matter is for the minister to table the material the Senate is seeking, but apparently he will not. Only after that occurs and the claims made to me that this program has been corrupted by the government have been properly dealt with can people have any confidence again in the integrity of the assessment process. It is very much, I suggest, in the national interest, and certainly in the interests of those people and organisations seeking funding through the black spots program, that all the relevant material is tabled. I say again: its non-tabling can only indicate that what I have said is absolutely true.

Question resolved in the affirmative.

COMMITTEES

Reports: Government Responses

Senator ELLISON (Western Australia—Minister for Justice and Customs) (3.54 p.m.)—I present three government responses to committee reports as listed on today’s Order of Business. In accordance with the usual practice, I seek leave to incorporate the documents in Hansard.

Leave granted.

The documents read as follows—

RESPONSE TO SENATE COMMUNITY AFFAIRS REFERENCE COMMITTEE REPORT ON PROPOSALS FOR CHANGES TO THE WELFARE SYSTEM

‘The Government rejects the conclusions of the majority report of the Senate Community Affairs Reference Committee. It supports the minority report of the Government members of the Committee and stands by the view that providing access to the requested confidential working documents would not be in the public interest.’


June 2001

Requests for printed copies should be directed to the Manager, Policy and Planning, Australian Greenhouse Office, GPO Box 621, Canberra ACT 2601.

This document is available on the Internet/World Wide Web at the following address:


ACRONYMS AND ABBREVIATIONS

ABARE Australian Bureau of Agricultural and Resource Economics

ABC Australian Bicycle Council

ABS Australian Bureau of Statistics

ACCC Australian Competition and Consumer Commission

AFMA Australian Fleet Managers Association

AGO Australian Greenhouse Office

ANZECC Australian and New Zealand Environment and Conservation Council

ATC Australian Transport Council

Avstats Aviation statistics team within DoTRS

BTE Bureau of Transport Economics

CCP Cities for Climate Protection

CDM Clean Development Mechanism

CO₂ carbon dioxide

CO₂-e carbon dioxide equivalent

COAG Council of Australian Governments

COP 6 Sixth Session of the UNFCCC Conference of the Parties

CSIRO Commonwealth Scientific and Industrial Research Organisation

CRA Comprehensive Regional Assessments

CRC Cooperative Research Centre

DISR Department of Industry, Science and Resources
The Government considers some of the analysis in the ECIT A report provides a valuable contribution to the ongoing debate on greenhouse matters. However, the Government rejects many of the assertions made in the report regarding action by the Government, and the effectiveness of existing policy and programs in addressing the issue of climate change and meeting our international obligations.

This Government has an outstanding record with regard to action on climate change, a record that is increasingly being recognised internationally as being at the forefront of domestic action by Kyoto Protocol signatories. Total Government commitment to action now extends to approximately $1 billion, amongst the highest per capita funding for greenhouse action globally.

Meeting the challenge of climate change is not a task the Government takes lightly. A mood of uncertainty continues—international negotiations are continuing including to consider possible rules for implementing the Kyoto Protocol and its emission targets; the cost of operating in a carbon constrained world is not yet clear; and the likely impacts of climate change on our regional communities or the costs of adapting to that change are not yet fully understood. These are challenges the government is responding to through a long-term, carefully planned and integrated approach.

The Government is committed to the pursuit of cost effective greenhouse gas abatement policies and measures. In the event that Australia ratifies the Kyoto Protocol, it will meet its international greenhouse commitments in the most cost effective manner so that Australian industry remains competitive and in a way that secures continued strong economic growth and job creation. Another key feature of the government’s greenhouse response is the inclusion of industry and the community through extensive consultation in the development and implementation of policy.

The Government’s response to key issues raised in the report is provided below. The Government’s response to individual recommendations is provided in the attached document.

**The International Framework**

As noted in the ECIT A report there are many outstanding issues to be resolved before the Government is prepared to consider ratification of the Kyoto Protocol. These include: the rules pertaining to the use of the Protocol’s flexibility mechanisms (Joint Implementation (JI), the Clean Development Mechanism (CDM), and international emissions trading); definitional and operational issues associated with the use of carbon sinks under Articles 3.3 and 3.4 of the Protocol; and the compliance system that will apply to the Protocol.
Also of key concern to Australia is the engagement of developing countries in action to reduce emissions. To ratify the Protocol prior to the resolution of these matters would not be in Australia’s national interests.

The Sixth Conference of the Parties (COP 6) to the United Nations Framework Convention on Climate Change (UNFCCC), held in November 2000, was scheduled to reach resolution on a number of these issues. However, it was not possible to reach agreement at COP 6 due to the complexity and range of matters under negotiation and the economic and political issues at stake. COP 6 was suspended, and will resume from 16–27 July 2001. Australia has consistently argued that a workable international framework to address climate change needs to be economically manageable and include developing countries whose emissions will exceed those of OECD countries within this decade. The United States recently expressed opposition to the Kyoto Protocol because it exempted developing countries from reducing greenhouse gas emissions and would be costly to implement. The Prime Minister subsequently wrote to President Bush outlining Australia’s approach to climate change and reaffirming Australia’s commitment to develop an effective global framework to address the issue.

The National Framework

The Government rejects the assertions of the ECITA report that there has been a lack of integration of greenhouse matters into other strategic policy agendas; that there is a reluctance on the part of the Government to take a long term view of action to address climate change; and that current measures do not put us on the path to meeting our international commitments. The Government believes that such views are based on a misreading of the national framework for action and its strategic greenhouse policy. The Government has invested significant resources to develop a long term integrated strategic framework to respond to the challenges presented by global warming, recognising the uncertainties in international negotiations and the constraints on domestic actions.

The Government’s approach to addressing climate change has been developed in the context of our national interest, ensuring that current, and future, greenhouse gas abatement policies and measures promote cost effective actions that minimise the burden for business and the community. It is an approach that has the support of all governments and the majority of stakeholders. Institutional mechanisms such as the establishment of the Australian Greenhouse Office (AGO) and the Ministerial Council on Greenhouse have been put in place to ensure that greenhouse policy is developed in a whole-of-government context and that due consideration is given to the potential impact of other Government policies on our greenhouse gas emissions.

The National Greenhouse Strategy (NGS) articulates the framework for a coordinated and collaborative approach by governments. Under the NGS all governments have committed to action to limit greenhouse gas emissions; foster knowledge and understanding of greenhouse issues; and lay the foundations for adaptation to climate change. The Government agrees, however, with the report’s assessment that States and Territories will need to increase their commitment to greenhouse action, as they are responsible for implementing measures in key areas of emissions growth such as transport and land use planning, land management, and energy use and supply.

Progress and Effectiveness of Current Measures

As demonstrated in the National Greenhouse Strategy 2000 Progress Report, tabled by the Government in December 2000, good progress has been made in putting in place the NGS’s broad range of measures. Commonwealth and nationally coordinated measures contained in the NGS are expected to deliver emissions savings in the order of 58–64 million tonnes (Mt) (equivalent to around 14–16 per cent of 1990 levels, excluding emissions from land clearing). When the impact of action the Government is pursuing under the 1999 Measures for a Better Environment package is taken into account, as well as the opportunities likely to be presented by international flexibility mechanisms (the rules for which are currently being negotiated), the Government expects that Australia will be able to meet its Kyoto target should Australia decide to ratify the Kyoto Protocol. However, while Australia’s Kyoto target remains achievable, staying on track will depend on Australian governments, industry and the broader community remaining committed to reducing greenhouse emissions.

The Commonwealth Government has led by example. Key achievements under the Prime Ministers 1997 Safeguarding the Future package, a central element of the NGS, include:

- supporting renewable energy by funding industry development and commercialisation and the passing of legislation to require that, by 2010, Australia sources an additional 9,500 gigawatt hours of electricity from renewable sources;
- promoting energy efficiency by introducing, in consultation with the States and
Territories, Minimum Energy Performance Standards for equipment and appliances as well as pursuing incorporation of energy efficiency measures into the Building Code of Australia;

• moving towards best practice in fossil fuel electricity generation through introduction in July 2000 of new power station energy efficiency standards—expected to cut about 4 Mt of carbon emissions each year (equivalent to taking one million cars permanently off the road);

• increased use of alternative fuels such as compressed natural gas and liquefied petroleum gas (LPG) and improved consumer awareness of the fuel efficiency of motor vehicles;

• an improvement in Australia’s capacity to store carbon in vegetation through the innovative Bush for Greenhouse program and Plantations—2020 Vision program;

• delivering reductions in Commonwealth Government greenhouse emissions through implementation of the Commonwealth Energy Policy, which includes mandatory energy intensity targets to be met by 2002–03 and mandatory annual reporting. Since the 1997–98 reporting period the energy consumption of government operations and associated greenhouse emissions have both been reduced;

• further Australian industry engagement including:

  • the voluntary Greenhouse Challenge program to abate greenhouse emissions—over 45 per cent of Australia’s total industrial emissions are now covered; and

  • stimulating, through the voluntary Energy Efficiency Best Practice program, continuous improvement and innovation in achieving the efficient use of energy in a range of industry sectors and the uptake of cost-effective technologies and practices with cross-sectoral application; and

• compilation of the world class National Greenhouse Gas Inventory, providing high quality estimates and trend analyses of emissions as well as establishment of the technically rigorous National Carbon Accounting System to account for greenhouse gas sources and sinks.

Building on achievements under the NGS the Government has reaffirmed and strengthened its commitment to taking action to abate greenhouse gas emissions through the greenhouse measures incorporated in the 1999 Measures for a Better Environment package.

Key amongst these additional measures is the Greenhouse Gas Abatement Program (GGAP). Through this program the Commonwealth is seeking to fund abatement effort that will reduce Australia’s national emissions profile within the first Kyoto commitment period and beyond. GGAP is targeting projects that offer significant and cost-effective reductions in Australia’s 2008–12 emissions profile. GGAP will draw on a range of abatement offers over the next four years, and provide funding of up to $400 million to worthy projects.

Under the first round of GGAP funding, the Government is investing over $100 million in a range of greenhouse abatement projects. These projects cover various sectors across Australia, including energy, transport fuels, mining, industrial processes and agriculture.

The expected cost of abatement ranges from $4.00 GGAP/tonne to $8.00 GGAP/tonne, with an expected average cost of about $6.00 GGAP/tonne.

The Government expects over 17 Mt of CO₂-e to be abated from these projects in the first Kyoto commitment period.

Measures for a Better Environment is also providing additional support for the development, commercialisation and uptake of renewable energy technologies (up to $321 million); and promoting and encouraging the uptake of alternative fuels ($75 million).

While significant effort is being taken to contribute to reduce emissions through domestic action the Government also recognises that global greenhouse gas emissions could be reduced very cost-effectively through the proposed Kyoto Protocol flexibility mechanisms. These mechanisms (International Emissions Trading, JI and the CDM) would create a global market in carbon credits which will seek out lowest cost abatement opportunities internationally. The Government has set up the International Greenhouse Partnerships Office to progress the establishment of the CDM and JI.

New Measures and Options Under Investigation

The Government is also working collaboratively with State and Territory governments and industry to minimise levels of uncertainty about the long-term implications of addressing climate change and maintain the momentum for containing growth in emissions. Some key options currently under investigation include domestic emissions trading, credit for early action, and the in-
clusion of a greenhouse trigger under the Environment Protection Biodiversity Conservation Act 1999 (EPBC Act). In addition several new programs are due to commence in 2001 including the first round of projects under GGAP and a new product certification program.

**Domestic Emissions Trading**

The ECIT A report calls for the early implementation of a domestic emissions trading scheme. The Government has asked the AGO to examine the feasibility and implications of emissions trading for Australia. Work undertaken to date suggests that emissions trading can provide a variety of benefits in terms of offering a non-prescriptive and economically efficient approach to greenhouse gas abatement, linkage to international trading systems and reliability in achieving an emissions target. But this analysis is far from complete and the evaluation of emissions trading options will be the focus of continuing consultation.

The Government announced in August 2000 that it will only implement a mandatory domestic emissions trading scheme if the Kyoto Protocol is ratified by Australia, has entered into force and there is an established international emissions trading regime. The Government’s decision does not rule out the subsequent introduction of such a scheme if further analysis demonstrates that this would be in the national interest.

**Credit for Early Action**

On 15 November 2000, the Government released the public consultation paper, *Encouraging Early Greenhouse Abatement Action*. The Government announced in-principle support for the development of a system that would credit early abatement action occurring within Australia, if there is sufficient demand for access to “early action credit” and a satisfactory program design can be agreed. Early crediting arrangements could enhance opportunities for investors to hedge against greenhouse risks thereby encouraging further abatement in the most cost effective areas of the economy. Under the proposed program, companies could earn “credits” that would be exchangeable for emission allowances that will be assigned to Australia if it becomes a Party to a Kyoto Protocol which enters into force. These credits would effectively become permits under any future emissions trading scheme. Participation by industry would be on a voluntary basis.

**Greenhouse Trigger**

In 1999, the Prime Minister indicated that, upon passage of the EPBC Act, the Commonwealth Government would commence a process of consultation with the States and other stakeholders ‘on the issue of applying a greenhouse trigger under that legislation in relation to new projects that would be major emitters of greenhouse gases’.

A consultation paper on the possible application of a trigger was released in December 1999 and a model trigger design was released in May 2000. In November 2000, the Minister for the Environment and Heritage wrote to the States and Territories seeking their views on a draft regulation and attached a discussion paper outlining how such a trigger could be applied. Under the draft regulations, the EPBC Act would be triggered by major new developments if they are likely to result in greenhouse gas emissions of more than 500,000 tonnes of carbon dioxide equivalent in any 12 month period.

A greenhouse trigger would provide a mechanism to assure that Australia’s national interest is taken into account when considering the implications of new projects. The purpose of the proposed greenhouse trigger would not be to restrict Australia’s future economic growth but rather to ensure that new developments represent “best practice” from a greenhouse perspective. Effects on international competitiveness and regional development would be factored into the assessment and approval process. The government is currently consulting with State and Territory governments and other relevant stakeholders on the possible implementation of a greenhouse trigger under the EPBC Act.

**Product Certification Program**

This proposed program is a greenhouse certification and labelling program. Under the proposed program design, it is intended that product manufacturers and service providers will be able to apply for certification that the greenhouse gas emissions of a product or service have been offset by corresponding emissions abatement projects that have been financed by the company. The proposed program is designed to encourage consumers to consider greenhouse when making their purchasing decisions, and to stimulate further greenhouse gas abatement in Australia.

**Response to Key Issues Raised in the ECIT A Report**

**Energy Markets and Supply**

The ECIT A report calls for the acceleration and broadening of activity in the energy sector with a particular focus on improving the greenhouse outcomes of energy market reform. The Government accepts that greenhouse gas emissions from stationary energy have increased, however, this is the result of a range of factors and cannot be attributed solely to the short-term outcomes of the energy market reform process. Through the im-
plementation of the NGS and the Government’s Measures for a Better Environment package considerable steps have been taken at the Commonwealth level to accelerate greenhouse action across the energy sector.

Energy market reform is one of the key elements of the Government’s approach to microeconomic reform and competition policy. To date, energy market reform has delivered substantial national economic benefits and reduced input costs to business by improving productivity, resource allocation and investment decisions in the electricity and gas sectors, and by delivering lower real electricity and gas prices to end users.

In the initial stages of the reform process there was an excess supply of electricity in the market. This resulted in relatively depressed market prices, which favoured low cost and incidentally high emission incumbents. Accordingly there has been an increase in the greenhouse intensity of energy supply. This trend is expected to weaken over the medium to longer term as the market matures. Barriers to entry for alternative energy suppliers as a result of excess capacity and transitional arrangements are likely to diminish over the medium term.

The Government agrees that there is a need for continuing energy market reform. Pursuit of accelerated energy market reform will have significant economic benefits for the Australian economy as well as environmental benefits from reduced greenhouse intensity of energy supply in the longer term. Competition principles must remain the primary driver for continuing energy market reform if the full economic benefits are to be realised. It is expected both the electricity and gas reform measures will contribute to emissions reductions by increasing the proportion of gas in total energy consumption in the long term.

Generator Efficiency Standards for power plants, which commenced on 1 July 2000, will assist in reducing the greenhouse gas intensity of energy supply and will encourage best practice in the efficiency of electricity generation using fossil fuels. This program is projected to achieve about 4 Mt per annum of greenhouse gas abatement at a cost of up to $10/tonne carbon dioxide equivalent in the Kyoto commitment period.

Increasing the share of renewable energy in the energy market is a key outcome sought by Government. To this end legislation to support the Government’s mandatory renewable energy target was passed by Parliament in December 2000. As the first legislated energy supply greenhouse response measure, the mandatory renewable energy target demonstrates the Government’s commitment to greenhouse gas emission reduction and is a recognition of the contribution that the renewable energy sector can make to Australia’s efforts to address climate change.

In addition, considerable funding of $386 million under the Prime Minister’s 1997 Safeguarding the Future package and the 1999 Measures for a Better Environment package has been provided to encourage increased uptake of renewable energy and support development of renewable energy technology. The Renewable Energy Action Agenda a jointly developed industry-Government strategy, also provides a path for the development of the Australian renewable energy industry. An Industry Chief Executive Officer Group has been established to provide high level support and strategic guidance in the implementation process and will report on progress in implementing the Action Agenda by end July 2001.

Transport

The ECITA report also calls for more substantial action across a broad range of Government activity. It argues for new levels of investment from governments in urban and interstate rail and public transport; reform of Fringe Benefit Tax arrangements for cars, to remove financial incentives to travel greater distances; the exemption from GST of public transport; and additional measures to encourage greater uptake and increase the availability of alternative fuelled vehicles.

The Government acknowledges that the transport sector is an area of increasing growth in emissions and that this sector needs to play its part in meeting the Government’s environmental objectives.

There has been progress by the Government in a number of areas including steps to improve the fuel efficiency of vehicles and increase the uptake of alternative fuels. From January 2001 under the Government’s fuel consumption labelling scheme, all new passenger cars, four wheel drive and light commercial vehicles sold in Australia are required to carry a fuel consumption label on their windscreen.

The environmental advantages of rail freight over road transport are also recognised, and the Government has initiated a broad ranging program of reforms addressing the substantial deficiencies in the interstate rail network with a view to increasing the proportion of the freight market directed to rail transport. The reforms seek to improve rail service levels through the introduction of private sector expertise to the industry, improvements to track management and track quality, and reduction of operator costs.
The Government has recognised the need to ensure consistency between economic instruments relating to transport and fiscal, economic and environmental policy, including greenhouse objectives. A report by the Bureau of Transport Economics Transport and Greenhouse: A Study of Policy Options, into the effects on transport of various economic instruments, has been commissioned as part of implementation of the NGS. The Government will consider the outcomes of this report in the further development of measures to abate greenhouse emissions from the transport sector but does not support major changes to transport taxation at this time.

Curbing the growth of transport emissions requires a systematic and cooperative approach by governments and industry. The Australian Transport Council (ATC) is providing a key mechanism to foster strategic thinking on cross-modal, cross-jurisdictional and strategic issues of national significance such as greenhouse. The ATC has established in 2000 a National Transport Secretariat (NTS) to facilitate this action. The NTS will greatly enhance ATC’s ability to progress national planning and reform in this sector.

Forestry, Land Management and Agriculture

The ECTIA report recognises the potential of the land management sector to contribute to emissions reductions. The report recommends the establishment and enhancement of carbon sinks under the guidance of a national sinks policy; the introduction of strong national controls on land clearing; and the use of regional abatement strategies that encourage retention of native vegetation, investment in revegetation activities and investment in plant that will support such activities.

The Government is acting in the land management sector, including to reduce greenhouse gas emissions from land clearing. Strategies being implemented under the NGS include:

- encouraging sequestration of carbon and supporting sustainable land management by developing and implementing policies to protect and expand Australia’s vegetation cover;
- assisting national efforts to reduce emissions from agricultural activities; and
- providing credible and verifiable estimates of Australia’s emissions and sinks resulting from land use, land use change and forestry activities by developing a world class carbon accounting system (expected to be operating by end 2001).

The Government supports the concept of a National Policy Framework for Greenhouse Sinks. Such a framework could:

- raise awareness of the kinds of sinks eligible under the Kyoto Protocol and the accounting framework necessary to determine their capacity to offset emissions, once these issues have been determined at the international level;
- enhance coordination of Australia’s action on greenhouse gas sequestration across jurisdictions;
- contribute to achievement of Australia’s greenhouse commitments at least cost to the Australian economy; and
- allow for the appropriate integration of regional, natural resource management and greenhouse sinks objectives.

The Government continues to make progress in the area of agriculture where it is developing a cooperative approach with industry to identify areas where private and public investment can be made to optimise emission reductions. It is also investigating synergies between the development of on farm sinks and other natural resource management goals.

The Government is also providing significant support for research and development into alternative forest products with positive greenhouse outcomes, such as the development of biomass fuel, and exploring the viability of commercial ventures from low rainfall forestry. This is occurring through initiatives under the Joint Venture Agroforestry Program supported by the Rural Industries Research and Development Corporation and through the AGO’s Renewable Energy Commercialisation Program.

Greenhouse Challenge

The Government rejects the criticisms of the Greenhouse Challenge program made in the ECTIA report. The Greenhouse Challenge is recognised as an international role model for the inclusion of business in greenhouse abatement. The success of the Greenhouse Challenge in engaging business leaders and stimulating cost-effective greenhouse gas emission reductions across a wide range of industry sectors demonstrates the value of this joint industry-government initiative as an important component of the Government’s suite of voluntary and mandatory greenhouse gas abatement measures. Membership of the Greenhouse Challenge is continuing to grow and the program is extending its reach across industry sectors, including in the agricultural sector.
In addition to significant abatement achievements, the Greenhouse Challenge has delivered many other tangible benefits. Through participation in the Challenge, industry and government are building valuable expertise in identifying, monitoring, managing and reporting emissions. As a result, the Challenge is not only assisting industries to improve their efficiency and competitiveness, but is also preparing them for a carbon constrained future and improving their capacity to cope with possible future developments, including emissions trading.

**Scientific Research**

The Government rejects the ECIT A Report’s finding that the Government has provided inadequate funding and focus to researching the impact of climate change on Australia, the potential cost of inaction, and adaptation to climate change. The Government recognises the importance of greenhouse science in underpinning national and international policies on climate change. Australia is an active participant in the work of the Intergovernmental Panel on Climate Change (IPCC) in assessing the state of knowledge on climate change.

The Government’s Greenhouse Science Program has contributed to global understanding of climate change and its potential impact on Australia and the region by supporting basic and applied research. This is a commitment of $14 million, over four years to 30 June 2003, which funds research undertaken by the Commonwealth Scientific and Industrial Research Organisation, the Bureau of Meteorology Research Centre, the National Tidal Facility, and other activities of the Australian Academy of Science and the Global Change and Terrestrial Ecosystem Project of the International Geosphere-Biosphere Program. Current work focuses particularly on climate systems and climate variability.

Future scientific research under the Australian Greenhouse Science Program includes continued refinement of climate models to improve performance on regional scales; extension of the integration of information from work on aerosols and ocean circulations into the climate models; and developing criteria for assessments of the impacts of climate change.

**Engaging the Community**

The ECIT A report argues that there is a lack of easily accessible information for the public to understand what climate change could mean for Australia and calls for a comprehensive public awareness raising campaign to communicate the facts of climate change to the community.

The Government recognises the importance of communicating with and engaging the community on greenhouse matters and considers this a responsibility of all governments. At the Commonwealth level communication activity is led by the AGO, with a focus on activities that have a national reach. In February 2001 the Government commenced a new national public information campaign aimed at getting Australians to help reduce greenhouse gas emissions. The campaign included television, newspaper and magazine advertising, supported by a 1300 infoline. The AGO also hosts an informative and up-to-date Internet site, which receives approximately 350,000 unique hits each month, and produces and distributes a range of publications including quarterly newsletters and information fact sheets, reports and brochures.

**Consolidated Response**

**Chapter 2 – The Potential Impacts of Global Warming**

**Recommendation 1**

The Committee recommends that the Commonwealth Government make a strong public statement on its position on the science of climate change and initiate an awareness raising campaign to communicate the issue of climate change to the broader community.

**Government Response**

The Government considers that this recommendation is already being addressed through existing measures.

The Government previously endorsed the findings of the Intergovernmental Panel on Climate Change (IPCC) Second Assessment Report of 1995. The IPCC is now completing its Third Assessment Report and the Government strongly endorses the findings of this latest assessment of the global science of climate change. The Report finds increasing evidence for global warming and other changes in the climate system and stronger evidence that most of the global warming observed over the last 50 years is attributable to human activities.

The Government recognises the importance of greenhouse science in underpinning national and international policies on climate change and the need to keep pace with developments in this field. The Government has a longstanding commitment to supporting a national program of greenhouse science that has enabled Australia to be an active participant in the work of the IPCC.

The Government has made several strong public statements endorsing the findings of the IPCC. For example, the Minister for the Environment...
and Heritage expressed the Government’s confidence in the continued strengthening and certainty of greenhouse science in his November 2000 Working it Out: Australia’s Approach to the Hague Climate Change Conference address and his February 2001 media statements regarding the release of the Summary for Policy Makers of the IPCC reports on Climate Change 2001: The Scientific Basis and Climate Change: Impacts, Adaptation and Vulnerability.

The Government recognises the importance of raising awareness of the science of climate change and through the National Greenhouse Strategy (NGS) is committed to implementing measures to achieve this. The Australian Greenhouse Office (AGO) has an ongoing program that describes science outcomes, and the Commonwealth Scientific and Industrial Research Organisation (CSIRO) and the Bureau of Meteorology have programs that communicate greenhouse science. Communication is also a key element of the Greenhouse Science Advisory Committee’s Business Plan 2000 to 2005. The current Greenhouse Science Communication Program includes public addresses by Australian experts and Prof. Bob Watson, Chair of the IPCC; industry briefings by Australian experts involved in preparation of the IPCC Third Assessment Report; public presentations in regional areas; CSIRO’s fact sheets on key climate change science issues; the Australian Greenhouse Office publications updating Grappling with Greenhouse to include the latest findings of the IPCC; seminars by visiting scientists in several locations; and development of an Internet site providing access to information of greenhouse science.

See responses to Recommendations 23 and 24 for details of the Government’s activities in relation to raising awareness on climate change matters in the broader community.

Recommendation 2
The Committee recommends that adequate funding be provided to:

- enable the CSIRO to continue work on the underlying science of climate change;
- work on the nature of potential impacts of climate change in the Australasian region, possibly through new or existing CRCs; and
- work on the potential social, economic and environmental costs of the impacts of climate change on Australia, particularly at a regional level.

Government Response
The Government considers that this recommendation is already being addressed through existing measures.

The Government currently provides funding for underlying research into climate change science through a number of mechanisms:

- A commitment of $14 million over four years to 30 June 2003 under the AGO Greenhouse Science Program which funds research undertaken by CSIRO, the Bureau of Meteorology Research Centre, the National Greenhouse Office, and other activities of the Australian Greenhouse Research Program. Current work focuses particularly on climate systems and climate variability.

- The Greenhouse Science Program leverages an additional appropriation commitment from CSIRO of approximately $4 million per annum. In total, CSIRO plans to allocate a commitment (from appropriation and non-appropriation sources) of $16 million per annum during the current triennium.

CSIRO also receives substantial Government funding for a range of research and development (R&D) activities that may have an indirect yet positive impact on greenhouse gas abatement. R&D activities, energy efficiency and materials development, for example, are crucial in developing more climate-friendly technologies. While these areas of research have significant greenhouse benefits it is not possible to quantify what percentage of this funding is directed towards greenhouse research.

Government funded research on climate change science include research on the social, economic and environmental impacts of climate change.

Recommendation 3
The Committee recommends that Australian universities be encouraged to establish departments and courses that focus on atmospheric or climate change science, and that funding be provided to support such initiatives.

Government Response
The Committee supports this recommendation. A number of Australian universities currently include climate change sciences in various types of courses at the undergraduate and postgraduate level. Government support is provided for the Cooperative Research Centre (CRC) program administered by the Department of Industry, Science and Resources (DISR) which aims to enhance linkages between researchers and research users. Em-
phasis is placed on long term, high quality, applications-oriented research, and educational objectives are integral to the work of CRCs. Significant greenhouse research is undertaken through a number of CRCs including the CRC for Greenhouse Accounting, the Australian CRC for Renewable Energy, the Black Coal CRC, the CRC for Clean Power from Lignite and the Australian Petroleum CRC.

**Australian Democrats Recommendation 1**

The Australian Democrats recommend that a minimum of $100 million in funding should be provided over the next four years for climate change science.

**Government Response**

The Government does not support this recommendation. See response to Recommendation 2 above for the Government’s response on climate change science.

**Chapter 3 – The Framework Convention on Climate Change and the Kyoto Protocol**

**Recommendation 4**

The Committee recommends that future work undertaken by ABARE on the economic impact of climate change and greenhouse gas abatement should:

- be subject to wide-ranging peer review to ensure open and objective reporting; and
- incorporate opportunities for low cost and negative cost abatement.

**Government Response**

The Government supports this recommendation.

**Peer review**

- The Australian Bureau of Agricultural and Resource Economics (ABARE) welcomes objective criticism of its work, as it seeks continuous improvement in its research. ABARE’s research is published and disseminated widely, and is available for public comment.
- ABARE participates regularly in conferences, workshops and industry briefings to ensure that its climate change work is exposed domestically and internationally and to help it achieve best practice.
- ABARE is always prepared to liaise with any person or group to help them understand its work and the issues more clearly, and to take on board useful suggestions for improving its work.
- ABARE is a member of the Energy Modelling Forum (EMF)—a highly regarded international body—and is a regular participant in the EMF’s workshops. At these workshops, members’ modelling and analysis is subject to scrutiny by leading modellers from around the world.
- ABARE is also participating in the exercise, ‘A comparative analysis of computable general equilibrium models for greenhouse policies’, being conducted for the Productivity Commission.

**Costs of abatement**

- ABARE modelling assumes that there are substantial energy efficiency improvements taking place at no cost to the economy over time in the reference case.
- Also, ABARE assumes that there are substantial low cost emission reduction opportunities early on in any emission abatement program across all sectors of the economy.
- ABARE continues to work on estimating the scope and cost of different greenhouse gas abatement opportunities and will continue to incorporate these into its modelling.

**Recommendation 5**

The Committee recommends that strict rules to govern the use of carbon sinks should be included in any emissions trading framework developed by the Parties to recognise the uncertainties in measurement and the long term security risks.

**Government Response**

The Government considers that this recommendation is already being addressed through existing measures.

The Government agrees that methodologies for accounting and reporting of sinks activities should consider measurement uncertainties and the potential reversibility of carbon sequestration. In its 1 August 2000 submission to the United Nations Framework Convention on Climate Change (UNFCCC), Australia proposed that the IPCC be asked to extend its good practice guidance to cover sinks activities. This would include methodologies for ensuring that measurement uncertainties are taken into account. Australia also proposed that all subsequent changes in carbon stock on land affected by Article 3.3 or 3.4 sinks activities be accounted for across contiguous commitment periods. This would ensure that, if carbon sequestration is credited but is later reversed, the emission is identified and accounted for.

**Recommendation 6**

The Committee agrees that the integrity of the Kyoto Protocol rests on its ability to deter non-
compliance and recommends that the Australian Government works with the Parties towards the adoption of firm sanctions for non-compliance.

Government Response
The Government considers that this recommendation is already being addressed through existing measures.

The Government considers that the integrity of the Kyoto Protocol, were it to enter into force, would rest primarily on Parties achieving the emission limitation and reduction targets to which they will commit upon entry into force of the Protocol. These targets are the core feature of the Protocol.

The Protocol’s compliance system will play an important role in ensuring that Parties meet their targets. At COP 6 in The Hague, broad support was expressed for the system to have the objectives of facilitating, promoting and enforcing compliance with commitments under the Protocol. The system would be designed to achieve these objectives through a proposed UNFCCC Compliance Committee with two branches, a facilitative branch and an enforcement branch. The facilitative branch would provide advice and guidance to Parties having difficulty in meeting their commitments while the enforcement branch would apply firmer consequences following a finding of non-compliance.

At COP 6 in The Hague, there was some acceptance among Parties that the most appropriate response when a Party has exceeded its emissions target is to require that Party to make up its excess emissions at a rate to be determined. Under this, a non-compliant Party would have to formulate a “compliance action plan” which would set out how it proposed to restore its excess emissions, for example by undertaking additional mitigation projects or acquiring permits under international emissions trading. The Government considers that consequences for non-compliance should be directed at repairing the environmental harm caused by a Party’s non-compliance and helping the Party to perform better so as to avoid a repetition of the problem. This would be the most effective means of ensuring the achievement of emissions targets.

Recommendation 7
The Committee recommends that the Australian Government support the development of a reporting mechanism under the Kyoto Protocol which will identify and assist those Parties falling behind in Protocol emissions targets.

Government Response
The Government supports this recommendation.

A detailed reporting mechanism on Parties’ emissions levels has already been built into the Kyoto Protocol. The Protocol requires Parties with targets to prepare and submit an annual inventory of its anthropogenic emissions by sources and removals by sinks. This inventory will include important supplementary information for the purpose of ensuring a Party’s compliance with its target, such as information on changes to its assigned amount due to transfers and acquisitions under the Kyoto mechanisms (International Emissions Trading, Joint Implementation (JI) and the Clean Development Mechanism (CDM)). The Protocol also provides a process for annual review of these inventories by teams of technical experts. Questions of implementation resulting from this technical review will be referred to the proposed UNFCCC Compliance Committee, which can provide advice and guidance to a Party having difficulties with its inventory. The Government has played an active role in the discussions to elaborate guidelines for the operation of this reporting mechanism and review procedure.

Recommendation 8
The Committee recommends that credit for activities should only be provided for activities that are additional to those which would have been undertaken under a ‘business as usual’ situation.

Government Response
The Government supports this recommendation.

In accordance with Article 12 of the Kyoto Protocol, it will be necessary for CDM projects to deliver reductions in emissions that are additional to any that would occur in the absence of the certified project activity. Ultimately, the international modalities and procedures agreed for CDM will define the necessary additionality requirements.

The International Greenhouse Partnerships (IGP) Office has commissioned the production of a series of workbooks which are providing practical guidance on the establishment, design and monitoring of various types of project, including potential methodologies for determining whether projects meet Article 12’s additionality requirements. The IGP Office has also held two training courses for 17 developing countries and economies-in-transition to increase their awareness of these issues and their capacity to assess whether prospective projects will deliver real reductions in emissions.

The Government has also endorsed a “new and additional” principle as one component of its in-principle agreement to support the development of early crediting arrangements for domestic abatement activities. For further details, see the response to Recommendation 99.
Recommendation 9 and Australian Democrats Recommendation 2

Recommendation 9

The Committee recommends that the Commonwealth Government oppose in future international negotiations, any proposals for the inclusion of nuclear technology in the Clean Development Mechanism.

Australian Democrats Recommendation 2

The Australian Democrats recommend that the Commonwealth Government oppose in future international negotiations, any proposals for the inclusion of clean coal or sinks in the Clean Development Mechanism.

Government Response

The Government does not support these recommendations.

A key role of the CDM is to assist developing countries in achieving sustainable development. In accordance with this, the Government considers that developing countries that approve and host CDM projects should be able to exercise discretionary control over whether they consider specific projects, including nuclear energy, clean coal or sinks projects, meet their sustainable development needs.

The Kyoto Protocol states that the certification of emission reductions for CDM projects will be based on real, measurable and long-term benefits related to the mitigation of climate change. There is a wide range of activities which could potentially meet this objective, including nuclear power, clean coal or sinks projects. The Government considers that any activities which meet this criterion should, in principle, qualify for the allocation of emission credits under the CDM, recognising that, as outlined above, host countries would have the capacity to exercise discretion over project approvals. Clearly it will also be important to ensure that rigorous methodologies are used to quantify emission reductions arising from CDM projects.

Recommendation 10

The Committee recommends that the Commonwealth Government take a leadership role in international negotiations on climate change, with a view to moving through Australia’s treaty-making process in a timely manner to achieve ratification of the Kyoto Protocol, including:

- urging other countries to ratify the Protocol;
- starting to work constructively with developing countries to encourage them to adopt binding targets as soon as possible and to ensure global emissions constraints; and
- ensuring adequate targets are in place beyond the first commitment period to stabilise atmospheric concentrations of greenhouse gases.

Government Response

The Government considers that this recommendation is already being addressed through existing measures.

Australia has consistently taken a high profile role in the international negotiations. At the Sixth Session of the UNFCCC Conference of the Parties in The Hague (COP 6) Australia was commended by the Conference President, for its constructive approach, particularly through Senator Hill’s effective chairmanship of the Umbrella Group. Australia will continue to take a positive and constructive role in the international negotiations.

The Government will not consider ratifying the Kyoto Protocol until international agreement is reached on all the outstanding issues. These issues include rules for the use of sinks, the rules, guidelines and modalities for the Kyoto flexibility mechanisms (International Emissions Trading, JI and the CDM), the compliance system and the engagement of developing countries. The Government intends to work with the international community on these issues at the resumption of COP 6 from 16–27 July 2001.

Australia is actively encouraging developing countries to work towards addressing their greenhouse gas emissions. At COP 6, Australia in its role as Chair of the Umbrella Group (which also includes Canada, Iceland, Japan, New Zealand, Norway, Russia, Ukraine and the United States) tabled a proposal on developing country issues that included a significant financial component linked to developing country emissions reduction commitments.

If there were to be international agreement on all outstanding Kyoto Protocol issues and the Protocol were to enter into force, the issue of emission targets for a second commitment period would need to be addressed. It would be premature to speculate on likely targets prior to such agreement. According to the Kyoto Protocol (Article 3.9) consideration of commitments for subsequent periods shall be initiated at least seven years before the end of the first commitment period. In other words, those negotiations should commence by the end of 2005 at the latest.

Chapter 4 – Australia’s Greenhouse Performance and Strategy

Recommendation 11

The Committee recommends that the first report on the progress of the National Greenhouse Strategy, which is to be tabled in Parliament in early 2001, should:
• include an assessment of the progress, implementation and effectiveness of each measure;
• include an estimate of emissions reductions for each measure;
• clearly identify where information is lacking and progress remains unsatisfactory; and
• assess performance against prior pledges, including performance against expected emissions reductions.

Government Response
The Government considers that this recommendation has now been addressed.

The first report on the progress of the NGS was tabled in the Parliament in December 2000, as required by the NGS. It examines: Australia’s progress towards its target under the Kyoto Protocol; progress in implementation by individual jurisdictions and through the Ministerial Councils; progress in implementation by measure; and the effectiveness of measures in addressing the Strategy’s goals.

Recommendation 12
The Committee recommends that the major review of the National Greenhouse Strategy currently planned to be conducted during 2002 be brought forward to 2001 to immediately follow the release of the first report.

Government Response
The Government does not support this recommendation.

Undertaking a comprehensive review of the NGS requires a significant level of preparation and data gathering at both the Commonwealth and the State level. Bringing the review forward to 2001 is not feasible, as the underpinning data are not yet available. The impact of the 1998 NGS measures will be more readily assessed once relevant data from 2000 are available. As noted in the NGS, data that need to be considered includes:

• Analyses of trends in emissions, as indicated by the National Greenhouse Gas Inventory (NGGI) and projections of future emissions, especially in relation to Australia’s target under the Kyoto Protocol. Key NGGI data for 2000 will not be available until 2002;
• Developments in international agreements including the UNFCCC and the Kyoto Protocol;
• Findings from research into opportunities and constraints relating to greenhouse policy and the benefits and costs of policy response options which will be collected throughout 2001 and into 2002; and
• Developments in greenhouse science.

In addition advice from stakeholders and the views of the community would also need to be sought.

State and Territory input was sought in respect of this recommendation. Substantive responses were received from three jurisdictions, all of which support the Government’s position that the review of the NGS should not be brought forward to 2001.

Recommendation 13
The Committee recommends that the Commonwealth Government incorporate the reduction of greenhouse emissions as a central objective across the whole-of-government and in all policy formulation. All relevant areas of Government, including transport and treasury, should be required to include greenhouse abatement in policy development and report on progress in their annual reports.

Government Response
The Government considers that this recommendation is already being addressed through existing measures.

Consideration of Government greenhouse policy is led by the Ministerial Council on Greenhouse comprised of the Ministers for Environment and Heritage; Agriculture Fisheries and Forestry; Industry, Science and Resources; Finance and Administration. Other portfolio Ministers such as Foreign Affairs; Transport and Regional Services; and Forestry and Conservation also participate where appropriate.

In 1997 the Government established the AGO, as the lead Commonwealth agency on greenhouse matters, as part of the Prime Ministers 1997 Safeguarding the Future package. A key function of the AGO is to provide advice to the Government on greenhouse issues with a whole-of-government perspective, obtained through consultation across portfolios.

These mechanisms have provided appropriate coordination of greenhouse issues where relevant in Government policy development across a range of portfolios.

Recommendation 14
The Committee recommends that all agencies of the Commonwealth Government be required to develop quantified emissions reduction targets for all emissions from their operations.

Government Response
The Government considers that this recommendation is already being addressed through existing measures.
There are already targets for improving the energy efficiency of Commonwealth operations. Energy related emissions are estimated to account for 95 per cent of Government agency greenhouse emissions. Progress towards these targets is reported annually to Parliament.

The Commonwealth Energy Policy contributed to a 10.6 per cent reduction in the energy used by Commonwealth agencies in 1999–00 and a 9.2 per cent reduction in associated greenhouse emissions against a 1997–98 baseline.

In addition, Government agencies are encouraged to join the Greenhouse Challenge.

**Recommendation 15**
The Committee recommends that performance against emissions targets should be monitored, independently and transparently assessed, and reported in annual reports.

**Government Response**
The Government does not support an independent assessment of agency performance against emission targets and considers that other aspects of this recommendation are already being addressed through existing measures.

In programs such as Greenhouse Challenge, where the quantity of emissions justifies such an approach, independent verification is already a design feature.

Other programs, such as Commonwealth Energy Operations, rely on agencies self-reporting. Over 95 per cent of emissions from Commonwealth agencies’ energy consumption are reported under the Commonwealth Energy Policy. The Government has developed tools to ensure that agency emissions are transparently and accurately calculated.

In 1999 the Australian National Audit Office conducted a Performance Audit on Energy Efficiency in Commonwealth Operations (Audit Report No. 47 of 1998–99, tabled in Parliament on 15 June 1999) which examined how well agencies were implementing the Commonwealth Energy Policy. The Audit Office concluded that significant energy efficiency activity was occurring in many agencies. This activity included both the development of systems and procedures to comply with the Energy Policy, for example in implementing energy efficient building design, as well as the day-to-day management of work practices and facilities.

The Government is monitoring energy efficiency of Commonwealth agencies and reports annually on progress in reducing energy consumption. Agencies contribute towards portfolio energy efficiency targets of 15 per cent over 5 years, 25 per cent over 10 years against the 1992–93 base year. This approach has had considerable success.

**Recommendation 16**
The Committee recommends that government develop greenhouse accounting tools for the private sector and provide tangible recognition and encouragement to those organisations which apply in-house mechanisms such as emissions trading or de-facto carbon taxes.

**Government Response**
The Government considers that this recommendation is already being addressed through existing measures.

The Government already has in place a number of mechanisms to develop and provide greenhouse gas accounting tools for the private sector. These include action under the Greenhouse Challenge program and the National Carbon Accounting System (NCAS).

The Government will continue to view the Greenhouse Challenge as a mechanism for encouraging enterprises to take early action in the lead up to any possible future economy-wide measures, such as emissions trading. One of the founding tenets of the Greenhouse Challenge is to develop industry capacity to monitor and report greenhouse gas emissions to prepare for a future where such reporting requirements may be mandatory.

Companies on the Greenhouse Challenge develop technical expertise in identifying, monitoring and forecasting greenhouse gas emissions. The Greenhouse Challenge area of the AGO provides workbooks and information to participants to develop their emissions inventories and abatement actions.

In addition the NCAS within the AGO includes as part of its funding development of accounting tools suited to private organisations. For example, AGO has recently made publicly available, through its Internet site, the CAMFor carbon accounting model for forests (see www.greenhouse.gov.au/ncas/files/consultancies/xtool.html). Ongoing work will be undertaken in consultation with private sector interests.

The Government has developed methodologies to assess the performance of abatement projects under the Greenhouse Gas Abatement Program (GGAP). The Government encourages the private sector to apply these when considering their own abatement strategies.

**Australian Democrats Recommendation 3**
The Australian Democrats recommend that the Commonwealth Government apply a tax on all energy used within its departments at the rate of
$10/tonne of CO$_2$. These funds should be allocated to investments in emissions reduction for Government operations. Agencies could be allowed to determine how they spend those funds, or unallocated funds be allocated to the Australian Greenhouse Office to invest in the most cost- and greenhouse-effective manner. The Australian Democrats recommend that state and local governments be encouraged to match this measure.

**Government Response**

The Government does not support this recommendation. The Government is not considering the introduction of a carbon tax on the operations of its own agencies due to the success of existing energy efficiency programs. Agency involvement in energy efficiency programs has resulted in improved energy management and reduced emissions. This has been translated into significant progress towards meeting the Government’s energy performance targets by 2002–03. Although agencies currently retain savings from better energy management practices, several agencies are investing those savings in energy efficiency initiatives or other greenhouse abatement projects such as Green Power.

**Recommendations 17–20**

**Recommendation 17**

The Committee recommends that the states and territories set out emissions reduction benchmarks and objectives for all relevant areas of government. Areas such as energy use, buildings and planning, transport and vehicle fleets, and administrative services should be a priority. Performance against such benchmarks should be regularly, transparently and independently assessed.

**Recommendation 18**

The Committee recommends that state and territory governments adopt the reduction of the greenhouse intensity of energy supply and transport as a key criteria in the assessment of new projects.

**Recommendation 19**

The Committee recommends that states and territories with outstanding implementation plans submit them to the Commonwealth by the end of 2000. The plans should, at a minimum, outline the measures they will implement under the National Greenhouse Strategy, any additional measures they will undertake, progress towards and timelines for their completion, and estimates of the emissions savings from the measures.

**Recommendation 20**

The Committee recommends that the states and territories support their greenhouse plans with adequate levels of budgeted funding.

**Government Response**

No Government response required.

**Recommendation 21**

The Committee recommends that the Commonwealth take a leadership role in facilitating the states and territories, industries and other key groups to set clearer directions on greenhouse abatement, based on their ‘fair share’ of emissions limits under Kyoto and subsequent commitments is, and in particular:

- to assist parties to improve monitoring and accountability of greenhouse abatement performance, to identify trends and to evaluate performance against benchmarks (such as greenhouse gas emissions as a proportion of Gross State Product); and
- to assist industry to achieve ‘world’s best’ emissions levels per unit while preparing for a carbon constrained future.

**Government Response**

The Government considers that this recommendation is already being addressed through existing measures. The Government has led by example, committing nearly $1 billion to its greenhouse response across a range of programs. The Government has encouraged States and Territories to make commensurate efforts under the NGS, recognising that Australia’s regional diversity means that States and Territories’ responses will vary according to their circumstances.

There is scope, however, for States and Territories to benchmark their efforts against the most effective measures adopted by Australian jurisdictions and against world best practice in order to facilitate more effective design and implementation of policies and measures.

The Government is currently assisting industry to achieve “world’s best” emission levels through initiatives such as the Greenhouse Challenge Program and the Voluntary Building Industry Initiatives program, and through a range of NGS measures such as Measure 4.16: Efficiency Benchmarking and Best Practice.

State and Territory input was sought in respect of this recommendation. The three substantive responses received support the position that Australia’s regional diversity must be taken into consideration in tailoring Australia’s greenhouse response. States and Territories that did not provide a specific response generally expressed the view that the recommendation would be taken into account in future policy development.

**Recommendation 22**

The Committee recommends that the Commonwealth Government make further efforts to assist...
smaller state and territory governments or re-
gional communities develop greenhouse strate-
gies and responses. The Committee recommends
that the Commonwealth Government improve
communications, dialogue and technical coop-
eration between the Commonwealth and the
states and territories.

Government Response
The Government considers that this recommend-
dation is already being addressed through existing
measures.

Regional Greenhouse Partnerships is one of the
four major themes of the $400 million GGAP.
This theme will encourage significant and sus-
tained reductions in greenhouse emissions across
regional Australia including promoting: sustain-
able land management that incorporates green-
house considerations into agricultural, forestry
and vegetation management practices; promoting
the development and uptake of sustainable en-
ergy, including biomass to energy and bio-fuels,
in regional Australia; and catalysing non-
government investment and cross-sectoral part-
tnerships in regional Australia for greenhouse
abatement.

The AGO is also facilitating a range of initiatives
with local governments, individuals and com-
nunities to address greenhouse gas emissions.

Through the Cities for Climate Protection™
(CCP™) Program, local councils have an oppor-
tunity to draw on international expertise and
world best practice in developing effective green-
house solutions at the local level. The Australian
CCP™ Program is the fastest growing CCP™
Program in the world through a strong commit-
ment from largely urban councils. During his
December 2000 speech at the National General
Assembly of Local Government, Senator Hill
highlighted the need for efforts to increase the
involvement of rural, regional and indigenous
communities in greenhouse action. The AGO is
currently developing strategies to achieve this
outcome.

The “Cool Communities” project is another AGO
initiative which is being delivered under the
Household Greenhouse Action Program. In 2001,
“Cool Communities” will recruit communities
across Australia, and will resource and assist
them in developing tailored strategies to engage
their residents, businesses and community groups
in taking greenhouse action at the household
level.

More generally, the Government is making sub-
stantial efforts to facilitate communication, dia-
logue and coordination with all State and Terri-
tory governments in the development of green-

house strategies and responses. These efforts are
supported by a High Level Group on Greenhouse,
comprising senior Commonwealth, State and
Territory officials, and through a number of joint
Commonwealth/State Ministerial Councils, which
coordinate national action on greenhouse in key
sectors such as energy, transport and land man-
agement.

Recommendations 23 and 24
Recommendation 23
The Committee recommends that a clear strategy
be developed and coordinated at the national
level to effectively communicate the issues associ-
ated with greenhouse gas emissions and climate
change to the broader community.

Recommendation 24
The Committee recommends that all levels of
government take responsibility for raising aware-
ness about climate change and current green-
house gas abatement policies and programs.

Government Response
The Government considers that these recommen-
dations are already being addressed through ex-
isting measures.

At the Commonwealth level communication ac-
tivity is led by the AGO, with a focus on activi-
ties that have a national reach. In February 2001
the Government commenced a new national pub-
lic information campaign aimed at getting Aus-
tralians to help reduce greenhouse gas emissions.
The campaign includes television, newspaper and
magazine advertising and is being supported by a
1300 infoline. The AGO also hosts an informative
and up-to-date Internet site, which receives ap-
proximately 350,000 unique hits each month (see
www.greenhouse.gov.au) and produces and dis-
tributes a range of publications including quar-
terly newsletters and information fact sheets, re-
ports and brochures.

A national greenhouse communication strategy,
derived from community awareness research,
is also being developed by the Commonwealth
and the States and Territories under the NGS.
Implementation of the communication strategy
will be the responsibility of all jurisdictions.

Chapter 5 – Energy Use and Supply
Recommendation 25
The Committee recommends that the Common-
wealth and the states and territories seek greater
transparency from large electricity consumers
about the prices they pay for electricity if those
prices are fixed outside the pool.

Government Response
The Government does not support this recom-
mandation.
Government intervention to mandate greater transparency in relation to financial contracts may compromise commercial arrangements, undermine competition between market participants and reduce incentives for the development of innovative risk management products, potentially increasing the cost of electricity for end users.

Gross pool arrangements were adopted for the physical wholesale electricity spot market to, among other things, provide greater transparency for market participants, to enable them to efficiently negotiate financial contracts for electricity. Financial supply contracts are negotiated bilaterally between market participants on a commercial-in-confidence basis. These contracts provide the means and incentive for market participants to manage their financial exposures to volatile wholesale electricity markets in an efficient, flexible and innovative manner.

Vesting contracts were only introduced as a transitional measure to enable wholesale market participants to manage their fixed price exposure to franchise consumers while they remained non-contestable. These arrangements expired on 1 January 2001, with the introduction of further tranches of retail contestability.

It should be noted that financial contracts are subject to the general regulatory provisions of the Trade Practices Act 1974 and other corporations law administered by Commonwealth, State and Territory governments.

State and Territory input was sought in respect of this recommendation. The three substantive responses received generally support the Government’s position on this recommendation. States and Territories that did not provide a specific response generally expressed the view that the recommendation would be taken into account in future policy development.

**Recommendation 26**

*The Committee recommends that state and Commonwealth governments seek to publicly disclose details of any arrangements under which public monies are effectively subsidising large industrial users through the provision of low electricity prices.*

**Government Response**

The Government does not support this recommendation.

Commercial arrangements between jurisdictions and large industrial electricity users are typically not subject to Commonwealth review, nor is the Commonwealth empowered to seek public disclosure of such arrangements. However, the Government supports the principle of cost reflective pricing and transparency, to encourage efficient market based outcomes.

State and Territory input was sought in respect of this recommendation. The substantive input received from three State and Territory governments demonstrates that States and Territories are also generally supportive of the principle of cost reflective pricing. States and Territories that did not provide a specific response generally expressed the view that the recommendation would be taken into account in future policy development.

**Recommendation 27**

*The Committee recommends that the states ensure that any future privatisation plans are the subject of full and open public debate and take account of the potential greenhouse implications of the sales. Prices should reflect a future market which is likely to be constrained by mandatory pressures to reduce emissions.*

**Government Response**

No Government response required.

**Recommendation 28**

*The Committee recommends that a national strategy be developed to reduce the emission intensity of, and constrain the growth in overall emissions levels, from the electricity generation sector. Such a strategy should include national emission intensity standards for electricity generators.*

**Government Response**

The Government considers that this recommendation is already being addressed through existing measures.

In November 1997 the Prime Minister announced a package of measures to reduce greenhouse gas emissions in *Safeguarding the Future: Australia's Response to Climate Change*. Generator efficiency standards in power generation are part of this package. This measure was incorporated into the NGS.

The objective of the Generator Efficiency Standards measure is to:

- Achieve movement towards best practice in the efficiency of electricity generation using fossil fuels; and
- Deliver reductions in the greenhouse gas intensity of energy supply.

The Generator Efficiency Standards program commenced on 1 July 2000. Under this initiative the Commonwealth will enter into legally binding agreements with generators to achieve agreed emission reduction targets. Standards will apply...
to new electricity generation, significant refurbishments and existing generation.

The program is projected to achieve about 4 million tonnes (Mt) per annum of greenhouse gas abatement at a cost of up to $10/tonne carbon dioxide equivalent (CO₂-e). These savings are additional to any commitments businesses may have made under the Greenhouse Challenge. Annual reporting by businesses affected by the measure will provide a clear picture of progress towards these greenhouse savings.

In addition, the Government has implemented measures to significantly increase the supply of energy from renewable sources (see Recommendation 42 for further details).

**Recommendation 29**

The Committee recommends that the states and territories agree to set mandatory targets to progressively increase the total proportion of electricity generated from efficient power plants and low greenhouse intensity fuels.

**Government Response**

No Government response required.

**Recommendation 30**

The Committee recommends that the Council of Australian Governments designate the reduction of harm to the environment as a goal of ongoing energy market reform, with a specific requirement for the reduction of the greenhouse intensity of power generation.

**Government Response**

The Government considers that this recommendation lies outside the current framework under which National Competition Policy payments are made to the States and Territories.

National Competition Policy reform benchmarks are established by COAG. The National Competition Council’s (NCC) role is to assess jurisdictions’ performances against these benchmarks for the purpose of recommending on the level of competition payments to be made to States and Territories.

From June 2001, the NCC is required to assess, on an annual basis, whether each relevant jurisdiction has demonstrated continued effective observance of reforms in electricity and gas. The reform commitments are specified in the 1995 inter-governmental Agreement to Implement the National Competition Policy and Related Reforms. This requires that relevant jurisdictions have undertaken effective implementation of all COAG agreements on the establishment of a fully competitive National Electricity Market and the introduction of free and fair trading in gas between and within States.

The NCC can only incorporate new benchmarks such as for the reduction of the greenhouse intensity of power generation, into its assessment process if agreed by COAG for this purpose.

**Recommendation 32**

The Committee recommends that the Government, the National Electricity Code Administrator and the Australian Competition and Consumer Commission work closely with the cogeneration industry to ensure that transmission pricing regimes truly reflect the costs and distance of transmission and contain no biases against embedded generation and cogeneration.

**Government Response**

The Government considers that this recommendation is already being addressed through existing measures.

Structural, legislative and regulatory barriers to cogeneration and renewable generators have been documented in recent reports including the impact
of network pricing regimes on the competitiveness of embedded generators including cogenerators.

Initiatives to improve the cost-reflectivity of network pricing are being addressed by the National Electricity Code Administrator (NECA) and the Australian Competition and Consumer Commission (ACCC) in the context of the Transmission and Distribution Pricing Review.

NECA is also progressing the Review of the Scope for Integrating the Energy Market and Network Services with a view to improving locational pricing signals within the National Electricity Market.

Improved locational pricing signals and more cost reflective network pricing have the potential to favour generators that are located closer to load, compared to existing, remotely located generators, who will be required to pay for increasing transmission losses as electricity is transmitted across a greater number of regional boundaries, and could help create new competitive opportunities for embedded generators, including renewable generators and cogenerators.

The Government will continue to monitor progress on these initiatives to ensure that the benefits of further networks pricing reform is realised.

Recommendations 33–35 and 106

Recommendation 33
The Committee recommends the immediate introduction of amending legislation that will designate greenhouse gas emissions as matters of national environmental significance under the Environment Protection and Biodiversity Conservation Act 1999, and that it be designed so as to incorporate new projects, capacity expansions and recommissioned plant that would produce large amounts of new emissions sources.

Recommendation 34
The Committee recommends the proposed addition of a greenhouse trigger to the Environment Protection and Biodiversity Conservation Act 1999 be designed to ensure that transmission augmentation projects which will have a significant impact on electricity emissions will be subject to environmental impact assessment.

Recommendation 35
The Committee recommends that the introduction of a greenhouse trigger be accompanied by the announcement of general principles or other policy objectives that will guide the assessment of new projects.

Recommendation 106
The Committee supports the immediate addition of greenhouse emissions to the Environment Protection and Biodiversity Conservation Act 1999 to act as a trigger for environmental impact assessment of new projects which could cause the production of significant new greenhouse gas emissions.

Government Response
The Government considers that these recommendations are currently being addressed in the context of its consideration of possible further greenhouse policy options.

The Government is committed to a process of consultation with States and Territories on the potential application of a greenhouse trigger under the Environment Protection and Biodiversity Conservation Act 1999 (EPBC Act). In November 2000, the Minister for the Environment and Heritage wrote to the States and Territories seeking their views, in accordance with section 25 of the EPBC Act, on a draft regulation and attached a discussion paper outlining how such a trigger could be applied. The discussion paper outlined the general principles to guide the process for assessing new projects.

The proposed design of a greenhouse trigger under the EPBC Act would ensure that any action that results or is likely to result in emissions greater than 500,000 tonnes of CO₂-e in any twelve month period would be subject to environmental impact assessment. Effects on international competitiveness and regional development would be factored into the assessment and approval process.

Recommendation 36
The Committee recommends that a full evaluation be made of the long term greenhouse emission impacts of the Basslink project.

Government Response
The Government considers that this recommendation is already being addressed through existing measures.

The greenhouse emission impacts of the Basslink project are required to be taken into account in the joint Commonwealth, Tasmania and Victoria environmental assessment and approval process to meet the legislative provisions of the three jurisdictions including those under the Commonwealth Environment Protection (Impact of Proposals) Act 1974.

Recommendation 37
The Committee recommends that any decision to proceed with Basslink take into account the impact of the NEM reforms agreed to by the Australian governments under the National Greenhouse Strategy.

Government Response
This recommendation is outside the scope of Commonwealth powers.
The proponent of Basslink, National Grid International Limited, has announced its intention to develop the project as an entrepreneurial interconnector. As an entrepreneurial interconnector, the final decision on whether to proceed with the project, following the various government approvals processes, lies with the proponent. Like all commercial decisions, its decision on whether to proceed will be based on detailed analysis of the project’s commercial viability, taking into account all relevant information including the potential impact of the measures outlined in the NGS.

**Recommendation 38**
The Committee recommends that Australian governments streamline and coordinate their processes for developing and implementing world’s best practice energy efficiency standards for products, manufacturing processes and building design, with a view to the earliest possible adoption of world’s best practice standards.

**Government Response**
The Government considers that this recommendation is already being addressed through existing measures. During 1999, the Australian and New Zealand Minerals and Energy Council’s Standing Committee of Officials, agreed that the National Appliance and Equipment Energy Efficiency Committee (NAEEEC) adopt a program with standards that match the most rigorous minimum level imposed by our major trading partners for any product identified as significant contributors to Australia’s growth in greenhouse gas emissions.

Through NAEEEC, Australian governments are working together to ensure national consistency and effective cooperative action in the national development and adoption of world’s best practice energy efficiency standards for electrical appliances and equipment. Introducing regulatory measures lies with individual State and Territory governments, but the use of Australian and New Zealand Standards within the framework of regulations is a key means of achieving national consistency. Model regulations, Regulatory Impact Statements and community consultation are also being coordinated nationally through NAEEEC.

A number of programs at the Commonwealth, State and Territory levels collaborate and coordinate activities to facilitate industry adoption of best practice energy efficiency standards for manufacturing processes. For example, the Energy Efficiency Best Practice Program (EEBP) within the DISR and the AGO have worked together on the Australian Motors Systems Challenge and are currently collaborating on energy performance contracting, commercial buildings and in the dissemination of best practice guides in the bread baking and wine sectors. Collaborative opportunities between the EEBP and several State government programs have also been identified or are being explored. The EEBP has also benchmarked world’s best practice in the aluminium, bread baking and fleet management sectors.

In relation to building design see the Government’s response to Recommendation 40 below.

**Recommendation 39**
The Committee recommends that Australian governments at all levels expand awareness programs for consumers, business and industry and encourage the development of expertise in energy efficiency solutions and programs.

**Government Response**
The Government considers that this recommendation is already being addressed through existing measures. There is currently a range of voluntary Commonwealth, State, Territory and Local government programs that seek to raise awareness of energy efficiency and encourage and support the development and uptake of more energy efficient products, processes and practices.

These programs, which comprise a number of measures under the NGS, offer services that target consumers, business, industry and government and address a range of areas (eg appliances, buildings, motors and industrial equipment, processes and practices). In addition to raising awareness and supporting the uptake of energy efficiency initiatives, these programs also utilise and develop the energy efficiency skills of end-users and the energy services sector.

With the range of programs and services currently available, the main focus should therefore be on how to maximise their effectiveness. Key to this will be addressing current barriers to program participation and the implementation of energy efficiency initiatives, with programs needing to continue to focus their efforts on how to best structure and promote their activities (including inter-program collaboration) so that consumers, business and industry are provided with the best possible incentive to improve their energy efficiency.

The Government is currently compiling an inventory of existing State, Territory and Commonwealth government energy efficiency and greenhouse gas abatement information services targeted at industry, business and the residential
sector. The inventory will be used to identify the gaps, overlaps and synergies in current energy efficiency and greenhouse gas abatement information and will help to enhance the effectiveness and efficiency of delivery of this information by all jurisdictions.

Recommendation 40
The Committee recommends that the inclusion of energy efficiency and greenhouse considerations into the Building Code of Australia be given priority for implementation.

Government Response
The Government considers that this recommendation is already being addressed through existing measures.

In July 2000, agreement was reached between the Commonwealth and the State and Territory governments for the introduction of minimum energy performance requirements into the Building Code of Australia. Through the Australian Building Codes Board, all governments and the building industry are working together to ensure national consistency and effective cooperative action in the national development and adoption of best practice energy efficiency regulation.

Recommendation 41
The Committee recommends that the Government set a target for the Australian renewable energy industry to capture 5 per cent of the global renewable energy market by 2015, and designate renewable energy as a strategic industry.

Government Response
The Government does not support this recommendation.

The Government has dedicated considerable resources towards the development of Australia’s renewable energy industry. It has, in partnership with industry, developed the Renewable Energy Action Agenda to support the ongoing development of Australia’s renewable energy industry. The Action Agenda addresses the critical strategic issues of importance to the industry’s future development and identifies the actions required to place the industry on a sustainable long-term growth path.

Expanding Australia’s renewable energy export market is a crucial component of the Action Agenda but the Government does not consider a target representing a proportion of the global market as appropriate. It is estimated that for the industry to achieve its Vision (of sales of $4 billion per year by 2010), exports will need to comprise approximately 50 per cent of the forecast growth in sales. Estimates of the potential global growth in renewable energy demand reinforce the industry and Government’s view that in the medium to long-term, industry growth will depend on capturing export market share.

Other key Government initiatives such as the Mandatory Renewable Energy Target, provided for in the Renewable Energy (Electricity) Act 2000, should contribute to the development of an internationally competitive industry which could participate effectively in the burgeoning global energy market (see Recommendation 42 for further details).

Recommendation 42
The Committee recommends that the Commonwealth Government in consultation with the industry develop an aggressive industry development program for the Australian renewable energy industry.

Government Response
The Government considers that this recommendation is already being addressed through existing measures.

The Government in consultation with industry has already developed the Renewable Energy Action Agenda to support the ongoing development of Australia’s renewable energy industry. This Action Agenda addresses the critical strategic issues of importance to the industry’s future development and identifies the actions required to place the industry on a sustainable long-term growth plan.

The Government has passed legislation to implement from 1 April 2001 a mandatory requirement for wholesale purchasers of electricity to increase the amount of electricity purchased from renewable energy sources. Liable parties not purchasing sufficient renewable energy will face financial penalties.

The target of 9,500 gigawatt hours (GWh) of new renewable energy imposed by this measure will require a significant expansion of renewable energy capacity in Australia and represents a 60 per cent increase above 1997 levels of renewable energy generation. The measure, through establishing a guaranteed market for new on-grid renewable energy and penalties for non-compliance, is a cornerstone of the foundation of the Government’s aggressive industry development strategy for the renewable energy industry sector.

The Government has also provided significant funding (approximately $387 million) for grant and equity programs to boost the commercialisation of renewable energy technologies, to reduce costs and improve quality and reliability, to deploy renewable energy technologies and to help
build the capacity of the renewable energy industry to meet the expected high growth in demand for its goods and services. This includes the package of programs announced in the Prime Minister’s 1997 Safeguarding the Future Statement and the additional support measures announced in May 1999 as part of the Measures for a Better Environment Statement. These measures include the:

- Renewable Energy Commercialisation Program (RECP), which provides funding of $29 million for renewable energy commercialisation, including a component for industry development;
- Renewable Energy Equity Fund (REEF), which provides venture capital of $20 million for small innovative renewable energy companies;
- Renewable Remote Power Generation Program (RRPGP), which will fund special purpose grants of up to $264 million to State and Territory governments to provide rebates for the installation of renewable energy equipment where it will reduce the use of diesel fuel for electricity generation and;
- Photovoltaic Rebate Program (PVRP), which provides funding of $31 million will increase the utilisation of photovoltaic systems on residential buildings and community-use buildings.

Additionally, the renewable energy industry has opportunities to benefit from the $75 million Alternative Fuels Conversion Program.

Recommendation 43

The Committee recommends consideration of a range of options for the renewable energy industry including tax incentives, R&D grants, market and regulatory reforms and continuing assistance with commercialisation.

Government Response

The Government considers that this recommendation is already being addressed through existing measures.

In light of the potential problems of tax incentives (such as targeting difficulties), the Government’s policy is to limit tax incentives to instances where the tax system has clear advantages over outlays measures.

The renewable energy industry is eligible to apply for a range of Government support measures including tax incentives, R&D grants and assistance with commercialisation such as the R&D Tax Concession, the R&D Start Program and the Commercialising Emerging Technologies Program. The Government provides support for the industry via its funding of the Australian CRC for Renewable Energy; CSIRO activities; Australian Research Council grants; and through general university funding. In addition, the Government provides support for technology diffusion, venture capital, and supports international science and technology collaboration.

See also responses to Recommendations 41 and 42 which provide detail of current programs supporting the renewable energy industry.

Australian Democrats Recommendation 4

The Australian Democrats recommend that carbon levy revenues also be considered as a source of funds for renewable energy programs.

Government Response

The Government does not support this recommendation. The Government is not considering the introduction of a carbon tax. The Government is actively promoting the renewable energy industry through a range of strategies (see the responses to Recommendations 41 and 42 for further details).

Recommendation 44

The Committee recommends that the Commonwealth set up specific programs under Austrade and Ausaid to promote the export and transfer of Australian and sustainable energy technology to developing countries.

Government Response

The Government considers that this recommendation is already being addressed through existing measures.

A number of Government programs exist which aim to promote technology transfer and enhance the market access opportunities for Australian technologies. The IGP Program has the ability to facilitate the export and transfer of Australian sustainable energy technologies by helping establishing mutually beneficial greenhouse gas abatement projects with cooperating Annex I (developed, economies-in-transition) countries and non-Annex I (developing) countries. To date, agreement has been reached with 8 countries to implement 14 pilot projects which, inter alia, will utilise renewable energy technology and/or implement energy efficiency measures. The Program has been set up to progress the establishment of the CDM and JI projects which are aimed at generating carbon credits for developed countries and assisting developing countries to achieve sustainable development.

Other programs, including the Technology Diffusion Program and the APEC Market Integration/Industrial Collaboration Program, also aim to
promote technology transfer and enhance the market access opportunities for Australian technologies. These programs target countries identified as priorities, but these countries are not necessarily developing countries.

Australia’s overseas aid program aims to assist developing countries to reduce poverty and achieve sustainable development, but specific promotion of export is not a role for the aid program. The Government recognises the linkages between poverty and climate change and funds activities for abating greenhouse gas emissions and facilitating adaptation to climate change through the aid program. More broadly, the overall aid program strengthens the economies, governments and social institutions in developing countries, which improves their general capacity to address global warming. The transfer of technology is facilitated by assisting in the improvement of the enabling environment within developing countries so that technology transfer through the private sector is encouraged.

Austrade is active in working with firms in promoting the export of Australian sustainable energy technology, products and services, having assisted over 46 companies and organisations in a total of 18 overseas markets in 2000, many of them in developing countries. Austrade is a member of the newly established Renewable Energy Export Network which brings together companies aiming to expand the exports of this sector. Consistent with this recommendation, Austrade will work with the network to promote the export of renewable energy technologies, products and services. Austrade will also implement a communication program to encourage eligible companies in this sector to take full advantage of the Export Market Development Grants scheme administered by Austrade.

**Australian Democrats Recommendation 5**

The Australian Democrats recommend that the Commonwealth Government conduct studies to identify the full costs of energy supply on a regional and time basis and that, where prices are below those costs, make compensating subsidies available to sustainable energy alternatives in those areas or satisfying loads at those times.

**Government Response**

The Government does not support this recommendation.

The Government is committed to undertaking appropriate studies on energy supply. An open and competitive national energy market structure provides the most effective and efficient means of delivery of energy at appropriate prices, reflecting the true costs of providing that energy. Achieving this market structure is a high priority for the Government.

Further, in December 2000 Parliament passed the *Renewable Energy (Electricity) Act 2000*. The legislation supports the implementation of the mandatory renewable energy target, designed to increase the amount of renewable energy generated in Australia and as a result, reduce Australia’s greenhouse gas emissions by a projected seven Mt in 2010. Under the measure, wholesale energy purchasers will have to purchase increasing amounts of electricity generated from renewable sources. Producers of renewable energy can benefit from this measure by creating and trading renewable energy certificates for each megawatt hour of eligible renewable energy. Regional producers of renewable energy will also be eligible to participate in this scheme. The renewable energy certificate represents an additional value for renewable energy which when sold, can reduce the cost (to generators) of generating electricity from renewable energy resources.

The Government already has in place programs to encourage the uptake of renewable energy opportunities, both in areas serviced by electricity grids and in the replacement of off-grid power supplies, including the PVRP and the RRPGP. Such programs have been noted in the Committee’s report. These programs address the capital cost of renewable power supplies, which is the most significant barrier to their uptake by consumers.

**Australian Democrats Recommendation 6**

The Australian Democrats recommend that Australian governments prepare set time frames to replace coal-fired power with a mixture of gas and renewables, with the proportion of renewable energy steadily increasing until the Australian economy is predominantly based on renewable sources some time after 2050.

**Government Response**

The Government does not support this recommendation.

Fuel neutrality is a fundamental tenet of the National Electricity Market which permits efficient and transparent pricing of electricity. Efficient pricing signals are required to ensure efficient investment and electricity consumption decisions.

The Government has provided over $1 billion to fund programs directed at the abatement of greenhouse gases, a significant component of which has been allocated to the promotion of renewable energy. The Government has legislated for mandatory renewables energy target to increase the use of renewable energy sources in electricity generation that will displace 9,500
GWh of largely coal-fired electricity from renewable generators by 2010.

The greatest impediment to increased market penetration of renewable energy remains its cost. On 20 June 2000, the Minister for Industry, Science and Resources launched the Renewable Energy Action Agenda. The Action Agenda establishes a policy framework to promote growth in a commercially viable and internationally competitive Australian renewable energy industry.

Furthermore the Government has worked with the electricity supply industry to develop a measure to assist in monitoring the greenhouse intensity of electricity trading pools. The greenhouse intensity measure complements the development of generator efficiency standards and voluntary abatement measures through the greenhouse challenge program.

Chapter 6 – Transport Emissions and Solutions

Recommendation 45
The Committee recommends that the Bureau of Transport Economics’ report on the economic policy instruments relating to transport be made public immediately. The Committee recommends that the planned meeting of transport ministers to consider the report be broadened to include the respective environment ministers and/or ministers responsible for greenhouse issues.

Government Response
The Government supports this recommendation.

A draft of the Bureau’s report, Transport and Greenhouse: A Study of Policy Options, was provided to State and Territory transport ministers in November 2000. It was distributed widely as an exposure draft for comment, including to Commonwealth and State government agencies. The period for comment has closed, but the report is still available (for information only) in hard copy and electronic form on request. For copies, phone 02 6274 7210, or email: bte@dotrs.gov.au. The final report is expected to be publicly available by July 2001.

Recommendations 46 and 56–60

Recommendation 46
The Committee recommends that the Commonwealth work with the states to consider the following measures proposed by the Institute for Sustainable Future University of Technology, Sydney:

- strengthen the role of Departments of Transport and/or Urban Planning in integrated transport solutions;
- increase taxes on car parking in centres that are well served by public transport;
- create and enforce an extensive network of transit lanes in cities;
- a national system of mass and distance charges for heavy trucks travelling in Australia’s populous zone;
- integrated ticketing and fares for public transport within cities;
- local consultative committees in local government areas with the aim of improving local public transport services and use;
- improve funding for cycleways and bicycle parking at key local destinations; and
- create incentives for ownership and use of low-emission vehicles, including low-speed electric motor-assisted vehicles (such as scooters and buggies).

Recommendation 56
The Committee recommends that the Commonwealth Government cooperate with the states in developing proposals for new and improved rail infrastructure and services. Costings should include quantified greenhouse reductions and other health and pollution mitigation benefits.

Recommendation 57
The Committee recommends that the Commonwealth Government commit to provide substantial funding for new urban as well as regional rail infrastructure and improvements to existing infrastructure as part of a cooperative strategy with the states.

Recommendation 58
The Committee recommends that the Commonwealth Government cooperate with the states and territories in assessing priorities for the improvement of interstate mainline rail infrastructure, with a view to improving rail competitiveness and efficiency in the carriage of both passengers and freight. The assessment should consider needed improvements in truck speeds and weight thresholds, improvements in access to ports, industrial sites and population centres, improvements in training and expertise, and ownership and organisational structures.

Recommendation 59
The Committee recommends that the Commonwealth Government work with state and local governments to urgently assess needs for new and improved public transport infrastructure and services as an additional measure to the ‘forum’ set up under the National Greenhouse Strategy and to be completed within 3 years.

Recommendation 60
The Committee recommends that the Commonwealth Government work with state and local...
governments to scope and develop new public transport proposals (including quantified projections for savings in greenhouse emissions) and develop cooperative long term funding models with the aim to achieve firm commitments to realise major new projects in the short-to medium-term.

**Government Response**

The Government considers that recommendations 46, 56, 58 and 59 are already being addressed through existing measures. The Government does not support recommendations 57 and 60.

The Government recognises the important role that States and Territories must play in implementing a comprehensive greenhouse response. These recommendations identify a number of transport areas where the Commonwealth is looking to work with State, Territory and local governments to achieve improved environmental outcomes.

The Government recognises that many of the improvements required in planning, infrastructure development and operations will be achieved more effectively—and in some cases will only be achieved—with complementary action by other governments and the private sector.

The Government uses its good working relationships with the States and Territories—primarily through Australian Transport Council (ATC) Ministers and their officials—as well as with the private sector in pursuing these improvements. Many of the cooperative initiatives covered by these recommendations are already being dealt with through existing Government measures and processes. However, responsibilities to implement transport reforms vary substantially between State, Commonwealth and local governments. The private sector is also playing an increasingly important role in transport reform as both Commonwealth and State governments look to privatisate substantial components of the transport sector.

The Government is already actively funding and developing proposals to improve interstate rail infrastructure. Among other things, this work will evaluate the market share impacts of achieving network performance targets agreed by Commonwealth and State Transport Ministers and evaluate corridor performance required to enable rail to gain a higher share of the interstate freight task. However, responsibility for other rail infrastructure proposals and the development of new rail services are the responsibility of State governments and the private sector.

Integrated urban planning and urban transport is largely State responsibility. The Commonwealth will continue to encourage States to take action in this area and has provided some financial support such as extending taxation incentives for alternative fuels to cover urban buses. In addition, many of these measures are being considered as part of the National Transport Secretariat’s (NTS) task on improving the environmental performance of the transport sector. The NTS reported to the ATC in May 2001.

The NGS provides a framework for Commonwealth encouragement of State and Territory action on urban planning and transport issues, including:

- Under Measure 5.7 of the NGS, improvements to public transport are to be pursued by States and Territories. Integrated public transport plans are to be developed to address service quality and network upgrades as well as information and promotional elements.
- Measures 5.2 and 5.3 of the NGS focus on land use planning and transport. All States and Territories are required to prepare and implement integrated land use and transport strategies for current or emerging major urban regions. In addition the application of subdivision features which support a reduction in car dependence of new residential developments is to be promoted.
- Under Measure 5.9 of the NGS, the Australian Bicycle Council (ABC) was established in April 1999 to oversee and coordinate implementation of the national bicycle strategy, Australia Cycling—The National Strategy 1999–2004. The goal is to double bicycle use by the year 2004. The ABC has also commenced work on best practice guidelines for local councils on cycling policy, planning and infrastructure.

The Government agrees that low-speed electric motor-assisted vehicles (such as scooters and buggies) may offer a variety of social, economic and environmental benefits. State and Territories have responsibility for legislation concerning such vehicles. The Government encourages all jurisdictions to identify any existing barriers or disincentives to switching to these low-impact vehicles.

In addition the AGO is promoting the benefits of public transport to the general community through publications such as Global Warming—Cool It. State and Territory input was sought in respect of these recommendations. The three States and Territories that responded directly were generally supportive of these recommendations and in par-
The Government considers that this recommendation is already being addressed through existing measures.

Car fringe benefits are currently valued under either of two methods – the operating cost method or the statutory method. Under the operating cost method, the taxable value of the benefit is based on the cost of owning and operating the car, reduced by the portion which relates to the business use of the vehicle. Employers are required to substantiate the business use of the vehicle by maintaining a logbook for a specified period.

The more widely used statutory method (to which this recommendation relates) is designed to provide employers with a low compliance cost alternative to the operating cost method, eliminating the need to maintain a vehicle log book. While the statutory method does not explicitly distinguish between business and private use of a vehicle, because a significant proportion of cars provided as fringe benefits will have some business use, the statutory formula effectively incorporates a business use element into the valuation of the benefit. This implicit business use element varies with the annual distance travelled by the vehicle.

Removing or reducing the implicit business use element in the statutory formula would disadvantage those employers whose cars are used for predominantly business purposes and who wish to avail themselves of a low compliance cost valuation method. This may force these employers to change to the operating cost method of valuing car fringe benefits, with a resultant increase in fringe benefits tax (FBT) compliance costs.

The FBT treatment of car fringe benefits was one of the issues considered by the 1999 Ralph Review of Business Taxation. The Review included recommendations to change the current treatment in its report. In September 1999, the Government announced that it would not be accepting the Ralph Review’s recommendations covering changes to FBT.

The Government has recognised the need to ensure consistency between economic instruments relating to transport and fiscal, economic and environmental policy, including greenhouse objectives.

Pursuant to Measure 5.1 of the NGS, Commonwealth and State Transport Ministers commissioned a report by the Bureau of Transport Economics (BTE) into the effects of various economic instruments, including taxation, on transport, a draft of which is available for comment (see Recommendation 45 above for further details).

Commonwealth and State Transport Ministers have also directed the NTS to develop a cross-sectoral package of measures to improve the environmental performance of the transport system. The project will include an assessment of the impact of current FBT arrangements on transport emissions. Transport Ministers expect to consider the initial results of this work in mid 2001. The Department of Transport and Regional Services (DoTRS) and the AGO are involved in this project.

**Recommendation 47**

The Committee recommends that the Government carry out a review of Fringe Benefits Tax legislation to remove the incentive for employers to include motor vehicles for private use in salary packages, to remove financial rewards for travelling more kilometres in a vehicle under a novated lease, and to generally remove barriers to employees using alternatives to single occupancy of cars in commuting.

**Government Response**

The Government considers that this recommendation is already being addressed through existing measures.

Car fringe benefits are currently valued under either of two methods – the operating cost method or the statutory method. Under the operating cost method, the taxable value of the benefit is based on the cost of owning and operating the car, reduced by the portion which relates to the business use of the vehicle. Employers are required to substantiate the business use of the vehicle by maintaining a logbook for a specified period.

The more widely used statutory method (to which this recommendation relates) is designed to provide employers with a low compliance cost alternative to the operating cost method, eliminating the need to maintain a vehicle log book. While the statutory method does not explicitly distinguish between business and private use of a vehicle, because a significant proportion of cars provided as fringe benefits will have some business use, the statutory formula effectively incorporates a business use element into the valuation of the benefit. This implicit business use element varies with the annual distance travelled by the vehicle.

Removing or reducing the implicit business use element in the statutory formula would disadvantage those employers whose cars are used for predominantly business purposes and who wish to avail themselves of a low compliance cost valuation method. This may force these employers to change to the operating cost method of valuing car fringe benefits, with a resultant increase in fringe benefits tax (FBT) compliance costs.

The FBT treatment of car fringe benefits was one of the issues considered by the 1999 Ralph Review of Business Taxation. The Review included recommendations to change the current treatment in its report. In September 1999, the Government announced that it would not be accepting the Ralph Review’s recommendations covering changes to FBT.

The Government has recognised the need to ensure consistency between economic instruments relating to transport and fiscal, economic and environmental policy, including greenhouse objectives.

Pursuant to Measure 5.1 of the NGS, Commonwealth and State Transport Ministers commissioned a report by the Bureau of Transport Economics (BTE) into the effects of various economic instruments, including taxation, on transport, a draft of which is available for comment (see Recommendation 45 above for further details).

Commonwealth and State Transport Ministers have also directed the NTS to develop a cross-sectoral package of measures to improve the environmental performance of the transport system. The project will include an assessment of the impact of current FBT arrangements on transport emissions. Transport Ministers expect to consider the initial results of this work in mid 2001. The Department of Transport and Regional Services (DoTRS) and the AGO are involved in this project.

**Recommendation 48**

The Committee recommends that the Government introduce Fringe Benefits Tax deductions for the inclusion of public transport and cycling commuting expenses in salary packages.

**Government Response**

The Government does not support this recommendation.

It is a basic principle of the income tax and FBT systems that expenses of a private or domestic nature, such as the cost of commuting between home and work, are not allowable to individuals as deductions for income tax purposes and, where provided to employees as fringe benefits, are appropriately subject to fringe FBT. This basic principle is reflected in the FBT treatment of car fringe benefits, whereby a fringe benefit arises when a car is made available for an employee’s
Applying FBT to benefits associated with employee commuting expenses ensures that there is equitable treatment between those employees who are provided with such benefits by their employer and those who are required to meet their commuting expenses from their own after-tax income. Allowing FBT concessions for commuting expenses would be inconsistent with this basic equity principle. However, where employees are provided with a public transport commuter pass which is used in part for business travel, the current FBT arrangements allow a reduction in the taxable value of the benefit in proportion to that business use.

As noted in the response to Recommendation 47, Commonwealth and State Transport Ministers have sought further research into and assessment of the potential for tax and other economic instruments to influence transport demand and environmental impacts.

Recommendation 49
The Committee recommends that public transport fares be considered for exemption from (or zero rated for) GST.

Government Response
The Government does not support this recommendation.

The Government’s intention in introducing the GST is to apply the tax to as broad a base as possible rather than providing a range of exemptions for certain goods and services. Every additional exemption adds to the complexity of the tax system and creates new anomalies.

The Government considers that it is unclear whether the exemption (or zero-rating) of public transport fares from the GST would produce an environmentally significant gain in public transport patronage. The behavioural changes needed to increase public transport patronage are unlikely to be significantly dependent on reductions in fares. These changes will be influenced by changing perceptions of the relative amenity and utility of public transport compared with private transport modes and therefore require continuing approaches to improving service quality that extend beyond cost reductions for individual patrons.

Any consideration of individual measures to increase public transport patronage for environmental reasons, including differential taxation treatment for public transport fares, should not be considered in isolation, but in the overall context of improving the environmental performance of transport.

Recommendation 50
The Committee recommends that the proposed new Energy Credit Scheme be used to gradually phase out diesel fuel rebates and credits. The Committee supports the use of other greenhouse-neutral compensatory measures to ensure that such a phase-out does not lead to greater hardship in rural and remote areas.

Government Response
The Government does not support this recommendation.

The Energy Grants (Credits) Scheme is scheduled to commence in July 2002 when it will replace the Diesel and Alternative Fuels Grants Scheme and the Diesel Fuel Rebate Scheme.

The purpose of the scheme is to provide additional encouragement for the move to the use of cleaner fuels. The Government is in the process of further developing its objectives for the scheme, and a wide range of options is being considered as part of this process.

While there may be environmental benefits from incentives to shift from diesel to alternative fuels, there is also considerable scope to improve the emissions performance of diesel fuelled engines. The Government is progressively introducing a number of measures to this end. They include the development of a Diesel National Environment Protection Measure to improve the emissions performance of the in-service diesel vehicle fleet as well as the adoption of tighter emission standards for new diesel vehicles and improved diesel fuel standards.

Recommendation 51
The Committee recommends that a national strategy be developed with vehicle manufacturers to increase the availability of alternative fuel vehicles.

Government Response
The Government supports this recommendation.

The Government considers that an increased share of particular alternative-fuelled vehicles within both the private and commercial vehicle fleets would create significant greenhouse reductions, and other environmental and economic benefits.

The Government also considers that the benefits of an expanded alternative-fuel vehicle fleet will be maximised by other approaches designed to improve environmental and greenhouse performance, including measures designed to improve the performance of conventionally-fuelled vehicles.
A number of critical issues would need to be resolved before the strategy proposed under this recommendation can be developed. These include, on the supply side, developing the willing engagement of the automotive industry in the strategy to develop, warrant and provide post-sales service for alternative fuelled vehicles.

On the demand side these issues include the development of active public demand for alternative fuelled vehicles, although public response to the limited range of alternative fuelled vehicles currently available in Australia, such as the dedicated liquefied petroleum gas (LPG) Ford Falcon, provides an encouraging indicator of this potential demand.

**Recommendation 52**

The Committee recommends that agencies be encouraged to purchase alternative fuel and hybrid electric petrol vehicles as they replace their fleets and as one mechanism to achieve efficiency targets.

**Government Response**

The Government considers that this recommendation is already being addressed through existing measures.

Environmental performance is only one of several criteria for vehicle selection that agencies must take into account. Other priority issues include suitability for purpose, value for money and community expectations.

Within the current vehicle selection framework there is scope for the acquisition of alternative fuel and hybrid electric vehicles by the Government. For example, Ford is currently producing a dedicated LPG version of the Falcon while the Toyota Prius hybrid electric vehicle is expected to be marketed in Australia in 2001.

The Department of Finance and Administration is currently preparing a financial analysis of the implications of requiring the Commonwealth to source more fuel efficient vehicles, including alternative fuel vehicles, for its fleet.

The Government also recognises that the incorporation of alternative fuel vehicles into the Commonwealth fleet is one of several measures that could improve the emissions performance of the fleet. To this end, the AGO is preparing a paper outlining a menu of actions that agencies can take within an integrated fleet management framework.

**Recommendation 53**

The Committee recommends that the Commonwealth Government facilitates joint purchasing arrangements for Commonwealth agencies to exercise maximum leverage over Australian manufacturers in providing fuel-efficient cars.

**Government Response**

The Government does not support this recommendation.

The Government currently has uniform guidelines for the selection of fleet vehicles by agencies and executive officers. This ensures that agencies choose vehicles within a common range, which is determined according to Government policy objectives, including consistency with public expectations. The Government believes that there is little additional scope to increase its leverage by using joint-purchasing arrangements.

**Recommendation 54**

The Committee recommends that the Government, in consultation with the states, develop a communications strategy to educate consumers about:

- the benefits of using public transport, walking and cycling;
- the benefits of cleaner, quieter, more fuel-efficient vehicles;
- the whole-life environmental impacts of second hand vehicles; and
- the benefits of better vehicle maintenance and ‘greener’ driving.

**Government Response**

The Government considers that this recommendation is already being addressed through existing measures.

The Government is working cooperatively with States and Territories under Measure 2.9 of the NGS, to develop an overarching greenhouse communications strategy to raise community awareness of the NGS and to provide a coordinated approach to ongoing community information on greenhouse issues. Transport has been identified as a priority area for sectoral action under this strategy.

The Government supports the recommendation and already has in place a number of initiatives to educate consumers on the greenhouse implications of transport choices, most notably:

- The AGO is promoting the benefits of public transport, walking and cycling to the general community through publications such as *Global Warming—Cool It*.

- On 16 January 2001 as part of the Environmental Strategy for the Motor Vehicle Industry, the Government introduced fuel consumption labels for all new vehicles up to 2.7 tonnes. A promotion campaign will accompany the introduction of the new labelling scheme, which is
designed to generate greater demand for and hence the supply of more fuel-efficient vehicles, and produce significant environmental and greenhouse benefits.

- Fuel consumption guides are also produced regularly by the AGO to inform consumers about comparative fuel consumption of new passenger cars, four-wheel drives and light commercial vehicles. This information is available both in hard copy and on the Internet (see www.greenhouse.gov.au/transport/fuelguide).

- The AGO has partnered with the Australian Fleet Managers Association (AFMA) to publish the ‘Greener Motoring Guide’ which outlines practical measures to reduce fuel use and emissions from vehicles. The DISR has been promoting similar messages to public and private fleet operators through the Fleet First – EEBP. The AGO has further sponsored the AFMA “Environmental Protection Award”.

Environment Australia, through the Natural Heritage Trust’s Air Pollution in Major Cities Program is continuing to fund the established national Smogbusters program that targets businesses, schools and the wider public with information about travel choices. Environment Australia is expanding its work relating to travel demand management, and is already developing an interactive exhibit to demonstrate to the community the comparative benefits of different modes of transport from an air pollution perspective.

The Commonwealth and States are also working together in the context of the NGS to make information available on the choice of transport modes. Activities include:

- The NTS project: Improving the Environmental Performance of the Transport System is considering a wide range of potential policies to encourage more greenhouse friendly transport modes, including potential incentives to promote public transport use and discourage the avoidable use of the private car, and the potential of travel demand programs to promote walking, cycling and use of public transport.

- The ABC was established in April 1999 to oversee and coordinate implementation of the Australia Cycling – The National Strategy 1999-2004. The DoTRS, Department of Health and Aged Care, and the Department of the Environment and Heritage represent the Government on the ABC, which has commenced work on best practice guidelines for local councils on cycling policy, planning and infrastructure. The Commonwealth Government and the States/Territories are also exploring options for the removal of legal, regulatory and planning barriers to walking and cycling, and to facilitate the integration of cycling into the transport network.

- Environment Australia has commissioned a report on the general environmental impacts of automobiles. While the primary focus of the study is on waste issues associated with end-of-life vehicles, other factors such as whole-life impacts are also considered. The report is expected to present a number of recommendations for Commonwealth action, some of which may include consumer education strategies.

- In response to Measure 5.13 of the NGS, the DoTRS has prepared a discussion paper for the national Motor Vehicle Environment Committee (MVEC), exploring a range of options for improving the level of information provided to the community on the environmental aspects of vehicle purchase and use, and alternative transport modes. MVEC will consider what measures it may be able to undertake in the first half of 2001. A number of relevant measures have already been identified as suitable to be progressed through MVEC. Of these, Environment Australia is considering involvement in the development of a Green Guide for motor vehicle purchases in Australia, a marketing strategy for the Green Guide and environmental components for driver education.

State and Territory input was sought in relation to this recommendation. The three substantive responses received in relation to this recommendation were supportive of the Government’s position. States and Territories that did not provide a specific response generally expressed the view that the recommendation would be taken into account in future policy development.

**Recommendation 55**

The Committee recommends that a review be conducted to identify opportunities to improve environmental outcomes in vehicle maintenance, particularly in relation to frequency, service standards and personnel training.

**Government Response**

The Government considers that this recommendation is already being addressed through existing measures.
Studies of petrol and diesel vehicles have shown that regular maintenance is critical to maintain the lifetime emissions performance of vehicles. The National In-service Emissions Study of petrol vehicles conducted by the Federal Office of Road Safety in 1996 found that a well maintained passenger car fleet could reduce pollutant emissions by 9–25 per cent and yield a 1–2 per cent improvement in fuel consumption. Overall, this would yield significant reductions in greenhouse and other vehicular emissions.

The Diesel National Environment Protection Measure, currently being developed by the National Environment Protection Council, will specify a number of strategies to reduce diesel vehicle emissions. These include fleet audit, audited maintenance and inspection and maintenance programs, which all involve increased or improved vehicle maintenance and repair to achieve emissions improvements. Under Measures for a Better Environment the Government has allocated $40 million to the establishment of diesel and petrol vehicle testing facilities to identify high polluting vehicles that would benefit from repair or tuning.

The review proposed by this recommendation offers the opportunity to ensure that the vehicle maintenance knowledge and skills are in place to support the implementation of the above strategies.

In addition to improving the environmental outcome of maintenance activities, the review should include consideration of:

- ways to encourage the public to undertake vehicle maintenance;
- securing the active engagement of the automotive and automotive repair industries, technical training institutions, motoring organisations and State and Territory regulatory authorities in the subsequent implementation of its recommendations.

State and Territory input was sought in relation to this recommendation. The three substantive responses received in relation to this recommendation were supportive of the Government’s position. States and Territories that did not provide a specific response generally expressed the view that the recommendation would be taken into account in future policy development.

**Recommendations 56–60**

See Recommendation 46 above.

**Recommendation 61**

The Committee recommends that the Commonwealth adopts integrated transport planning so that all transport funding proposals include an assessment of environmental impacts and alternative transport solutions. Funding allocation decisions should be based on clear and accepted principles, and be subject to the highest standards of transparency and accountability.

**Government Response**

The Government considers that this recommendation is already being addressed through existing measures.

The Commonwealth practice in considering proposals for funding for road and rail projects is to assess them under a commonly-based benefit cost analysis which addresses relevant externalities and Government policies. Where an environmental assessment is required, an assessment of alternatives and the “do nothing” scenario typically forms part of the assessment framework.

As part of its commitment to the NGS the Government is currently progressing work to improve the integration of transport planning, including the options available to implement an “integrated investment assessment framework” for urban transport funding decisions. Measure 5.3 (Promoting best practice in transport and land use planning) has a project aimed at developing an integrated transport assessment framework. The Allen Consulting Group has completed a report on options. This work will be considered in the ATC context, including by the NTS.

**Recommendation 62**

The Committee recommends that the consideration of bikeways and pedestrian access be required for all new Commonwealth-funded road construction.

**Government Response**

The Government considers that this recommendation is already being addressed through existing measures.

Bikeways and pedestrian access are currently considered for new Commonwealth-funded road construction. The Commonwealth definition of a road for the Commonwealth funded National Highway System and for the new Roads to Recovery Program includes bike paths and pedestrian facilities.

Most Commonwealth funded roads are in non-urban regions, so the overall demand for this option to date has been low. However, there are a number of examples of Commonwealth funded bike paths and pedestrian facilities in association with construction of the National Highway in urban areas, and further examples are expected in the new Roads to Recovery Program.
Under the NGS Measure 5.9, the Government is taking action to facilitate and encourage cycling and walking through the following measures:

- The Government is involved in promoting active transport through the development of the bicycle strategy, Australia Cycling: The National Strategy (see Recommendations 46, 56–60 and Recommendation 55 for details).

- The Strategic Intergovernment Forum on Physical Activity and Health has identified “active transport” as a physical activity priority and has embarked on a process to define a portfolio of policy interventions to promote physical activity in the transport environment. The promotion of supportive physical environments for cycling and walking will be a major objective of any intervention in this area. The Department of Health and Aged Care and the AGO have been participating in the development of active transport policy and strategies.

- Guidance and standards for the design of pedestrian and cycleways is provided by the Austroads Guide to Traffic Engineering Practice: Part 13 (pedestrians) and Part 14 (bicycles).

**Australian Democrats Recommendation 7**

The Australian Democrats recommend that the Commonwealth Government review the current road and transport funding model, with a view to incorporating road funds into a common transport fund. This common fund should be drawn on for a whole range of investments and projects: urban and interstate rail, public transport, major roads and cycling infrastructure. Greenhouse abatement, and the development of new rail and public transport infrastructure, should be priorities in the allocation of monies from such a fund. Allocation decisions should be based on clear and accepted principles, and be subject to the highest standards of transparency and accountability.

**Government Response**

The Government does not support this recommendation.

The division of responsibilities for funding land transport infrastructure between the Commonwealth, State and local governments, as well as the private sector means it is not currently feasible to combine funding sources for all road, rail and cycling infrastructure into a single fund.

The Government must operate within the federal framework and therefore does not carry out strategic planning in isolation. Each level of government controls the transport planning for the transport infrastructure for which it is responsible. The Government provides the overall economic, competitive and fiscal framework for transport infrastructure provision through the tax system, management of the economy and the national competition policy.

The Government has attempted to establish clear lines of responsibility between levels of government on a cooperative basis and in the surface transport areas it operates through the ATC and its supporting structure of advisory bodies. ATC consists of Commonwealth, State and Territory Ministers responsible for transport and meets regularly to discuss transport issues of national concern.

The Government is working through the ATC to foster strategic thinking across all jurisdictions and a NTS has been established to advise the Council on transport issues so that it can best address cross-modal, cross-jurisdictional and strategic issues of national significance.

The current NTS work program (as set by ATC) contains two major projects that will be complementary to the aims of this recommendation (improving national strategic transport planning and improving the environmental performance of the transport system).

The NTS will greatly enhance ATC’s ability to progress national planning and reform. The Government will use the cooperative ATC processes to develop a coherent national planning process for strategic land transport infrastructure.

More generally, the Government has been at the forefront of efforts to reform and improve the Australian transport system. The Government reform efforts have resulted in the commercialisation of many aspects of infrastructure provision, particularly in the aviation and maritime sectors, with increasing involvement in infrastructure funding and provision by the private sector. In the rail sector, while governments continue to fund certain rail improvements, there is an increasing trend toward the provision of services on a commercial basis. In the roads sector, governments have retained responsibility for roads funding and provision, with the Commonwealth responsible for funding the National Highway (wholly) and Roads of National Importance (partially).

State and Territory input was sought in respect of this recommendation. The three substantive responses received express conflicting views in relation to this recommendation. Those States and Territories that support this recommendation are amenable to the idea of an integrated transport investment framework. Those States and Territori-
ries opposed to this recommendation expressed concerns over the sovereignty and equity issues raised. States and Territories that did not provide a specific response generally expressed the view that the recommendation would be taken into account in future policy development.

**Recommendation 63**

The Committee recommends that greenhouse abatement and other environmental goals be incorporated into transport policies, and taxation and planning policies which affect transport, as fundamental and governing priorities.

**Government Response**

The Government supports this recommendation. Module 5 of the NGS is designed to create a ‘sustainable transport’ system through the implementation of a range of policies across various sectors that aim to reduce the environmental impacts of transport. The NGS measures recognise the interrelationship between transport, economic, environmental and social policy and impacts.

Pursuant to the NGS, the Government has undertaken research and analysis on integrated transport and land use planning, integrated transport investment, transport system technologies and economic instruments (incentives/disincentives) and other factors influencing travel behaviour at both the Commonwealth and State level.

To build on the initial work completed under the NGS, the NTS is developing a strategy for transport that will present a package of integrated cross-sectoral measures designed to improve the environmental performance of the transport sector. This project is due to be completed by April 2001.

At the Commonwealth level, portfolios that have not traditionally had direct involvement in transport policy development are now pursuing sustainable transport initiatives. Alongside the work of the Transport and Environment portfolios, the Department of Health and Aged Care and the Department of Workplace Relations and Small Business are now active in promoting more sustainable transport by focusing on the synergistic relationship between sustainable transport, environmental quality, health and business productivity. Such initiatives have increased the Government’s capacity for collaborative inter-agency work on transport policy development.

State and Territory input was sought in relation to this recommendation. The three substantive State and Territory responses received in relation to this recommendation were supportive of the Government’s position. States and Territories that did not provide a specific response generally expressed the view that the recommendation would be taken into account in future policy development.

**Recommendation 64**

The Committee recommends that Commonwealth, State and local government should adopt challenging quantitative emissions reductions targets for their fleets within 2 years and that business be encouraged to do likewise.

**Government Response**

In relation to the Commonwealth fleet, the Government supports this recommendation. An emissions target for government fleets is one of several measures that are currently being investigated by the AGO in consultation with relevant agencies, pursuant to Measure 5.10 of the NGS.

State and Local governments can also adopt challenging fuel efficiency targets for their fleets. Such a combined effort across all jurisdictions would generate more significant growth in demand and supply of fuel-efficient and low emissions vehicles in Australia.

There is an opportunity for all Government agencies become members of a common fleet management program, such as Fleet First – Energy Efficiency Best Practice, developed by DISR following the successful completion of a pilot in South East Queensland. This initiative should create a competitive and dynamic fleet management culture across all levels of government which is likely to generate more significant emissions and cost savings.

In addition, the NTS is examining the potential for company fleet purchasing policy to impact on national fleet fuel consumption and the environment. The NTS has submitted for ATC consideration a number of options for addressing the issue including the development of a national Best Practice Guide for the purchase and use of company vehicles. This initiative could support the “Fleet First – Energy Efficiency Best Practice” project, which is intended to improve the efficiency and environmental performance of private and public fleets.

**Recommendation 65**

The Committee recommends that work be undertaken to ensure the regular and comprehensive reporting of transport statistics such as passenger motor vehicle and public transport usage, walking and cycling patterns, safety, rail and road freight, etc.

**Government Response**

The Government considers that this recommendation is already being addressed through existing measures.
The Government recognises the importance of regular and comprehensive reporting of transport statistics to support the development of transport policy generally, and the specific and growing importance of statistical information relating to the environmental performance of transport in particular.

Several Commonwealth agencies are actively involved in this task. The Australian Bureau of Statistics (ABS) collects and reports on a wide range of transport statistics. The DoTRS collects and analyses transport statistics including through the BTE, the Australian Transport Safety Bureau and the DoTRS aviation statistics team, Avstats. The BTE regularly makes available the results of its research in a wide range of printed publications and electronically via the Internet—such as Waterline and Indicators. The DISR is investigating methods to establish an ongoing system of collecting and updating data on transport industry energy use.

The Department of Industry Science and Resources is investigating methods to establish an ongoing system of collecting and updating data on transport industry energy use. The objective is to develop a system that is more cost-effective than existing ad hoc data collections and analysis. However, there are many inherent difficulties and constraints to collecting adequate data in relation to transport, therefore some results have reduced certainty or usefulness. For example, from the ABS Survey of Motor Vehicle Use, the accuracy of data on vehicle kilometres travelled and fuel efficiency of the fleet is questionable. The ABS is working on this problem, and the 2001 statistics should be an improvement. Problems in aggregating state data, for example on road crash statistics, also exist.

The BTE will examine the feasibility of developing sustainability indicators for transport and of reporting against these indicators on an annual basis. Effective and ongoing reporting of sustainability indicators will require ATC agreement and support.

Chapter 7 – Carbon and the Land

Recommendation 66

The Committee recommends that the approach taken by the Government to international negotiations on the inclusion of sinks should be based on the following principles:

- the sinks activity in the Clean Development Mechanism should complement other activities to reduce emissions at source;
- that the credibility of the use of sinks relies on the credible, verifiable, and transparent recording and reporting of changes in carbon stocks and/or changes in greenhouse gas emissions by sources and removals by sinks;
- that sink activities undertaken for climate change mitigation purposes should not result in native forests being cleared to establish plantations; and
- that it is desirable for the second commitment period to start immediately after the first commitment so that reporting on sink activities is contiguous.

Government Response

The Government considers that this recommendation is currently being addressed in the context of policy development.

A key purpose of the CDM of the Kyoto Protocol is to assist developing countries in achieving sustainable development. Participation is voluntary. In keeping with these objectives, the Government believes that developing countries hosting CDM projects are in the best position to assess whether specific CDM project proposals meet their socioeconomic and environmental development goals.

The Kyoto Protocol states that the certification of emission reductions for CDM projects will be based on real, measurable and long-term benefits related to the mitigation of climate change. The Government considers that sinks projects developed on this basis should qualify for emission credits under the CDM. The inclusion of sinks projects in the CDM will complement a wide range of potential emission reduction activities which could also meet the objectives of the CDM.

The Government agrees that measurement and reporting of changes in carbon stocks and greenhouse gas emissions from sinks activities should be verifiable and transparent. In its 1 August 2000 submission to the UNFCCC, the Government proposed that the IPCC’s work on good practice guidance be extended to cover sinks activities under the Protocol. This would include the development of procedures addressing choice of estimation methods, quality assurance, quantification of uncertainties, and data archiving and reporting requirements to promote transparency and facilitate verification.

The definition of deforestation before the negotiations (and which has a high degree of acceptance) requires that the deforestation activity be
the product of direct human action, involve the conversion of forest land to non-forest land and have occurred since 1 January 1990. While the commercial forestry practices of clear-cut harvesting where it is followed by replanting, thinning or selective logging are unlikely to be regarded as deforestation events under this definition, neither will the replacement of native forests by plantations be eligible for credit as reforestation.

The Government agrees that it is desirable for sinks activities under Article 3.3 and 3.4 to be accounted for over contiguous commitment periods, and proposed this in its 1 August 2000 submission to the UNFCCC. There is a high degree of acceptance for this principle in the negotiations.

Recommendation 67
The Committee recommends that regular briefings for all stakeholders are held on the progress of the National Carbon Accounting System and the outcomes of work as it is finalised.

Government Response
The Government considers that this recommendation is already being addressed through existing measures.

The NCAS has taken strong focus on publication of strategies, methods and results as the NCAS develops. An electronic Internet bulletin providing updates of activities has recently been launched along with some 20 Technical Reports (NCAS Technical Report Series). Tools to assist in carbon accounting have also been released. They are available through the NCAS Internet site (see www.greenhouse.gov.au/ncas) or through a national distribution network.

One of the key mechanisms for direct stakeholder briefing is the High Level Steering Committee for the NCAS. Representation on this committee is drawn from government and non-government bodies covering scientific, industry and environmental interests. Avenues for briefing of stakeholders will undergo ongoing expansion.

Recommendations 68 and 71–73

Recommendation 68
The Committee recommends that steps be taken to ensure that no native forest/vegetation is cleared for the purpose of establishing carbon sinks, that no tradeable carbon credits be allocated under a domestic emissions trading scheme where this has occurred, and that an emissions debit be recorded.

Recommendation 71
The Committee recommends that any approach taken to credit carbon sinks should take into account uncertainties surrounding the international debate and should be consistent with any international framework.

Recommendation 72
The Committee recommends that the incorporation of carbon credits in a domestic emissions trading system be limited to Kyoto eligible sinks and:

- subject to monitoring and reporting requirements consistent with the Kyoto Protocol;
- subject to an independent verification process to ensure transparency and credibility of reports;
- subject to permanence and biodiversity requirements; and
- complemented by activity aimed at reduction of emissions at source.

Recommendation 73
The Committee recommends that sink rules comply with the Convention on Biological Diversity and that activity in native forests, woodlands and rangelands that threatens biodiversity protection, be explicitly excluded from eligibility for carbon credits under a domestic emissions trading system.

Government Response
For the most part the Government considers that these recommendations are currently being addressed in the context of policy development.

The Government has asked the AGO to examine the feasibility and implications of emissions trading for Australia, but has not made a decision on whether to include emissions trading (including carbon credits) in its national greenhouse response. While decisions on the design of any future emissions trading system have therefore not yet been taken, if carbon credits were to be issued under such a trading system, they would need to be in accordance with the agreed international rules.

With regard to Kyoto eligible sinks:
- The definition of deforestation before the negotiations (and which has a high degree of acceptance) requires that the deforestation activity be the product of direct human action, involve the conversion of forest land to non-forest land and have occurred since 1 January 1990. While the commercial forestry practices of clear-cut harvesting where it is followed by replanting, thinning or selective logging are unlikely to be regarded as deforestation events under this definition, neither will the replacement of native forests by plantations be eligible for credit as reforestation.
The Government has proposed that accounting for sequestration and emissions under Article 3.3 and 3.4 of the Protocol should occur on a ‘land based’ approach across the first and subsequent contiguous commitment periods. Similarly, under a national emissions trading system, the Government could require emissions as well as sequestration on relevant parcels of land to be accounted for on a continuing basis.

A national emissions trading system could potentially be extended to include additional sequestration activities that may be agreed under the Kyoto Protocol, or exclude activities if shown to be in the national interest.

Sinks programs supported by the Government prior to the completion of definitions and accounting frameworks under the Kyoto Protocol will take into account the uncertainties in the international negotiations.

The accounting rules for implementing the sinks provisions under the Protocol will be determined by the Conference of Parties to the UNFCCC. The decisions taken by the Conference of the Parties are likely to acknowledge Parties’ commitments to promote the sustainable management of forests and other ecosystems and to conserve biodiversity, and the potential synergies between the Kyoto Protocol and action to meet the objectives of other international environment agreements.

Australia has a range of pre-existing legislation and policies for implementing the Convention on Biological Diversity. These include the Environment Protection and Biodiversity Conservation Act 1999, various State and Territory legislation, the National Framework for the Management and Monitoring of Australia’s Native Vegetation, the National Strategy for the Conservation of Australia’s Biological Diversity, and the National Forestry Policy Statement. These instruments address issues such as, the introduction of potentially invasive alien species, the clearance of native vegetation, and the protection of remnant native vegetation and protection of biological diversity (including communities such as wetlands, native grasslands etc as well as endangered species). In this manner, sink activity would be subject to the same checks and balances that apply to other activities with potential to impact on the environment.

Recommendation 69
The Committee recommends that the Tasmanian Government, in cooperation with local councils, farmers organisations and the forestry industry investigate the concerns about plantation developments raised by the Native Forest Network Southern Hemisphere.

Government Response
No Government response required.

Recommendation 70
The Committee recommends that the Government, in consultation with all stakeholders and the forestry industry, undertake a public inquiry into the potential for plantations as a carbon store, including an assessment of the broader regional environmental, social and economic implications.

Government Response
The Government does not support this recommendation.

Plantations for Australia: The 2020 Vision outlines the State and Commonwealth Governments’ vision for the plantation growing and processing industries and points to broader implications including carbon sequestration and generation of regional employment. The Government’s Action Agenda for the Forest and Wood Products industry includes a strategic focus to improve community awareness of the multiple values and community benefits of forests and forest wood products. This imperative includes plans to develop and implement a national community awareness plan and regional community awareness plans. There is no need for a further process such as a public inquiry.

Recommendations 71–73
See Recommendation 68 above.

Australian Democrats Recommendations 8 and 9
Australian Democrats Recommendation 8
The Australian Democrats recommend that a cap be set on the number of sinks credits that any one company or country can use to offset emissions.

Australian Democrats Recommendation 9
The Australian Democrats recommend that credits are issued based on a ‘tonne year accounting approach’ after third party assessment of the sequestration and under clear monitoring provisions.

Government Response
The Government does not support these recommendations.

Under a domestic emissions trading system, the Government would need to be able to issue credits and require acquittal in a way that was consistent with the provisions of the agreed interna-
tional rules. The Government considers that notions of a cap on sinks credits would provide a disincentive for undertaking eligible Land Use, Land Use Change and Forestry activities which would reduce atmospheric concentrations of carbon.

At present, eligible sinks activities under the Kyoto Protocol are restricted to direct human induced afforestation, reforestation and deforestation that has occurred since 1990 under Article 3.3. This substantially limits the availability of sinks credits.

Article 3.4 of the Kyoto Protocol provides for further negotiation on including additional agricultural soils, land use change and forestry activities. At COP 6 in The Hague, the United States, Canada and Japan proposed including a range of broadly defined additional activities which could make a significant contribution towards their greenhouse abatement task. It is likely that, if the UNFCCC Conference of the Parties decides to include these broad additional activities, it will also place a limit on the credits that they may generate in the first commitment period.

For national-level accounting for emissions and sequestration from Article 3.3 and 3.4 sinks activities, the Government supports the use of the ‘land based’ accounting approach in combination with contiguous commitment periods. While the accounting rules are still being developed through international negotiations, this approach has a high degree of international acceptance.

For project activities under the Kyoto Protocol’s CDM and JI, Australia is active in promoting the adoption of sound sinks accounting practices. For the CDM, both tonne-year accounting and land-based accounting approaches offer means of dealing with this issue.

**Australian Democrats Recommendation 10**

The Australian Democrats recommend that reforestation and afforestation credits are only made available for plantings that enhance local biodiversity and are not detrimental to water sources.

**Government Response**

The Government does not support this recommendation.

The Government supports Parties taking into account the potential synergies between afforestation and reforestation activities and other sustainable development objectives including efforts to enhance local biodiversity and protect water sources. However, the Government does not support applying additional restrictions to reforestation and afforestation credits under the Kyoto Protocol as it would be practically impossible to achieve an equitable outcome and it would increase the already complex verification task.

**Recommendations 74 and 75**

**Recommendation 74**

The Committee recommends that the Australian Greenhouse Office coordinate the development of a National Policy Framework for Greenhouse Sinks, which:

- is developed in partnership with state and territory governments and relevant stakeholders; and
- is informed by the outcomes of the international negotiations on the scope of sink activities to be included in the Kyoto Protocol.
- The policy framework should identify principles to guide the establishment of sink activities and consider, but not be limited to:
- the protection and enhancement of the native forest estate and native vegetation;
- the impact on the environment of plantations versus environmental plantings or revegetation;
- socioeconomic impacts on regional and rural communities;
- opportunities for the facilitation and development of new industries particularly in regional communities;
- the opportunities for broadscale activity to address significant environmental issues such as dryland salinity, land clearing, and sustainable land management;
- how sink activities may best be integrated with existing land uses such as grazing;
- legislative mechanisms for the recognition of carbon rights;
- cost effectiveness of the range of sink activities; and
- the role of partnerships in achieving outcomes.

**Recommendation 75**

The Committee recommends that a National Policy Framework for Greenhouse Sinks do the following:

- give priority to actions that will protect and enhance the native forest estate and native vegetation;
- provide for research and development into native species reforestation and revegetation activities which enhance carbon sequestration;
- provide funds for rural strategies that will facilitate greenhouse abatement and broader
environmental outcomes such as the establishment of fuel plantations in salinity affected areas, and biomass based cogeneration plants for agro-industrial plants in rural regions;

- set out the accounting framework to be used and establish an independent verification process; and

- establish the framework for the trading of carbon credits domestically and define the range and scope of sink activities that will be recognised in a national emissions trading system.

**Government Response**

The Government supports these recommendations.

The development of this framework could build on policies already developed, including the National Action Plan on Salinity and Water Quality, the Regional Forest Agreements (RFAs), and other relevant forestry and agricultural policies.

The Government supports the concept of a National Policy Framework for Greenhouse Sinks. Such a framework could:

- raise awareness as to sinks eligible under the Kyoto Protocol and their accounting framework

- enhance coordination of Australia’s action on greenhouse gas abatement across jurisdictions

- contribute to achievement of Australia’s greenhouse commitments at least cost to the Australian economy

- allow for the appropriate integration of regional, natural resource management and greenhouse sinks objectives.

The Framework would usefully include focus on:

- the respective contributions that environmental plantings, revegetation and commercial plantations can make to greenhouse sinks;

- opportunities for the development of new industries and socioeconomic costs and benefits to regional communities;

- opportunities to leverage multiple greenhouse and natural resource management benefits; and

- legal and administrative frameworks for the recognition, registration and transfer of carbon rights.

The Government is already providing significant resources for abatement actions that will benefit rural Australia through the GGAP. The regional partnerships theme of GGAP is intended to support projects that deliver multiple benefits across regional Australia across various sectors, including promoting the development and uptake of sustainable energy and land management practices that incorporate greenhouse considerations.

The Government is also providing significant support for R&D into alternative forest products with greenhouse outcomes, such as the development of biomass fuel, and exploring the viability of commercial ventures from low rainfall forestry. This is occurring through initiatives under the Joint Venture Agroforestry Program supported by the Rural Industries Research and Development Corporation and through the AGO’s RECP.

State and Territory input was sought in respect of these recommendations. The three substantive responses received generally support the Government’s position on these recommendations.

The need for inter-jurisdictional cooperation was recognised as these recommendations fall within areas of State and Territory responsibility. States and Territories that did not provide a specific response generally expressed the view that these recommendations would be taken into account in future policy development.

**Recommendation 76**

The Committee recommends that Australian government, industry and scientific community should continue to monitor research into alternative methods of carbon sequestration, and to support it where such methods seem promising and prudent.

**Government Response**

The Government considers that this recommendation is already being addressed through existing measures.

The Government has supported a collaborative research project examining the potential economic, social and environmental risks and benefits associated with the geological disposal of CO₂ for the oil and gas industry. This project, partly funded by the AGO, is being undertaken by researchers in CSIRO, Australian Geological Survey Organisation and a number of Australian universities under the auspices of the Australian Petroleum CRC. It has forged strong linkages with international researchers in this area and will produce a preliminary assessment report by mid to end 2001.

CSIRO participates in the Australian consortium for the International Energy Agencies Greenhouse Gas Research and Development Program. This Program facilitates international cooperation in the evaluation of mitigation technologies, espe-
cially capture and sequestration of greenhouse gases.

**Recommendation 77**
The Committee recommends that the reduction of greenhouse gas emissions from agricultural production be a focus of the Natural Resource Management Strategy currently under development.

**Government Response**
The Government considers that this recommendation is already being addressed through existing measures.

The Department of Agriculture, Fisheries and Forestry Australia, in consultation with the AGO and relevant Commonwealth Departments, has developed a plan of action to exploit the synergies between National Resource Management and greenhouse outcomes, including those relating to emissions from agricultural production. The Plan covers complementary initiatives in existing programs including the Natural Heritage Trust and the NGS as well as newer programs such as the National Action Plan for Salinity and Water Quality.

A number of other proposals are also being considered to broaden the Government’s approach. The complex nature of the area may mean that a combination of proposals rather than a single strategy may be the more appropriate outcome.

**Recommendation 78**
The Committee recommends that a greater level of support be sought from governments and industry for research and development in emissions reduction opportunities in the livestock industries. This could be facilitated by provision of seed funding by the Commonwealth or matching funding from the Commonwealth to industry funds.

**Government Response**
The Government considers that this recommendation is already being addressed through existing measures.

It is recognised that there are strong economic incentives for more R&D into reducing methane production from livestock. There are two main reasons for this:

- While the impact on and role of agriculture in emissions trading has not been determined, the existence of low cost abatement opportunities would minimise the cost of any constraint on emissions and enhance the capacity of the sector to appreciate a net benefit from trading; and
- Current methane research has a joint focus of reducing emissions and improving food conversion ratios. Any advances in the area would enhance industry competitiveness and may also have important spin offs in the areas of national and international licensing agreements.

Greater industry involvement at this stage is constrained by uncertainties surrounding research equities in a very disparate industry and the embryonic stage of much of the research.

The Government has supported world-leading research conducted by the CSIRO into an anti-methanogen vaccine and is now investigating other projects with outside agencies and industry to broaden its approach.

A major objective of the Standing Committee on Agriculture and Resource Management (SCARM) Work Program, extensive livestock component will be to raise awareness and better coordinate responses to this issue. This will result in a better assessment of need and improved targeting of future research efforts.

**Recommendations 79**
The Committee recommends that the Standing Committee on Agriculture and Resource Management (SCARM) work program be enhanced with the aim of:

- improving understanding of agricultural producers about greenhouse;
- involving agricultural producers in identifying options and solutions; and
- identification of options where sustainable land management leads to reductions in emissions and greater productivity.

**Government Response**
The Government supports this recommendation. The SCARM Work Program has evolved with time and many of the Senate’s recommendations have now been incorporated.

Much thought has already been given to raising awareness of greenhouse issues amongst agricultural producers. A major thrust of the early part of the program will be to identify gaps in understanding and how they best may be filled. It is the Government’s view that a coordinated communication strategy is essential to the advancement of the program.

Agricultural producers will be involved from the earliest stage of the program. The Government sees the Commonwealth’s role as that of a coordinating agency in a
process that is very much ‘bottom up’ rather than ‘top down’.

Agriculture has made many advances in recent years in the area of sustainable land management and many of these have led to improved productivity and lower emissions. One of the main aims of the program is to identify those practices and the areas where the Government can make investments to enhance outcomes. In particular opportunities for farmers to join the Greenhouse Challenge Program by taking actions that provide both economic and greenhouse benefits.

**Recommendation 80**

The Committee recommends that greater attention and priority be given by all governments to meet the objectives of National Greenhouse Strategy relating to agricultural management practices.

**Government Response**

The Government supports this recommendation.

Agriculture has been a difficult industry in which to achieve greenhouse gas abatement, a fact recognised internationally.

The large number of emitters, types of emissions and the fact that both emissions and sinks occur in the one production unit are just some of the issues that have added to the complexity.

However, significant progress has been made both in terms of dealing with this complexity and the development and implementation of positive strategies for the industry. Much of the early stage work involves identifying areas where the Government can best invest resources. When these have been identified, actions can target areas that will be most effective in achieving positive greenhouse outcomes.

To assist with this, the Greenhouse and Agriculture Taskforce has been established to improve information exchange between key stakeholders and support the further implementation of a greenhouse abatement measures across the agricultural sector.

**Recommendation 81**

The Committee recommends that the Commonwealth, states, and territories introduce strong national controls on land clearing as a matter of urgency.

**Government Response**

The Government considers that this recommendation is already being addressed through existing measures.

While regulation of clearing native vegetation for agricultural or forestry purposes is a State and Territory responsibility under the Australian Constitution, the Government is working with the States to develop better institutional arrangements for vegetation management, including planning, incentives and regulatory frameworks. All jurisdictions have signed Natural Heritage Trust Partnership Agreements with the Government which have the goal of reversing the decline in the quality and extent of native vegetation. The Agreements commit them to prevent any clearing of endangered ecological communities, any clearing which changes the conservation status of a vegetation community, and any clearing which is inconsistent with the sustainable management of biodiversity on a regional scale. Through the Trust programs, the Government is encouraging a major expansion of vegetation and plantation establishment and protection of existing vegetation.

The Government is also working with all jurisdictions through the Australian and New Zealand Environment and Conservation Council (ANZECC) and has jointly developed the National Framework for the Management and Monitoring of Australia’s Native Vegetation. The National Framework is providing a mechanism through which to unify the various approaches to vegetation management of the jurisdictions and is setting best practice attributes for improved vegetation management, including regulatory arrangements for protection of threatened species and ecological communities and for control of land clearing.

The Government is negotiating an Intergovernmental Agreement (IGA) with the States and Territories for the implementation of the National Action Plan on Salinity and Water Quality. Queensland has now signed the agreement. The IGA includes the commitment that: “States and Territories agree to institute controls on land clearing by June 2002 or as otherwise agreed in Bilateral agreements, which at minimum prohibit land clearing in the priority catchments/regions where it would lead to unacceptable land or water degradation.”

For details relating particularly to land clearing in Queensland and Tasmania see the response to Senator Bob Brown Recommendation 7.

**Recommendation 82**

The Committee recommends the Commonwealth act with some urgency to provide protection for ‘of concern’ regional ecosystems, and provide compensation to landholders where warranted.

**Government Response**

As noted in the response to Recommendation 81, under the Australian Constitution, States and Territories have primary responsibility for land man-
management, including their land clearing regime and the protection of ‘of concern’ regional ecosystems. The Government is however actively engaged in working with all jurisdictions, to improve vegetation management. All jurisdictions have signed Natural Heritage Trust Partnership Agreements which commit them to prevent any clearing of endangered ecological communities, any clearing which changes the conservation status of a vegetation community, and any clearing which is inconsistent with the sustainable management of biodiversity on a regional scale.

**Recommendation 83**

The Committee recommends that the Commonwealth allocate funds for rural strategies that assist in greenhouse responses such as fuel plantations in salinity affected areas and biomass-based cogeneration plants for agro-industrial plants in rural regions.

**Government Response**

The Government considers that this recommendation is already being addressed through existing measures.

The Government is committed to supporting the development of greenhouse responses in rural regions.

Regional Greenhouse Partnerships is one of the four major themes of the $400 million GGAP. This theme will encourage significant and sustained reductions in greenhouse emissions across regional Australia including promoting sustainable land management that incorporates greenhouse considerations into agricultural, forestry and vegetation management practices; promoting the development and uptake of sustainable energy, including biomass to energy and bio-fuels, in regional Australia; and catalysing non-government investment and cross-sectoral partnerships in regional Australia for greenhouse abatement.

Implementation of Module 4 of the NGS (Efficient and Sustainable Energy Use and Supply) is contributing to the strategic development of renewable energy through a range of programs such as the RECP. The Government has now legislated for Mandated Renewable Energy Targets with the passing of the Renewable Energy (Electricity) Act 2000. This initiative will promote investment in the development of renewable energy initiatives, including biomass energy.

Implementation of Module 6 of the NGS (Greenhouse Sinks and Land Management) is supporting the expansion and management of greenhouse sinks (related to forests, vegetation and plantations), and the reduction of greenhouse gas emissions from agricultural production. The *Planta-

**Chapter 8 – The Greenhouse Challenge**

**Recommendations 84 and 85**

**Recommendation 84**

The Committee recommends that the Greenhouse Challenge Program:

- establish benchmarks for emissions abatement by sectors of activity;
- assess participants in relation to relevant benchmarks; and
- assess participants in relation to Australia’s overall target.

**Recommendation 85**

The Committee recommends that the Australian Greenhouse Office develop its capacity to verify and compare the emissions output of individual enterprises to sectoral benchmarks and make these sectoral benchmarks publicly available.

**Government Response**

The Government considers that these recommendations will be addressed in the context of continuing policy development.

Benchmarking is not part of the current design of the Greenhouse Challenge Program, which is a voluntary program. It does not set targets for individual companies or sectors but rather works to maximise economically viable abatement actions with each company.

Greenhouse Challenge coverage of some sectors would need to be more comprehensive for benchmarking to be meaningful, and the data reported by members to the AGO would need to be more consistent and comparable between companies for it to be used to establish benchmarks.

The potential benefits and issues associated with possible application of benchmarks may be considered and discussed with industry as part of the ongoing evolution of the program.

**Recommendation 86**

The Committee recommends that the Greenhouse Challenge Program require participants to develop their emissions forecasts using business as usual methodologies.

**Government Response**

The Government considers that this recommendation is broadly being considered in the context of policy development.
The 1999 Evaluation of the Greenhouse Challenge examined this issue and concluded that methodologies to allow effective enterprise-based reporting on such a basis are not available at this time, and that the costs for companies to attempt such reporting are prohibitive.

The AGO has however, developed “business as usual” methodologies for project-based reporting under GGAP. The Government will assess the effectiveness of the project-based methodologies under GGAP and at that time consider their application to enterprise-based reporting.

**Recommendation 87**

The Committee recommends that all companies be required to verify assessments of Greenhouse Challenge Program emissions savings and to publicly disclose details.

**Government Response**

The Government supports this recommendation. All companies joining the program already agree to random independent verification of their emissions data.

The first round of Independent Verification under the Greenhouse Challenge was completed in 2000 and covered more than 80 per cent of eligible companies. The results will be published on the AGO Internet site (see www.greenhouse.gov.au/challenge).

As the program is based on the principles of learning by doing and continuous improvement, the AGO is working with industry to improve the transparency and credibility of reporting of results in the future.

**Recommendation 88**

The Committee recommends that any changes to the level of forecast emissions savings by Greenhouse Challenge Program members made after the signing of Cooperative Agreements be publicly disclosed.

**Government Response**

The Government supports this recommendation. As part of a current review of reporting arrangements under the Greenhouse Challenge the AGO is working with industry to investigate how to improve transparency of information on company performance under the program.

**Recommendation 89**

The Committee recommends that verification be funded by industry, while remaining independent of industry.

**Government Response**

The Government does not support this recommendation at this time.

The AGO funded the direct cost of independent verifiers in the first round, and this is the approach agreed with industry in the design of the program. Organisations participating in verification bear the cost of preparing for and supporting the process.

This approach would need to be revisited should membership of the Greenhouse Challenge be linked to any direct economic advantage, such as that flagged in *Encouraging Early Greenhouse Abatement Action: A Public Consultation Paper*.

**Recommendation 90**

The Committee recommends that the terms of advertising for the Greenhouse Challenge Program be made clear in each advertisement.

**Government Response**

The Government does not support this recommendation. This recommendation is seen as unnecessary, as advertising under the program will continue to comply with all requirements for Government advertising.

**Recommendation 91**

The Committee recommends that advertising of the Greenhouse Challenge Program featuring one or more of its members, be funded through a contribution by all Program members to a consolidated advertising fund.

**Government Response**

The Government does not support this recommendation. As the Greenhouse Challenge is a voluntary program, the Government may from time to time actively recognise the efforts of members and take steps to encourage further uptake of the program. Although some companies already use the Greenhouse Challenge logo as part of their own advertising there is no company specific advertising currently planned for the Greenhouse Challenge.

The Government is also concerned that acceptance of money from member companies could be seen to be compromising the independence and integrity of any future program advertising.

**Recommendation 92**

The Committee recommends that the Greenhouse Challenge Program give greater attention to the development of sectoral analysis and reporting. This should be consistent with international reporting guidelines.

**Government Response**

The Government supports this recommendation.
The Government is currently working to enhance sectoral data collection and analysis under the Greenhouse Challenge.

**Recommendation 93**
The Committee recommends that the Greenhouse Challenge Program be reviewed with a view to structure the Program as a transitional strategy to build industry capacity for a future emissions trading scheme.

**Government Response**
The Government considers that this recommendation is already being addressed through existing measures. The Government will continue to view the Greenhouse Challenge as a mechanism for encouraging enterprises to take early action in the lead up to any possible future economy-wide measures, such as emissions trading. One of the founding tenets of the Greenhouse Challenge is to develop industry capacity to monitor and report greenhouse gas emissions to prepare for a future where such reporting requirements may be mandatory. The Greenhouse Challenge is currently considering improvements to reporting to facilitate members’ capacity to cope with likely future developments, including emissions trading. The proposal for early crediting as a forerunner of potential emissions trading includes a proposal to link crediting to membership in the Greenhouse Challenge.

**Recommendation 94**
The Committee recommends that a future emissions trading system be designed to ensure that companies are not penalised for early emissions abatement activity.

**Government Response**
The Government considers that this recommendation is already being addressed through existing measures. In August 2000, the Government announced that it would avoid greenhouse policies and measures that disadvantage those companies which had moved early in undertaking emission abatement actions, or that discriminate against new industry entrants.

**Australian Democrats Recommendation 11**
The Australian Democrats recommend that the Government explore mechanisms for protecting the baseline of each Greenhouse Challenge Program member, on the basis that such baselines record reductions that are independently verified.

**Government Response**
The Government does not support this recommendation at this time.
Government expects the AGO, in its analysis of a national emissions trading system, will provide advice to the Government on the introduction of a voluntary scheme. Responses to Recommendations 97–104 below should be considered in the light of this caveat.

Recommendation 97
The Committee recommends a phased introduction of an emissions trading scheme, with the possible introduction of a voluntary scheme in advance of a mandatory scheme, designed to direct the economy on a path to meeting Australia’s Kyoto target in the first commitment period, and to meet potentially lower targets in the subsequent and later commitment periods.

Government Response
The Government considers that this recommendation is currently being addressed in the context of policy development.

In November 2000, the Government announced in-principle support for the development of a system that would credit early abatement action occurring within Australia, if there is sufficient demand for access to “early action credits” and a satisfactory program design can be arranged. Early crediting arrangements would allow industry to earn credit for new and additional investment in abatement actions that help reduce Australia’s greenhouse gas emissions profile in the commitment period. Participation in this program would be voluntary, and would provide credits that could be traded on a voluntary basis.

The Government has made no decision in relation to the possible introduction of a national or domestic emissions trading scheme. There are a number of complex technical and equity issues that need to be resolved before such consideration can be given. Further work is being undertaken by the AGO, in conjunction with other key Departments to examine these issues. Until international agreement occurs on the implementation of the Kyoto flexibility mechanisms as well as outstanding methodological issues relating to carbon sinks, precipitate Government decisions on emissions trading may add to the costs of adjustment or make good outcomes harder to achieve in years to come.

Australian Democrats Recommendations 12 and 13

Australian Democrats Recommendation 12
The Australian Democrats recommend that the Commonwealth Government, in advance of a domestic emissions trading system, phase in a small carbon levy from 2003 to provide a signal to Australian industry. Where industry can demonstrate that this levy adversely affects its international competitiveness some or all of those payments could be rebated or returned as a contribution to fund investment in emissions abatement actions within that industry.

Australian Democrats Recommendation 13
The Australian Democrats recommend that the Commonwealth Government use the revenue from the carbon levy to fund a ‘Reverse Carbon Tax’ incentive program. The program should provide financial incentives linked to the size of lifecycle emissions savings (at a rate of $x/tonne of CO₂ avoided) for the manufacturers of low greenhouse impact appliances and equipment and builders of energy-efficient buildings and other approved projects.

Government Response
The Government does not support these recommendations.

The Government is not considering the introduction of a carbon tax but is exploring least cost ways of assisting Australia in meeting its Kyoto Protocol commitment using a suite of voluntary, mandatory and market based measures, including emissions trading.

The Government has invested $400 million over five years in the GGAP, which is designed to support projects that can deliver the greatest amount of greenhouse gas abatement per dollar invested.

Recommendation 98
The Committee recommends that a future emissions trading scheme be as comprehensive as administratively feasible, taking in a wide range of sources and emitters.

The Committee acknowledges that an emissions trading scheme will not achieve all desirable emission reductions, and recommends that consideration be given to complementary policy measures.

Government Response
The Government considers that this recommendation is currently being addressed in the context of policy development.

It is generally recognised that by extending the scope of a national emissions trading system to be as broad as is administratively possible (both emitters and sources), the cost burden associated with meeting an emission target can be spread fairly across the economy and provide emitters access to the most cost effective greenhouse mitigation options. This could also possibly reduce the overall economic cost to Australia in meeting its Kyoto target.
If the Government were to proceed with a national emissions trading system, it would need to examine the extent to which complementary greenhouse measures would need to be introduced or existing measures modified or removed. It may be of value to consider complementary policy measures that address market failures, deliver long-term strategic objectives where market signals are not expected to be strong enough, or which address gaps in the coverage of a trading system.

Australian Democrats Recommendation 14
The Australian Democrats recommend that a future domestic emissions trading system be designed so that the environmental costs of transport are internalised into market decisions and consumer behaviour. The Committee recommends that, if necessary, emissions trading be supplemented by a range of policies which reward more responsible technologies, investments and behaviour, and which can ensure the availability of high quality transport alternatives that are less emissions-intensive.

Government Response
The Government considers that this recommendation is currently being addressed in the context of policy development.

The ultimate design of a national emissions trading system will determine the extent to which an abatement incentive via a price signal is delivered to emitters and consumers in the transport sector. The AGO is considering all options as part of its feasibility study on emissions trading. The extent to which additional greenhouse measures can be introduced to improve the efficiency of the transport sector is not known at this time. Policy measures that address market failures or deliver long-term strategic objectives where market signals are not expected to be strong enough may deliver significant reductions in greenhouse emissions. For example, the Government’s transport reforms aim to increase the efficiency and market share in the less emission-intensive rail and maritime sectors. Work currently being undertaken as part of the NGS and by the NTS is considering a wide range of additional transport measures.

Recommendation 99
While recognising that a hybrid approach to permit allocation may be desirable in the short term, the Committee recommends that allocation of permits by auction be considered as the basis for a domestic emissions trading system.

Where interim concessional allocations are made, the Committee recommends that they be made on the basis of clear and widely accepted principles (such as life-cycle greenhouse benefits, a severe loss of international competitiveness, or credit for early action) and require recipients to agree to emissions reduction targets.

Government Response
The Government considers that this recommendation is currently being addressed in the context of policy development.

There is a range of permit allocation options available to the Government that combines elements of administrative and market-oriented approaches. Meeting Australia’s Kyoto target would necessarily impose adjustment costs and changes in relative competitiveness of different parts of the economy. However, there is a range of permit allocation options available to the Government which can create opportunities to provide compensation to disadvantaged parties. Further examination of these options will be important to the Government’s assessment of the feasibility and design of emissions trading in Australia. In choosing between alternative allocation options, the Government will aim to minimise the socioeconomic impact of meeting Australia’s international obligations.

Further exploration of all allocation options, and the issues that they raise, is required to assess the feasibility and design of emissions trading in Australia. In November 2000, the Government announced in-principle support for foundation principles for developing a program for crediting (ie sourced from Australia’s Kyoto Protocol assigned amount) early greenhouse gas abatement action within Australia. These three principles state that a ‘credit for early action’ program should:

- be accessible on a voluntary basis and enhance opportunities for businesses operating in Australia to hedge against greenhouse uncertainties;
- make early action credits fully exchangeable for Australian issued emission permits, in the event a mandatory national emissions trading system is introduced (or recognised as an offset to emission liabilities arising out of any future economy-wide taxation arrangements), linked to the Kyoto Protocol entering into force; and
- encourage new and additional investment in abatement within Australia.

Recommendation 100
Where carbon leakage is likely because an activity competes with activities in countries not bound by emissions reduction targets, the Committee recommends that measures be implemented to
minimise the disadvantage. This may include the allocation of concessional permits on the basis of clear and transparent criteria.

**Government Response**

The Government considers that this recommendation is currently being addressed in the context of policy development.

The Government has committed to future greenhouse gas abatement policies and measures that will promote cost effective actions which minimise the burden for business and the community, so that industry can remain competitive.

At the time of Australia’s signature of the Kyoto Protocol, the Government indicated several outstanding issues that would need to be resolved before Australia could consider ratification, including the engagement of developing countries (which do not have emission reduction targets under the Kyoto Protocol). There is no agreed timetable for dealing with this issue. Australia is actively encouraging developing countries to work towards addressing their greenhouse gas emissions. The engagement of developing countries in greenhouse action will help avoid carbon leakage, and preserve the relative competitiveness of Australian industry.

Australia ratified the UNFCCC, and is therefore bound by all the obligations under the Convention. Article 3.5 of the Convention states “… Measures taken to combat climate change, including unilateral ones, should not constitute a means of arbitrary or unjustifiable discrimination or a disguised restriction on international trade.”

Measures such as administrative allocation based on disadvantage, import surcharge and /or export rebates, introduced to assist sectors or groups identified as bearing a disproportionate share of the national adjustment task will have to be consistent with Australia’s international rights and obligations, including Australia’s membership of the World Trade Organisation.

**Recommendation 101**

*The Committee recommends that Government seek to ensure that a future emissions trading system does not penalise early action to reduce greenhouse emissions.*

**Government Response**

The Government considers that this recommendation is already being addressed through existing measures.

In August 2000, the Government announced that it would avoid greenhouse policies and measures that disadvantage those companies which had moved early in undertaking emission abatement actions, or that discriminate against new industry entrants.

**Recommendations 102 and 103**

**Recommendation 102**

*The Committee recommends that any use of permit allocation to reward early action to reduce greenhouse emissions be treated with caution, and ensure that reductions are verifiable and calculated from a date following the announcement of a reward for early actions scheme.*

**Recommendation 103**

*The Committee recommends that businesses that comply with specified accounting practices and protocols should be guaranteed that the emissions reduction actions will be considered in future policy development.*

**Government Response**

The Government considers that these recommendations are currently being addressed in the context of policy development.

In August 2000, the Government announced that it would avoid greenhouse policies and measures that disadvantage those companies which had moved early in undertaking emission abatement actions.

In November 2000, the Government announced in-principle support for the development of arrangements that would allow industry to earn credit for new and additional abatement actions (beyond business as usual) that help reduce Australia’s greenhouse gas emissions profile in the first Kyoto commitment period.

It is anticipated that the integrity of the crediting system would be supported by rigorous and transparent monitoring and verification procedures.

The Government is presently conducting a comprehensive public consultation process through the preparation in November 2000 of a Discussion Paper, Encouraging Early Abatement Action, available on the Internet (see www.greenhouse.gov.au/emissionstrading) or on request. For further detail on the Government’s position on credit for early action see the response to Recommendation 99.

**Recommendation 104**

*The Committee recommends that a national emissions trading system be supplemented by a range of policies which will stimulate emissions reductions in sectors for which it is difficult to provide coverage or which do not respond to price signals.*

In particular, policies to provide public transport alternatives to the use of private motor vehicles,
and to promote the development and uptake of renewable energy, need to be a priority.

**Government Response**
The Government considers that this recommendation is currently being addressed in the context of policy development.

If the Government were to proceed with a national emissions trading system, it would need to examine the extent to which additional measures would need to be introduced in the transport and renewables sectors. It might be of value in that context to consider additional policy measures that address market failures, deliver long-term strategic objectives where market signals are not expected to be strong enough, or which address gaps in the coverage of a trading system.

**Chapter 10 – Convention on Climate Change (Implementation) Bill 1999**

**Recommendation 105**
The Committee does not support the passage of the Convention on Climate Change (Implementation) Bill 1999 in its current form.

The Committee recommends that comprehensive greenhouse legislation be developed as soon as possible and when greater certainty is established in relation to domestic and international greenhouse gas abatement targets and measures.

**Government Response**

The Government will consider developing comprehensive legislation in the event that Australia decides to ratify the Kyoto Protocol and it comes into force.

**Recommendation 106**
The Committee supports the immediate addition of greenhouse emissions to the Environment Protection and Biodiversity Conservation Act 1999 to act as a trigger for environmental impact assessment of new projects which could cause the production of significant new greenhouse gas emissions.

**Government Response**
The Government response to this recommendation is considered jointly with Recommendations 33 and 34.

**Consolidated Response to Additional Recommendations by Senator Bob Brown, Australian Greens**

**Senator Bob Brown Recommendation 1**
*That Australia plan to reduce its greenhouse gas emissions by 90 per cent compared with 1990 levels, by 2050, as its contribution to stabilising CO₂ levels in the atmosphere at twice pre-industrial levels.*

**Government Response**
The Government does not support this recommendation.

The Government has signalled Australia’s strong commitment to reducing the growth of our greenhouse gas emissions by signing the Kyoto Protocol. Under the Protocol, Australia has been allocated an emission reduction target of 8 per cent above our 1990 emission levels by 2008–2012. Although this represents a significant challenge and is broadly consistent with the reduction beyond business as usual which other developed countries were assigned in the Kyoto Protocol, it is a realistic target that reflects Australia’s national circumstances.

Australia’s Kyoto target is for the first commitment period only and emission reduction targets for future commitment periods have not yet been negotiated. Australia will participate actively in any negotiation on future emission reduction targets. According to the Kyoto Protocol (Article 3.9) consideration of commitments for subsequent periods shall be initiated at least seven years before the end of the first commitment period. In other words, those negotiations should commence by the end of 2005 at the latest.

At this time, it is not scientifically possible to determine what global atmospheric concentration of greenhouse gases is required to meet the objective of the UNFCCC (which is to stabilise greenhouse gas concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system).

**Senator Bob Brown Recommendation 2**
*Ratify the Kyoto Protocol without delay.*

**Government Response**
The Government does not support this recommendation.

The Government will not consider ratifying the Kyoto Protocol until international agreement is reached on all the outstanding issues. These issues include rules for the use of sinks, the rules, guidelines and modalities for the Kyoto mechanisms (International Emissions Trading, JI and the CDM), the compliance system and the engagement of developing countries. The Government intends to work with the international community on these issues at the resumption of COP 6 from 16–27 July 2001.

**Senator Bob Brown Recommendation 3**
*That the Government implement the National Greenhouse Strategy on time and in full.*

**Government Response**
The Government considers that this recommendation is already being addressed through existing measures.
The NGS provides the strategic framework for advancing Australia’s domestic greenhouse response in the decade leading up to the first Kyoto commitment period (2008–2012). In endorsing the NGS, the Commonwealth, States and Territories have indicated their commitment to responding effectively to the challenge of climate change and to meeting Australia’s international commitments on greenhouse.

The Government is committed to implementing all elements of the NGS for which it is responsible, and is actively encouraging States and Territories to implement NGS measures lying within their areas of responsibility. Considerable progress has been made in the first two years of the strategy in setting in place the majority of the measures encompassed by the NGS. This is detailed in the National Greenhouse Strategy 2000 Progress Report tabled in Parliament in December 2000.

Senator Bob Brown Recommendation 4

That the Government commission a comprehensive accounting (financial where relevant) of the environmental, economic and social impacts of climate change. It should focus on Australia and the Asia Pacific region, and include an assessment of the risks of sudden catastrophic change to key weather systems and the costs of remedial plans for such an emergency.

Government Response

The Government considers that this recommendation is already being addressed through existing measures. The IPCC Third Assessment Report for Working Group Two (Climate Change Impacts, Adaptation and Vulnerability) which was made public in April 2001 provides an analysis of the impacts of climate change on Australia and the Asia Pacific region.

In addition, the NGS and the Greenhouse Science Advisory Committee Greenhouse Research Plan for 2000–05 identify the need for investigation of environmental, economic and social impacts of climate change.

Senator Bob Brown Recommendation 5

That the Government –

- Boost environmental technology industries and ensure that greenhouse polluters pay by introducing a carbon tax of $30 - $40 per tonne from 2002.
- Establish a national analogue of the NSW Sustainable Energy Development Authority to promote and invest in energy efficiency and renewables, funded from the carbon tax.
- Legislate to require electricity retailers to disclose greenhouse gas emissions on consumer’s bills.
- Fund a national program to make street lighting energy and cost efficient.
- Abolish tied road funding and replace it with a Transport Fund, that can allocate money to works and strategies after an open consultative process.
- Implement the Sun Fund through which farmers and others using diesel generators can swap part or all of their entitlement to the diesel fuel rebate for an equivalent amount to invest in renewable energy.

Government Response

The Government does not support this recommendation in particular the reference to “a carbon tax”.

Existing Government programs are addressing many of the issues raised in this recommendation. The Government has not included a carbon tax as part of its range of greenhouse policies. The Government has established the AGO which is unique amongst OECD countries. It actively promotes and invests in energy efficiency and renewable energy. Government and industry jointly fund the programs. Some programs that promote and invest in energy efficiency and renewables are the GGAP, REEF, RECP, RRPGP and PVRP.

Through the NGS, State and Territory governments are working with electricity retailers on cooperative programs to reduce greenhouse emissions.

The Government is already providing $13 million over five years for the CCP™ Australia Program—the largest single contribution to this global campaign by any government in the world to date. In participating in the CCP™ Program, Australian councils commit to progress through five milestones to reduce their greenhouse gas emissions. This includes addressing corporate emissions resulting from street lights through improved energy efficiency.

The AGO is also currently working with the Electricity Supply Association of Australia to identify the potential for improved energy efficiency in street lighting on major traffic routes. In addition, the AGO is surveying councils to assess their education and training requirements in relation to maximising the uptake of energy efficient street lighting.

The Government considers that there is in-principle merit in examining funding requirements for the transport sector in an integrated way.
which assesses the merit of each mode to provide improved access while also considering the environmental, social and economic impacts.

The Government recognises the advantages of an outcome-oriented process that allows flexibility and the comparison of a wide range of options, with appropriate assessment and open consultation. However, the Government does not consider that this approach is best achieved by a common Transport Fund. See Australian Democrats Recommendation 7 for further details.

The Government recognises that renewable energy offers opportunities to reduce the use of diesel for electricity generation in those areas not serviced by a main electricity grid. The $264 million RRPGP provides support for the installation of renewable generation technologies in remote areas of Australia. States and Territories will be allocated funding on the basis of the relevant diesel fuel excise paid in that State or Territory by public electricity generators. The funds will be used to provide a rebate for the installation of renewable remote area power supplies. Potentially eligible installations are those where renewable energy replaces diesel for all or part of the energy source for off-grid electricity generation.

State and Territory input was sought in respect of this recommendation. The three substantive responses received generally support the Government’s position. States and Territories that did not provide a specific response generally expressed the view that the recommendation would be taken into account in future policy development.

Senator Bob Brown Recommendation 6

Reinstate the National Energy Research and Development Corporation with a budget of at least $30 million pa to fund research into sustainable energy and energy efficiency.

Government Response

The Government does not support this recommendation.

The Government is actively engaged in this area and has committed substantial resources to R&D and, particularly, the commercialisation of technology in support of its energy efficiency, renewable energy and greenhouse objectives. They encompass initiatives which address key areas of priority such as:

- A range of initiatives administered by the AGO to support the development and commercialisation of appropriate technologies;
- The establishment of a REEF which will help provide the capital required for innovative businesses specialising in renewable technologies to become established;
- Funding for the Australian CRC for Renewable Energy.

Broader R&D support programs, such as the R&D Start program are also available to, and are used by, businesses in their development of renewable and energy efficient technology.

Applications for the first round of grants under GGAP are currently being considered. The Program provides further funding opportunities for the commercialisation and diffusion of abatement technologies.

COAG will discuss national energy strategy at its next meeting, expected in the first half of 2001. This meeting will provide an appropriate forum for consideration of whether there is a need for further R&D support for sustainable energy and energy efficiency and, if so, how this support might be provided most effectively.

Senator Bob Brown Recommendation 7

Reduce greenhouse gas emissions immediately by--

- Implementing national clearing controls, to intervene in Queensland and Tasmania.
- Protecting remaining old growth forests.

Government Response

The Government does not support this recommendation.

Under the Australian Constitution the States are responsible for activities relating to land management, including the protection of vegetation from land clearing and the management of old growth forests. The Government recognises the importance of these issues however, and is implementing a number of initiatives that address the issues raised in this recommendation.

Queensland has primary responsibility for land management in that state, including for its own land clearing regime. However, the Government recognises the important implications of current Queensland land clearing rates, in particular that Queensland’s current land clearing regime does not provide an acceptable greenhouse outcome. The Government considers wide community acceptance, particularly by farmers and landholders, as essential if vegetation management is to be effective and if sustainable land management is to be achieved.

The Prime Minister has made it clear to the Premier of Queensland that the Government is prepared to consider funding assistance in relation to land clearing restrictions on a basis that meets the Government’s greenhouse objectives. He has also agreed to discussions on this issue between Commonwealth and Queensland government officials. The Government is also continuing to
have discussions with senior Queensland farming representatives, with a view to achieving a mutually acceptable outcome.

Similarly, Tasmania is primarily responsible for these issues in that State. The Government is actively engaged in enhancing native vegetation management in Tasmania through the Natural Heritage Trust. The national goal of the Trust’s Bushcare program is to reverse the long-term decline in the quality and extent of Australia’s native vegetation cover. In signing the Natural Heritage Trust Partnership Agreement, Tasmania agreed to contribute to achieving the stated national outcome of putting “Effective measures in place to retain and manage native vegetation, including controls on clearing.” (Partnership Agreement between the Commonwealth of Australia and Tasmania, 7 October 1997).

The National Framework for the Management and Monitoring of Australia’s Native Vegetation, an initiative of ANZECC, also provides a mechanism to implement the Natural Heritage Trust goal. Tasmania’s Interim Work Plan for the ANZECC vegetation framework commits the Tasmanian Government to “pursue options and recommendations for implementation of vegetation clearance controls”.

The RFAs between the Commonwealth and the States recognise the special value of old growth, and have made considerable advances in the identification and protection of old growth forests throughout Tasmania. As part of the Comprehensive Regional Assessments (CRA), old growth was mapped in each of the RFA regions. As a result of this assessment we have a thorough knowledge of the extent and distribution of old growth in forestry regions in Australia. This information, along with other assessments undertaken as part of the CRAs, has provided a solid information base for land use decisions in the RFA and has resulted in a Comprehensive, Adequate and Representative (CAR) reserve system.

The CAR reserve system now includes over 2.8 million hectares of old-growth forest, with over 840,000 hectares added to the reserve system as a result of the RFA. Nationally, this represents more than 65 per cent of all old-growth present in the RFA regions. The Government is investing around $30 million in the Tasmanian Regional Forest Agreement Private CAR Reserve Program to protect high conservation values on private lands. Eighty-six per cent of Tasmania’s old-growth forest on public land is now protected in reserves, or through restrictions on logging.

Of the 31,000 hectares of public forest in the Styx Valley—the “land of the giants”, some 8,500 hectares or 27 per cent is in National Parks. A further 3,050 hectares, or 10 per cent, is set aside for conservation and protection purposes as a result of the RFA, signed by Commonwealth and the State in November 1997. Forestry Tasmania has recently given a public assurance that no trees over 85 metres tall will be logged.

In recent years the wood production industry has relied less on old-growth forests and drawn increasingly on regrowth native forests and plantations. The Commonwealth and State governments’ agreed approach to conserving and managing old-growth forests will help this transition to continue.

Senator Bob Brown Recommendation 8

Negotiate at the Sixth Conference of Parties (COP6) (November 2000) for international accounting rules that –

- Are consistent with the goals of the convention on Biological Diversity, the Ramsar Convention on Wetlands, The Regional Seas Convention, and the UN Convention to Combat Desertification;
- Allow carbon credits to be created only when the carbon stock on any given parcel of land is greater than it was in 1990;
- Include logging of native forests and clearing of native forests for plantations within the definition of ‘deforestation’;
- Are ‘symmetrical’ with respect to the inclusion of new activities – that is additional sinks can only be counted if additional sources are included too.

Government Response

The Government considers that this recommendation is currently being addressed in the context of policy development.

The Government supports Parties taking into account the potential synergies between the implementation of the Protocol and actions to meet the objectives of the Convention on Biological Diversity, the Convention to Combat Desertification, the Convention on Wetlands and Agenda 21.

Consistent with key provisions of the Kyoto Protocol, Australia is only interested in receiving credits for sinks that are the result of human action and are real, measurable and verifiable. To achieve this outcome, Australia is therefore investing considerable effort and resources to develop the NCAS that will provide world class measurement of land based emissions and sinks.

The definition of deforestation before the negotiations (and which has a high degree of acceptance) requires that the deforestation activity be the product of direct human action, involve the conversion of forest land to non-forest land and
have occurred since 1 January 1990. While the commercial forestry practices of clear-cut harvesting where it is followed by replanting, thinning or selective logging are unlikely to be regarded as deforestation events under this definition, neither will the replacement of native forests by plantations be eligible for credit as reforestation.

Article 3.4 of the Protocol provides for additional human-induced activities within the agricultural soils and land-use change and forestry categories to be included in the set of activities accounted for in achieving Kyoto Protocol targets. These additional activities may be either sources of emissions or sinks and each will be considered on its merits by the Conference of Parties. However, there is no requirement under the Protocol that only allows additional sinks to be counted if additional sources are also included and the Government does not support such a position.

Senator Bob Brown Recommendation 9

Negotiate at COP6 for the contribution of sinks to be capped under any international emissions trading system.

Government Response

The Government does not support this recommendation.

The Government considers that sinks are a valid tool to complement other measures to reduce atmospheric greenhouse gas emissions such as reduced energy consumption. Articles 3.3 and 3.4 of the Kyoto Protocol implicitly acknowledge that sinks activities are an environmentally effective response to global warming. At present, eligible sinks activities under the Kyoto Protocol are restricted to direct human induced afforestation, reforestation and deforestation that has occurred since 1990 under Article 3.3. This substantially limits the availability of sinks credits.

Article 3.4 provides for further negotiation on including additional agricultural soils, land use change and forestry activities. At COP 6 in The Hague, the United States, Canada and Japan proposed including a range of broadly defined additional activities which could make a significant contribution towards their greenhouse abatement task. If the Conference of the Parties decides to include these broad additional activities, it is likely to consider placing a limit on the credits that may generate in the first commitment period.

Senator Bob Brown Recommendation 10

That Basslink should not proceed.
Part B contains the Government’s response to the PJSC’s findings on this matter.

PART A: TAXATION CONCERNS

Conclusions and Recommendations

1.41 The PJSC does not find that with regard to the instances before it and with regard to the material provided to it, either through written submissions or oral evidence, that a wrongful use of shadow ledgers occurred or that the failure to provide bank statements could have constituted unlawful behaviour.

1.42 The Committee notes that the Australian Tax Office covers the accounting practice of operating shadow ledgers in its TR 94/32. This tax ruling allows that when banks classify a loan as non accrual that any interest accruing thereafter will not be derived for income tax purposes until it is received. The Committee concludes that it is unlikely that a case could be made that the use of shadow ledgers by banks are not a proper accounting function.

1.43 The Committee notes the bank’s advice that independent auditors Ernst & Young had specifically reviewed the shadow ledger accounts and confirmed that the activity on those accounts is in accordance with accounting and taxation requirements.

1.44 While the Committee is satisfied with the findings of Ernst & Young, to ensure that any outstanding public concern is addressed about the administrative errors admitted by the bank in relation to Tratzea’s accounts, the Committee asks the CBA to confirm the taxation treatment of monies in respect to Tratzea were correct.

The Government believes that financial institutions should deal with their customers in an open and transparent manner. It considers effective communication to be a key component of good banking practice. It is central to the maintenance of good customer relations, particularly where a customer is experiencing financial difficulties, and requires both parties to exchange relevant information. While appreciative that, for commercial reasons, financial institutions may not wish to reveal some aspects of their accounting and taxation affairs, it would nevertheless appear to be in their best interests to take all steps necessary for the effective resolution of customer concerns.

Initiatives arising from the Committee’s inquiry are considered to be a beneficial step towards resolving customer concerns about internal accounting practices relating to their debts. However, the Government considers it regrettable that these concerns were permitted to arise and believes that they could have been avoided or resolved through more effective communication between financial institutions and their customers.

The Government and the Australian Taxation Office (ATO) take very seriously all issues relating to compliance with the taxation laws. The ATO does, and will continue to, take steps to ensure that taxpayers comply with the taxation laws. To assist taxpayers in complying with those laws the ATO issues public rulings advising of the Commissioner’s view on the application of those laws to particular circumstances. The Commissioner’s views as to the taxation treatment of bad debts and non accrual loans has been publicly documented in Taxation Rulings TR 92/18 and TR 94/32 respectively.

The Government has been advised by the Australian Competition & Consumer Commission (ACCC) that it has investigated a number of complaints and while all investigations are not complete it is clear that proceedings cannot be instituted for breaches of the Trade Practices Act in every case. The ACCC has noted that the Commonwealth Bank has initiated a mediation process to deal with complaints and the ACCC is hopeful that process will deal with the individual complaints more thoroughly than any litigation it might initiate.

PART B: DISCLOSURE CONCERNS

Conclusions and Recommendations

1.45 The Committee concludes that the Commonwealth Bank by not automatically issuing account statements to some customers who were in default on their loan obligations exacerbated an already difficult situation for the customers, making it difficult for them to budget, re-finance loans and submit taxation returns.

1.46 The Committee believes that the Commonwealth Bank’s explanation that they did not provide bank statements to customers because they did not wish to ‘inflame a dispute’ is poor banking practice. Evidence presented to the Committee also demonstrated that the confusion customers faced about the bank’s practices in respect to ‘shadow ledgers’ was unreasonable.

1.47 The PJSC therefore concludes that the management practices of the Commonwealth Bank in relation to non-provision of statements albeit to a small number of customers who had fallen behind with repayments, were seriously flawed in terms of best practice customer relations.
1.48 The Committee acknowledges the efforts that witnesses to the inquiry such as Mr Bruce Ford have made in order to have their issues properly considered. The Committee notes that the need to hold an inquiry into ‘shadow ledger accounts’ represents a failure of the Commonwealth Bank to resolve some customer relation disputes internally.

1.53 The PJSC also notes that members of the Committee believe that on the evidence presented it is not possible to determine how many Commonwealth Bank customers have been affected by the bank’s decision not to issue bank statements when loans are in default. The PJSC recommends that mediation services be offered by the CBA to affected customers where appropriate.

Labor and Democrat members believe that the Commonwealth Bank should appoint an independent mediator to resolve any outstanding disputes. Labor and Democrat members also believe that the appointment of the mediator should be advertised in the national press and the Commonwealth Bank asked to report back on progress in resolving disputes.

1.54 The PJSC recommends that all banks if they do not do so already, clearly inform customers about the procedures and processes which result in the case of troubled loans. Adequate disclosure places customers in a position to make informed and timely decisions about the organisation of their financial affairs. Effective disclosure is also an important foundation for building good relations between financial institutions and their customers. Good disclosure practices clarify the nature and extent of each party’s rights and obligations and in so doing help to foster a mutually beneficial customer/bank relationship.

The Government therefore considers it poor banking practice for a financial institution to withhold from its customers relevant and timely information about their financial obligations. This is so irrespective of the fact that only a small number of customers may be affected by such practices. The consequences of inadequate or inaccurate disclosure include customer confusion about banking procedures and a breakdown in the relationship between financial institution and customer. Appropriate disclosure is likely to assist in the process of resolving concerns and any confusion that may have arisen between financial institutions and their customers.

It is therefore reasonable to expect that financial institutions would endeavour to provide all necessary financial information to their customers. Where disputes do arise, it is important for financial institutions to advise their customers about the dispute resolution avenues available to them and the processes involved.

The Government encourages financial institutions to review regularly any internal practices that have a potential to impact adversely on customer relations, including their internal dispute resolution processes. The Government expects such reviews would aim to ensure the continued effectiveness of these processes and to address those measures necessary to resolve reasonable customer concerns.

1.49 The PJSC recognises that the commitment by the Commonwealth Bank to provide full statements to customers in default is a step forward. However, the Committee is disappointed that this commitment did not eventuate until this Parliamentary Inquiry was initiated.

1.50 While the Committee has investigated the practice of the Commonwealth Bank in respect to the treatment of bad debts and the creation of shadow ledger accounts it is evident that this practice is not limited to the Commonwealth Bank. Indeed in its evidence to the Committee the Commonwealth Bank stated that its practices are ‘industry standards’. If this is indeed the case then it is appropriate that all banks commit to providing statements to customers who are in default on their loans when requested by the customer.

1.51 The PJSC believes that all financial institutions which do not already do so should adopt the announced intention of the Commonwealth Bank to provide full statements to all customers. Therefore the PJSC recommends that the automatic issuing of statements of account in all circumstances short of litigation be considered for inclusion in the banking code of practice.

1.52 The PJSC believes that the statement should set out the total amount which the Bank believes that the customer owes in respect of the account in accordance with the terms and conditions on the account and should not reflect any write downs which the bank has made for internal accounting or taxation purposes. The Committee will refer the matter to the relevant parties undertaking the review of the banking code of practice.
The Government would expect that financial institutions will review their banking practices in relation to troubled loans to ensure that their customers receive appropriate and timely information about their financial obligations. It encourages and supports this process.

In view of the central importance of adequate disclosure, the Government is pleased to note that the Commonwealth Bank has introduced, from 1 January 2001, new arrangements for the provision of full statements to customers in default on their loan obligations.

It notes that the current review of the Code of Banking Practice provides an appropriate forum for the banking industry as a whole to consider these matters. As part of the review, an issues paper canvassing possible changes to the Code was released on 5 March for public consultation. Presently, the Code includes some matters related to the provision of statements to customers. As the Code describes standards of good banking practice and is intended to promote the disclosure of information to customers, the review provides a timely opportunity for the banking industry to re-evaluate existing industry practices and to consider embedding any reforms in a revised Code.

The Government also welcomes initiatives taken by the Australian Banking Industry Ombudsman in December 2000, examining principles for good banking practice in this area. It views this as a positive step and encourages all financial institutions to adopt those banking practices necessary to deliver high standards of customer service.

**DOCUMENTS**

**31st Conference of Presiding Officers and Clerks, Norfolk Island**

The DEPUTY PRESIDENT—I present the report of the 31st Conference of Presiding Officers and Clerks which was held in Norfolk Island between 31 July and 4 August 2000, together with the Hansard record of the conference.

**COMMITTEES**

Public Works Committee

Report

Senator CALVERT (Tasmania) (3.55 p.m.)—On behalf of the Parliamentary Standing Committee on Public Works, I present report No. 8 of 2001, entitled Lavarack Barracks Redevelopment Stage 3, Townsville. I move:

That the Senate take note of the report.

I seek leave to incorporate my tabling statement in Hansard.

Leave granted.

The statement read as follows—

Madam President, this report relates to the proposal for the third stage of the redevelopment of the Australian Army's Lavarack Barracks in Townsville. It involves the upgrading of working accommodation and facilities, in particular for the 3rd Brigade, and of facilities for other units located at the Barracks.

The Committee has found the proposed work necessary and recommended it proceed.

**Need**

Many of the existing facilities at Lavarack Barracks are more than 30 years old and, arguably, have reached the end of their functional life. According to Defence, the facilities do not adequately reflect the current structure or functionality of the 3rd Brigade—which is the major land component of the Ready Deployment Force of the Australian Defence Force.

I hasten to add that, following the Committee's inspection of the Barracks, we would agree with this view. Facilities, such as the Headquarters building, are inadequate for current operational needs.

We believe the redevelopment work will enhance the overall effectiveness of the 3rd Brigade and other units based at Lavarack Barracks.

There are a number of benefits. They include:

- the better grouping of related Brigade functions;
- facilities that better reflect current work practices and functional relationships;
- improved morale as a result of Defence personnel having working accommodation and facilities that meet present day standards;
- more efficient operations flowing from improved maintenance and storage areas; and
- fewer occupational health and safety problems by getting rid of cramped temporary accommodation.

**Refurbish or rebuild**

Defence's submission to the Committee presented options for addressing problems at Lavarack Barracks. Essentially, they were: refurbish existing buildings or rebuild.

The Committee has concluded that the rebuild option is the better option.
In passing, I note that the Committee had to seek additional information from Defence before it could be convinced rebuilding was the best option.

**Scope and cost of the project**

I would like to make some brief comments on the scope and cost of the project.

An issue for the Committee was that, while Defence has a capped budget of $170 million for the project, the estimated cost is $230 million. The difference between $170 million and $230 million is explained by Defence as savings, which could be made by value management and other cost-saving measures within the project.

It is self-evident that the scope of the works proposed by Defence will not be achieved unless Defence can make the savings.

While I think it is fair to say Defence is confident it will make the savings, the Committee would prefer to see similar projects presented differently. In this context, the Committee is currently interested in the benefits achieved from what is known as “alliancing”, where the total project cost is fixed.

Alliancing is a team-based approach to building design construction. Alliancing was used to design and construct the new National Museum here in Canberra. In this case the project was on time and under budget.

**Other issues**

The Committee has commented on a number of other issues in the report. They include:

- Heritage matters;
- Environmental issues; and
- Consultation with other stakeholders.

I do not propose to comment in detail on these issues at this stage.

**Conclusion**

As I indicated at the beginning of my remarks, the Committee supports the Stage 3 redevelopment of Lavarack Barracks.

The Committee has therefore recommended that the proposed work proceed at a cost of $170 million.

Madam President, in conclusion I would like to acknowledge the contribution of my fellow Committee members and Secretariat staff and in particular, Gillian Gould and Tiana Gray.

The tabling of this report is the completion of one of eight current inquiries. While it is a very heavy workload, I am optimistic of our ability to finalise the inquiries this year.

I commend the Report to the Senate.

Question resolved in the affirmative.

**Public Accounts and Audit Committee**

**Report No. 382**

**Senator CALVERT** (Tasmania) (3.55 p.m.)—On behalf of Senator Gibson and the Joint Committee of Public Accounts and Audit, I present the following report of the committee: *Report No. 382: Tactical Fighter Operations; Magnetic Resonance Imaging Services; High Wealth Individuals Taskforce: Review of Auditor-General’s Reports 1999-2000, Fourth Quarter*. I move:

That the Senate take note of the report.

I seek leave to have my tabling statement incorporated in *Hansard*.

Leave granted.

The statement read as follows—

Madam President, on behalf of the Joint Committee of Public Accounts and Audit, I present the Committee’s Report No. 382—Tactical Fighter Operations; Magnetic Resonance Imaging Services; High Wealth Individuals Taskforce. This is our Review of Auditor-General’s Reports for the fourth quarter of 1999–2000.

Madam President, the Committee held a public hearing on 3 November 2000 to discuss these ANAO Reports with the relevant Commonwealth agencies. I will briefly discuss issues in each of the selected reports in turn.

Audit Report No. 40 examined the Tactical Fighter Operations. The Committee reviewed the administration of Tactical Fighter Operations (TFOs) by the Royal Australian Air Force (Air Force). The JCPAA focused its examination on air superiority and regional capabilities, and management of the fast-jet pilot workforce. Air superiority, which encompasses tactical fighter operations, airborne early warning and control (AEW&C), and air-to-air refuelling (AAR) is critical to the defence of Australia.

The JCPAA supports initiatives outlined in the 2000 Defence White Paper to acquire AEW&C and enhance Air Force’s AAR capability.

The management of the fast-jet pilot workforce comprising recruitment, training and retention is a major issue for the Royal Australian Air Force, and ultimately Australia’s defence. It is unacceptable that there are insufficient numbers of fast-jet pilots. In a crisis situation, Australia’s ability to sustain extended air combat could be under serious pressure. The ANAO should con-
duct a follow-up audit to assess how Air Force is addressing this issue.

In the second report selected, the Committee reviewed the audit on the Magnetic Resonance Imaging Services. It examined effectiveness and probity of the policy development processes and implementations involved in improving access to the Magnetic Resonance Imaging (MRI) Services.

The audit concluded that there were areas for improvement by the Department of Health and Aged Care in its policy development, risk management and in its management of negotiations with representatives of the Royal Australasian College of Radiologists. The number of machines for which eligibility for MBS rebates was sought greatly exceeded expectations. The desired distribution of machines was still not fully realised. Expenditure for MRI services also exceeded anticipated amounts.

Chief among the ANAO findings was a lack of adequate documentation by departmental officials. The Committee also found it disturbing that DHAC was so lacking in rigour in its probity arrangements, given the professional interests involved. The department’s open-ended approach to risk management was deficient, especially in its handling of conflicts of interest and its acceptance of statutory declarations at face value as proof of date of order and installation. Until the cut-off date of 10 February 1998 came into effect on 1 November 1999, almost $46 million had been paid in medical rebates, some to machines subsequently deemed ineligible.

The Committee recommended that the department improve its practices in contract management and urged departmental officers to base its guidelines on the ANAO Better Practice Guide on Contract Management (2001). In addition, the Committee has noted the lessons learnt and will ensure there will be full and accurate record keeping, especially of negotiations and meetings, from now on.

I now turn to the final ANAO report the Committee reviewed in this quarter—High Wealth Individuals Taskforce. Audit Report No. 46 on the Tax Office’s High Wealth Individuals Taskforce considered the management and operations of the taskforce and assessed its performance against the outcomes specified by the Government. The audit report concluded that the management and operations of the taskforce was effective and that the taskforce was achieving the revenue targets set by the government.

The audit report also found that the taskforce had contributed to the development of administrative and legislative proposals to address undesirable tax minimisation practices. In its review of the High Wealth Individuals Taskforce, the Committee took evidence on taskforce resourcing, litigation and settlement procedures, the revenue raised by taskforce activities, taskforce involvement in addressing tax minimisation techniques and taskforce reporting of outcomes.

The Committee supports the work of the taskforce and sought to assure itself that adequate resourcing would continue to be available to the Tax Office to fund the work of the taskforce. The Tax Office has indicated to the Committee that it has made a decision to continue with the taskforce approach of looking at high wealth individuals.

The Committee endorses the Tax Office’s allocation of resources based on a properly planned risk management approach.

The High Wealth Individuals Task Force established a Compliance Management Strategy to
address its responsibilities. One of the elements of this strategy is litigation and prosecution.
The audit report found that the taskforce conducted settlement processes in accordance with the ATO’s Code of Settlement Practice. The report also found that settlement processes had been conducted with a view both to protection of revenue and to fairness to the High Wealth Individual taxpayer concerned.
The Committee notes that the Tax Office has a fairly rigorous process in place to guide settlements.
The Committee was interested in the issue of revenue targets for the taskforce.
Based on analysis of a sample of taxpayers and their related entities, a figure of $800 million per year was derived by the Tax Office as an order of magnitude estimate of revenue potentially at risk from aggressive tax planning and minimisation arrangements used by some High Wealth Individuals.
The Government’s required revenue targets for the taskforce were $100 million in each year from 1997-98 to 1999-2000. The ANAO concluded that the taskforce had achieved its revenue targets for the first two years. The Committee ascertained that the Tax Office had also met its revenue targets in 1999-2000.
In relation to taskforce involvement in addressing tax minimisation techniques, the Tax Office confirmed that there had been a very substantial volume of advice from the taskforce to government, which had suggested areas for systemic policy reform.
The audit report concluded that while there had been some public release of information on the taskforce’s activities, the external reporting of the taskforce’s performance could have been more comprehensive.
The major reporting of the results of its work on High Wealth Individuals is in the Tax Office’s Annual Report. The Tax Office also indicated that it had issued a number of press releases over the period of the taskforce’s existence.
The Committee considers that publishing the results of and issues involved in the taskforce’s operations are important for community education and compliance and that more attention should be given to this area. The Committee recommends that the Tax Office make further efforts to promote greater public awareness of the taskforce’s activities and achievements by disseminating more widely the information contained in the Commissioner’s annual report.

May I conclude, Madam President, by thanking on behalf of the Committee the witnesses who contributed their time and expertise to the Committee’s review process. I am also indebted to my colleagues on the Committee who have dedicated their time and effort to reviewing these Auditor-General’s reports. As well, I would like to thank the members of the secretariat who were involved in the inquiries.

Madam President, I commend Report 382 to the Senate.

Question resolved in the affirmative.

Report No. 384

Senator CALVERT (Tasmania) (3.56 p.m.)—On behalf of Senator Gibson and of the Joint Committee of Public Accounts and Audit, I present the following report of the committee: Report No. 384: Review of Coastwatch. I move:

That the Senate take note of the report.

I seek leave to incorporate the tabling statement in Hansard.

Leave granted.

The statement read as follows—

Madam President, on behalf of the Joint Committee of Public Accounts and Audit, I present the Committee’s Report No. 384, Review of Coastwatch. The report arose from the Committee’s statutory obligation to review reports of the Auditor-General—in this case Audit Report No 38 of 1999–2000.

Madam President the headlines for the Committee’s report are these:

• the present Coastwatch organisation is working well;
• the challenges faced by Coastwatch are wide ranging and demanding, but they are being met effectively; and
• there is no need for an Australian Coastguard.

Coastwatch is working well

During the inquiry the Committee visited Coastwatch’s National Surveillance Centre and inspected facilities across northern Australia. During this time the Committee participated in two off-shore patrols and saw at first hand how Coastwatch conducts patrols, detects and investigates surface contacts, and coordinates the interception of vessels carrying suspected illegal immigrants.
The Committee saw a well integrated organisation, effectively using the resources at its dis-
posal, and staffed by personnel dedicated to protecting Australia’s borders.

However, the Committee considers Coastwatch’s role could be better defined and has recommended that there be a clear statement from the Government, in the form of a publicly released charter, setting out what the Government regards as its expectations for Coastwatch. Such a charter would serve to inform the public of Coastwatch’s intended role.

Madam President, we are all aware of the recent upsurge of boat people arriving off the north west of Australia and at Christmas Island. It is important to state what Coastwatch’s role is in this regard. Its role is to detect, and coordinate the interception of those boat people and, if they choose to enter Australia’s territorial waters (i.e. cross the 12 mile line), bring them safely to land. It’s role Madam President is not—as some would have us believe—stopping those people, of intercepting them, refuelling their boats, and telling them to go away!

Coastwatch also plays an essential role in detecting illegal activities such as illegal fishing and is integral to anti drug operations undertaking surveillance on behalf of its clients, Customs and the AFP.

The Committee feels that Coastwatch’s role is poorly understood by the public and has recommended that there should be a comprehensive campaign to inform the public of Coastwatch’s role in protecting Australia’s borders.

The Committee has looked at Coastwatch’s performance measures and agrees with the Auditor-General that these could be improved. The Committee has developed this further and the report contains performance measures which could be used as a basis for a balanced scoreboard by which Coastwatch’s performance could be measured. The Committee is also critical of the information about Coastwatch provided to Parliament by Customs at Budget time, for Additional Estimates and in the Customs annual report. The output price information provided is unclear and appears in part to result from a misalignment of the Customs output structure with its program structure. While such a mismatch may improve flexibility for Customs, a consequence is poor pre and post-expenditure accountability to Parliament.

There has been speculation that Coastwatch, as a program within Customs, may be too close to Customs to the detriment of services provided to other Coastwatch clients. The evidence provided by Coastwatch’s clients, however, has not supported this view. From this and other evidence, the Committee concludes that the relationship between Coastwatch and its clients is sound. This is no doubt assisted by the recent practice of seconding a serving uniformed Australian Defence Force officer to be the Director General of Coastwatch. The Committee has recommended that this practice continue.

The challenges faced by Coastwatch are being met effectively

Madam President. The challenges faced by Coastwatch are wide ranging and demanding. The Committee has discussed the challenges of the unauthorised arrival of suspected illegal immigrants, illegal fishing, the movement of people across the Torres Strait, and the issue of unauthorised air movements in northern Australia.

In discussing the arrival of boat people the Committee draws a distinction between those arriving to the north and north west who arrive openly and those that have attempted to enter covertly along the east coast. The Committee believes that Coastwatch is performing well in detecting and coordinating the interception of illegal entry vessels in northern and north-western waters. Simply providing additional resources to Coastwatch or creating a coastguard will not stem the tide. The solution is to prevent people illegally setting out for Australia. To this end, the Committee is satisfied that the Department of Immigration and Multicultural Affairs is making every effort to enter into agreements with Australia’s neighbours to thwart the people smugglers.

Regarding illegal fishing, the Committee considers that in northern and north-western waters Coastwatch’s performance is limited by its ability to intercept the vessels it has detected. In contrast, in the Southern Ocean the limiting factor is one of actually detecting illegal fishers. The Committee has recommended that:

• there should be a review of options for increasing Australia’s ability to respond to illegal fishing in northern waters, with consideration of increasing response capability if warranted; and
• Defence should investigate the cost of acquiring and outfitting a Southern Ocean patrol vessel, and investigate the feasibility of mounting joint patrols of the Southern Ocean with other countries with an interest in the region.

In his audit the Auditor-General raised the issue of unauthorised air movements (UAMs). The Committee believes that UAMs do not currently pose a threat, but nevertheless Australia must plan to meet this threat should it eventuate. The Committee’s recommendations include:
the continued analysis of potential threats and the development of response strategies;
• there should be contingency plans for siting sensors in the Torres Strait and Cape York to meet any identified threat;
• links and protocols should be developed with Australia’s northern neighbours to enable investigation of suspicious aircraft leaving Australian airspace; and
• a contingency plan should be prepared for recommending to Government the mandatory use of transponders on non-commercial aircraft if there is a demonstrated problem of unauthorised air movements.

A concern of the Auditor-General was that it was unclear which agency should take primary responsibility for the UAM issue. The Committee has reviewed the matter and concludes it is Customs which should be responsible. However, because UAMs potentially pose a threat of national significance, Defence should be intimately involved in the contingency planning recommended by the Committee. Allowing Customs to assume responsibility and Defence to respond to UAM incursions may require amendments to legislation.

There is no need for an Australian Coastguard

Madam President, there is no need for an Australian Coastguard.

The Committee has received evidence proposing several models for a new coastwatch organisation. The models range from: merging Coastwatch with Australian Search and Rescue; Defence to assume the coastwatch role; to the creation of a separate paramilitary coastguard.

The Committee has taken considerable evidence on this issue and has analysed the issues by asking:
• does the proposal provide for better use of scarce resources; and
• will the proposal result in improved performance?

The Committee included the current Coastwatch in its consideration—to see how it matches up against these criteria.

There appears little overlap between AusSAR and Coastwatch. As it happens Coastwatch aircraft fly very few hours on behalf of AusSAR because their operations are largely in different areas. It is highly unlikely that savings could be achieved by combining their flying operations or even their operational centres. This is because a single centre would be unable to simultaneously undertake a search and rescue operation and a surveillance and tactical response operation. It could be argued that a combined operation would have better access to sources of information such as ship movements. But this might come at the cost of poorer information from other sources such as Customs and classified information from Defence.

Madam President, there have been arguments that Defence should take over Coastwatch. The report draws attention to fundamental differences between a defence role and a policing role such as Coastwatch. One such difference is that defence officers are trained to fight and destroy Australia’s enemies, whereas a policing role involves the minimum use of force.

Although Defence could use the marine assets as a valuable training ground for the navy, there is a risk if Defence took over Coastwatch, of Defence becoming distracted from its prime objective of being prepared to defend Australia in times of conflict.

In analysing the call for a paramilitary coastguard it is tempting to base an argument solely on the comparative costs of the US Coastguard. The Committee has not done this.

Creating a coastguard would lead to duplication of marine assets. If the RAN patrol boats and Customs vessels were moved to form the nucleus of a coastguard, the navy would still need patrol boats, and Customs would still need a maritime arm. Customs told the Committee that 30% of the operational time of its 8 Bay Class Vessels would not be spent on Coastwatch operations. Putting the Bay Class Vessels into a coastguard would mean that Customs would need at least 2 new vessels.

As well, there would be competition for personnel. Despite the results of the new Defence Force recruitment drive, a coastguard is likely to deplete the Defence Force and the coastguard itself may be understaffed.

And would the new organisation perform better? Well, it might not have the good access to Defence intelligence Coastwatch presently has, and enjoy the good relations with, and intelligence from, Customs and Immigration. To quote from evidence provided from an AFP witness about the UK experience:

… from a law enforcement perspective they would give their right arm to have arrangements similar to those which exist in Australia because [in the UK] there is competition for intelligence and for investigative supremacy … that is absolutely counterproductive.
But, Madam President, we must ask, ‘Does the current Coastwatch stack up against the criteria the Committee has used?’

Coastwatch is a coordinating agency. There is no duplication of assets because Coastwatch does not own them. Through its memoranda of understanding it has ready access to the resources it needs. Because the assets used by Coastwatch belong to others, the risks associated with those assets are borne by others. Risks such as maintenance, repair and replacement. And when those assets, such as Customs vessels or RAN patrol boats, are not used by Coastwatch they can be deployed elsewhere.

A major advantage of contracting-in the assets Coastwatch needs is that if circumstances change, if the suite of platforms and sensors have to be changed to meet a new threat, Coastwatch can renegotiate its relationship with its asset providers. Coastwatch will not be saddled with outmoded equipment, but will instead be a body able to quickly adapt to new threats and to take advantage of new and developing technology.

The Committee is of the view that the current Coastwatch is in effect an ‘outsourced coastguard’. The core business of coordination has been retained and the provision of services is provided by other entities both private and public sector. Australia has been able to achieve this position without the cost and pain of creating then dismantling a large and cumbersome coastguard.

In conclusion, Madam President, I would like to express the Committee’s appreciation to those people who contributed to the inquiry by preparing submissions and giving evidence at public hearings.

I wish to also thank the members of the Sectional Committee for their time and dedication in conducting this inquiry. I also thank the secretariat staff who were involved: — the secretary to the Committee, Dr Margot Kerley; inquiry secretary, Dr John Carter; research officer, Ms Rebecca Perkin and administrative officer Ms Maria Pappas.

Madam President, I commend the Report to the Senate.

Question resolved in the affirmative.

Membership

The DEPUTY PRESIDENT—Order! The President has received letters from a party leader seeking variations to the membership of certain committees.

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

That senators be discharged from and appointed to committees as follows:

Community Affairs References Committee—
Participating member: Senator Crowley from 31 August 2001

Finance and Public Administration References Committee—
Appointed: Senator Lundy
Discharged: Senator McLucas
Participating member: Senator McLucas.

BANKING: SERVICES AND FEES

Senator CONROY (Victoria) (3.58 p.m.)—I move:

That the Senate—

(a) notes that banking is the most profitable industry in Australia and that these profits have been caused by increased bank fees, increased bank queues and reduced banking services;

(b) notes, in particular, that:

(i) in the past half year the major banks announced record profits of more than $5 billion and are headed for profits of more than $10 billion for the full year, and

(ii) according to the Reserve Bank’s recent update Bank Fees in Australia, banks earned $2.1 billion in fees from households in the past 12 months and that in the past 4 years this income has increased by 75 per cent; and

(iii) since 1996 banks have closed 1 505 bank branches; and

(c) calls upon the Government to immediately negotiate a social charter with Australia’s banks to ensure that all Australians have access to affordable banking services.

Yesterday the Commonwealth Bank announced a profit of $2.4 billion—an increase of nine per cent on the previous year. The profit confirms that the four major banks are on track to record annual profits of over $10 billion this financial year. Banking continues to be the most profitable industry in the country. Banking is a critical industry to the Australian economy. It is important that banks do make profits so that we have a safe and sound financial system. But there is no doubt that the level of profitability of Aus-
Australia’s banks is excessive. Banking is an essential service. To survive in our society you must have a bank account. Whether you are an employee, a social security recipient or even a self-funded retiree, you need a bank account to receive your wages, social security benefits or even dividends. The profits that banks make must therefore be weighed against the needs of customers.

In the last five years, under the Howard government, the balance has tipped firmly in favour of the banks. Let us just look at a few statistics. When John Howard was first elected in 1996, the four major banks made profits of $5.4 billion. These profit figures have steadily increased each year. In 1997, the major banks earned $5.8 billion. This increased to $6.2 billion in 1998, $7.1 billion in 1999 and a staggering $9.4 billion in the year 2000. How have banks achieved these massive fee increases? It has been in three ways: by closing bank branches, increasing bank fees and reducing services. Since 1996, 1,505 bank branches have closed. In the last year alone banks closed 350 bank branches. In its annual report released yesterday, the Commonwealth Bank reported that during the last 12 months it has reduced the number of branches from 1,141 to 1,066, a reduction of 375. A total of 290 of the branch closures were amalgamations between Commonwealth branches and Colonial branches.

The question that must be asked is: what has been the impact on customer queues of merging two organisations into one? Disregarding the impact of the merger, the Commonwealth Bank still closed 85 branches in the last year. This in fact means that the Commonwealth Bank has closed more branches this year than in the last three years. Excluding the impact of the Colonial merger, last year the Commonwealth Bank closed 75 branches, while the year before it closed 67 branches—and, Senator McGauran, the people of Benalla have heard nothing from you at any stage, not a word. This demonstrates that the Commonwealth Bank has continued a consistent program of closing branches, and this program continues.

Senator McGauran, there was an opportunity on Tuesday night to come along to the auditorium to watch a movie called *The Bank*. At one stage in the movie the CEO was meeting with the board and they were congratulating him on how well he had done the year before. He had made a 16 per cent profit increase. He had closed a third of their branches and sacked 20 per cent of their work force. But this year they were targeting a disappointing, according to them, nine per cent, and the CEO made the comment, ‘But we have almost run out of bank branches to close and staff to sack.’ That is what we are facing in this country at the moment.

Next week the Commonwealth Bank will close its Canterbury branch in the bustling shopping centre at Maling Road in Melbourne’s eastern suburbs. This is despite the fact that six months ago the bank assured local traders that the branch was safe. Next month the Commonwealth Bank is to close its Croydon branch in the northern suburbs of Sydney. The bank is giving customers only a very short period of warning that their branch is to close. I do not believe that this is acceptable. With the best will of the community, there is no way in the world that they can establish alternative banking services in a few weeks, yet this is the notice that the banks are prepared to provide. That is why Labor’s social charter includes a branch closure protocol of six months, which is amongst the toughest in the world.

Labor will also require banks to consult with communities before closing a branch so that they can understand the impact on a community. Banks have an interesting way of describing branch closures to their customers. I recently heard that a bank put a sign outside a closed branch bank that said, ‘We have changed.’ What a ridiculous statement to make. But the sign was right: banks have changed. We all remember the times when the bank would come into the primary school and open bank accounts for all the children in the classroom. Remember those days, Senator McGauran? How far away is this kind of bank from the ones that we see today. How long would the 50c that used to open that bank account last with today’s fees and charges? Today banks are concerned with the profits they make from their customers. Whereas your bank manager used to
know your name, today all he knows is your customer profile.

To the banks, customers are either in market segments that they are trying to attract or regarded as a cost to the bottom line. Banks regard customers who are a cost to the bottom line—and that is predominantly low income earners—as a nuisance. If banks cannot get rid of these customers, they try to punish them by imposing unjust fees and charges. An example of this is the fees that banks charge for over-the-counter transactions. These fees have increased by as much as 400 per cent in the last five years. That is right, Senator McGauran: 400 per cent in the five years you have been in government.

Senator McGauran—Why are you picking on me?

Senator CONROY—Because you are the only one here. According to the Reserve Bank’s recent update titled Bank fees in Australia banks have earned $2.1 billion in fees from households in the last 12 months. That is the Reserve Bank’s figure, Senator McGauran. Senator Boswell has strolled into the chamber. Perhaps he would like to make a contribution about bank branch closures and bank fees. But, no, the old ‘Roll Over Ron’ is not going to take up—

The ACTING DEPUTY PRESIDENT (Senator George Campbell)—Order! Senator Conroy!

Senator Ian Campbell—Mr Acting Deputy President, I rise on a point of order. Senator Boswell did not stroll into the chamber; he strode into the chamber meaningfully, purposefully and with pride and dignity.

The ACTING DEPUTY PRESIDENT—Senator Campbell, there is no point of order. In fact, that is almost contempt for the chamber.

Senator CONROY—I accept that admonishment from Senator Campbell. It hopefully was a meaningful stride in here by Senator Boswell to take part in the debate. As I was just saying to Senator McGauran, Senator Boswell, bank fees have increased by as much as 400 per cent since you got your bums on that side of the chamber, since you got your bums into a white car. That is what has happened while you have been joy-riding around.

In the last four years the income that banks have earned increased by 75 per cent. However, there is clear evidence that it has been low income earners who have been the losers from the introduction of bank fees. The Reserve Bank’s July 2001 bulletin Bank fees in Australia stated:

Benefits are likely to have been greatest for borrowers, especially household borrowers, since they have gained significantly from lower interest margins in recent years and have also been partly insulated from higher bank fees. By contrast, customers who do not have a loan, who have a low balance, or those with a high volume of transactions will not have benefited from these trends.

This is not S11 talking, this is not the national committee of the metalworkers talking; this is the Reserve Bank of Australia. In the US the cost of banking has meant that many consumers simply do not have bank accounts. According to a report by the US Federal Reserve, Recent changes in family finances, in 1998, 9.5 per cent of families do not have a bank account. The families who did not have accounts were disproportionately likely to have low incomes, to be renters, to be in the bottom quarter of the distribution of net worth and to be from ethnic backgrounds. There you have the picture that the Reserve Bank is pointing to, as these are the losers from current bank behaviour.

The question we have to ask is: do we want to see this kind of social exclusion in Australia? Well, Senator McGauran, Senator Campbell, Senator ‘Shrek’, do we? I say to you: no, we don’t. Labor is determined that this not happen. While the coalition has presided over the biggest increase in bank fees in modern Australian history, Labor will ensure that consumers have access to affordable banking services. We will to do this by requiring banks to offer fee-free bank accounts to all social security recipients and no-frills bank accounts to all Australians—something that even you, Senator McGauran, can surely support.

We will also direct the ACCC to formally monitor bank fees and charges. Despite the massive increases in bank fees over the last
five years, the coalition has not been prepared to direct the ACCC to monitor fees and charges. It is that simple. You ask Allan Fels. Give him a ring, Senator McGauran, and say, ‘Can I just check with you, Mr Fels, whether the federal government has given you a directive to formally monitor bank fees and charges?’ He is going to say, ‘No, Senator McGauran.’

We will also make the banks more accountable for their fees. We will do this in several ways. We will require banks to provide fee information on bank statements and to disclose bank fees at the time of transaction. Labor will also require banks to report on a range of issues. Banks will be required to submit a six-monthly social obligations statement—or a SOS, as its appropriate acronym is—to a newly established financial services advisory board. A SOS will detail each bank’s compliance with the conditions included in the social charter. Social obligations statements will ensure that banks’ practices are transparent. Unfortunately, at the moment the banks’ fee practices are not transparent.

Yesterday, I was interested to find out how much income the Commonwealth Bank earned from transaction fees. In their annual report they state that retail transaction fees represent 12 per cent of other operating income and that this figure is the same as last year. According to the Commonwealth Bank’s report, other operating income increased by 10 per cent this year. Therefore, it is obvious that the income the banks are making from retail fees increased by 10 per cent this year. There is a need for much more transparency about the income that banks are earning from fees.

I would like to make a couple of comments in respect of the Commonwealth Bank’s profit announcement. The Commonwealth Bank announced that its net interest margin was 2.78 per cent, down one basis point from the previous year. The Commonwealth Bank makes an interesting comment about interest margins. In the depths of its report, if you dig around enough, you will find it states:

Average deposit balances on low interest paying accounts were higher over the year than the prior year, mainly as a result of business accumulating their GST instalments.

Responsible small businesses which are putting away funds to cover their GST instalments are being hit by the low, and sometimes zero, interest rates that banks pay on small business accounts. Does that seem fair to you, Senator McGauran? Struggling small businesses trying to do the right thing get slugged twice—slugged coming and slugged going.

I briefly turn to the issue of shadow ledgers. The parliamentary Joint Committee on Corporations and Securities tabled a report on the issue of shadow ledgers on 3 October 2000. I know why you guys are nervous about shadow ledgers. You have got that spiv Seyffer wandering around in the background. There we were sitting in the committee trying to get to the bottom of shadow ledgers, and what have this mob got going on? They have got that spiv Seyffer sneaking around behind the scenes trying to close the committee down, telling them that the Prime Minister wants the committee closed down, and Senator Heffernan and Tony Staley in the background digging around. The truth will eventually come out. The full truth, Senator Ian Campbell, will come out about what has gone on there, despite the efforts of Senator Heffernan and Mr Staley to go to ground. It is pretty hard for someone as invisible as Senator Bill Heffernan to go to ground.

Senator Ian Campbell—Mr Acting Deputy President, I raise a point of order in relation to relevance. The honourable senator opposite has actually moved this motion. You would think he would be able to spin out his yarn on banking for more than 15 minutes. He has now moved on to an entirely different—

The ACTING DEPUTY PRESIDENT—There is no point of order. He was referring to the findings of one of the parliamentary committees in respect of this issue.

Senator CONROY—Thank you, Mr Acting Deputy President. Your ruling is entirely correct. As I said, we know why they are so sensitive on this issue, and the truth will come out, just like it is going to come out on this GST fraud that has been uncov-
ered today. Having examined the practice of the Commonwealth Bank of not issuing bank statements to customers, the committee concluded:

The management practices of the Commonwealth Bank in relation to the non-provision of statements albeit to a small number of customers who had fallen behind with payments, were seriously flawed in terms of best practice customer relations.

The committee also noted that the need to hold an inquiry into shadow ledger accounts represented a failure of the Commonwealth Bank to resolve some customer relation disputes internally and stated that it was disappointed that it took a parliamentary inquiry to receive a commitment from the bank that it would provide bank statements to customers. Following the release of the parliamentary report, the Australian Banking Ombudsman released guidelines to the banks on the practice of shadow ledgers that stated:

It is best practice for a bank to:

Continue to issue statements showing interest and fees accruing, reflecting the actual liability of the customer to the bank.

There is a blindingly obvious statement: ‘reflecting the actual liability of the customer to the bank’. It seems an extraordinary proposition that a bank can be building up fees and interest penalties and not even tell their customers. The ombudsman also stated:

Even if statements may cease a bank still has an obligation under the Credit Code to provide information on request about the amount owing.

This seems perfectly reasonably. In fact, it seems quite extraordinary that this was not going on in the banking industry. But I am pleased with one outcome of the shadow ledgers inquiry: that, upon request, banks should now provide statements to customers, even where they are in default on their loan. In future, customers should not have to suffer the frustration of having their requests for statements ignored.

Labor members of the joint parliamentary committee recommended that independent mediation be offered to those customers who had been affected by the refusal of banks to provide statements. I am disappointed to see that independent mediation has not been offered by the Commonwealth Bank to customers who were affected by the bank’s practice of not providing bank statements. There is perhaps an attitude from the bank that, having survived the scrutiny of a parliamentary inquiry, the issue can be swept back under the carpet. Let me say that Labor still believes there is a need for independent mediation to be offered to customers who were affected by the bank’s practice of not offering statements.

The government has today issued its response to the joint parliamentary committee’s report on shadow ledgers. So here we are, Senator McGauran and Senator Ian Campbell, here is the government’s chance to step up to the plate and have a swing. And what does the government say? It says: The Government has been advised by the ACCC that it has investigated a number of complaints and while all investigations are not complete it is clear that proceedings cannot be instituted for breaches of the Trade Practices Act in every case. The ACCC has noted that the Commonwealth Bank has initiated a mediation process to deal with complaints and the ACCC is hopeful that process will deal with the individual complaints more thoroughly than any litigation it might initiate.

It is clear from the government’s response that it is now washing its hands of the whole affair. Shame on you, Senators McGauran and Campbell. You had the chance—the government had the chance to make a difference when it comes to how banks treat their customers. What customers are being told by the government is that, after pursuing the banks for years and getting no response, they must now use the same mediation process that previously failed to address their concerns. Congratulations, Mr Hockey! This is a government in bed with the banks. It is not prepared to stand up to them. Let me repeat that Labor believes there should be independent mediation on this issue.

The whole issue of shadow ledgers demonstrates the need to improve the process of handling disputes. Labor have a plan to do this. We have indicated that we will establish a financial services ombudsman to provide a one-stop shop for consumers with complaints against financial institutions. There is a clear alternative emerging on the issue of banking between the policies of the coalition and the
policies of Labor. On the one hand, we have the coalition’s view of the world, which is to let banks increase fees, close branches and reduce services. The attitude of the coalition is that customers in dispute with banks should sort it out themselves, no matter how unequal that contest might be. On the other hand, Labor have committed to introducing a social charter that will define the social obligations of Australia’s banks. The social charter will be legally binding on the banks. If the banks refuse to negotiate an acceptable social charter, a Labor government will impose a social charter through legislation. And we will be looking to see how you vote on that one, Senator McGauran. The message is clear: Labor will get tough on the banks; the coalition will not.

Senator IAN CAMPBELL (Western Australia—Parliamentary Secretary to the Minister for Communications, Information Technology and the Arts) (4.18 p.m.)—It is always interesting to see Labor Party tactics when they are on the back foot in the parliament. They have had a terrible week in the other place. Mr Beazley is once again stumbling, falling, tripping over in his political games that he seeks to play. Last night on television he was claiming that, in some fantastic tactical coup, he had been able to get the health debate up in the Australian political debate.

The ACTING DEPUTY PRESIDENT (Senator George Campbell)—Senator Campbell, I draw your attention to the issue of relevance.

Senator IAN CAMPBELL—Thank you for your assistance, Mr Acting Deputy President. It is always deeply appreciated. Yesterday, Mr Beazley was saying that he wanted to put the health debate at the top of the political agenda and that, through his marvellous tactical genius, he had been able to do that—in fact, with your assistance, Mr Acting Deputy President, and that of the Deputy President, I understand. And the tactical genius, in the Senate chamber and in the other place across the hall, of finally getting the health debate on the agenda was obviously successful to such an extent that today they decided that they needed to move the debate on to the internal machinations of an obscure Liberal Party branch in the hinterland of Queensland, I understand!

You can always see when the Labor Party are in trouble. Firstly, they pull out their dirt files and they flick through them to see what they can find to distract attention from their own woes. That failed at question time. You would think that, if Labor actually were focused on health, they would bring in here today, in general business, something to do with health and health funding. I guess their problem on health is that they can kick the daylights out of the state government on hospitals and they can kick the daylights out of the government on health funding but that they always run into a problem when someone asks, ‘What’s your policy?’ If you think there is a shortage of funding, how many dollars are you going to put into it? That is the problem: they can only go on these things for a few days.

But you always know when Labor are in total desperation, because they kick the banks. It is a fun policy; everyone does it. The banks are incredibly unpopular. They are good sport. Senator Conroy has made it a sport. I guess coming up with a vague notion of a social charter is a substitute for doing any hard policy on financial services policy, corporations policy or anything else. When they were finally forced to come up with some sort of vague imitation of a policy, it fell in a heap—a bit like ‘noodle notion’, or was it Knowledge Nation—Senator Mason—I cannot remember.

Senator IAN CAMPBELL—The spaghetti and meatball diagram thing that re-emerged today. It fell in a heap when they finally brought out this social charter, because they found it had been significantly plagiarised from the Australian Bankers Association. Senator Conroy, if nothing else, is always incredibly amusing. It is incredibly amusing to see a Victorian Labor senator come into this place and talk about bank closures and bank mergers. Senator Conroy could never have been accused of being in Joan Kirner’s faction in Victoria. He was always very much on the Right and, as I understand it, the former distinguished Premier of Victoria was very much on the Left. She, of course, was the economic and Treasury
guru in Victoria who just about destroyed that once proud state—

Senator Mason—A vandal.

Senator IAN CAMPBELL—An economic vandal, who came begging to the then Prime Minister, and another economic vandal, Mr Keating, and said, ‘Look, we are in an absolutely disastrous state with the State Bank of Victoria. Can you please take us over, get the Commonwealth Bank to buy us?’ Of course, they said that there would be no bank closures, no redundancies and that everyone would be looked after. That is why I am so amused, when Senator Conroy can find nothing else to bash, he picked on a poor little obscure Liberal Party branch in outback Queensland somewhere—he has picked on everyone else he can think of; anything to divert attention from the woes of his hapless leader—and then finally came back and bashed the banks.

What are the issues? I sit here taking notes. The Chief Government Whip said, ‘Senator Campbell, can you go into the chamber and respond to Senator Conroy in a debate about bank closures and bank fees?’ and I said, ‘Well, that shouldn’t be too hard.’ I sit here with my pen and my Australian Senate pad trying to find anything that he said that I could respond to. He spent most of the time talking about everything else under the sun. I have three pretty hopeless notes to respond to—not much to go on—so I am going to have to talk about what the coalition is doing and that cannot be done in 20 minutes.

The previous government had, of course, a woeful record. Their greatest achievement was for the Commonwealth Bank to take over the State Bank of Victoria and in the immediate aftermath of that you saw the biggest number of branch closures—and you would know, Mr Acting Deputy President George Campbell, because at the time I think you were a vice-president of the ACTU and your affiliate members in the banking industry would have been screaming blue murder. They get promised by the then Prime Minister of Australia—the economic vandal whose name is Mr Paul Keating—that there would not be any redundancies or branch closures, assured by the then Premier of Victoria that there would be no branch closures and no redundancies, and what happened? Arguably—and I do not have the statistics right in front of me but if anyone wants me to table them I will—there were more branch closures in Victoria in the immediate aftermath of that and more redundancies in those merged banks than ever in the history of Australian banking. That was the direct result of the Victorian Labor Party branch and their hapless former Premier and the former failed Treasurer of Australia, Mr Keating. And they have got the gall to come in here and talk about banks. My last note, Senator Mason, who is one of the few people in the country who is listening to this debate—

Senator Hutchins—I am listening.

Senator IAN CAMPBELL—Thank you, my comrade from the TWU. The last point is this, to quote Senator Conroy: ‘The Liberals are in bed with the banks.’ This is the bloke, he is the guy, who was supposed to have written the banking policy—the socialist charter, the social charter—who did not want to distract himself too much by having to write a policy, so he plagiarised it from the Australian Bankers Association, which then quickly disassociated itself from the whole exercise and basically tore up the social charter because most of the banks said: ‘It’s a load of rubbish. Labor is a risk to consumers because they’ll re-regulate and push up the price of banking.’

We have introduced competition and brought the price down. We have brought interest rates down. Labor want to push them back up again. Their regulatory regime when they were in power—and this really is the point that should be made—that we inherited ensured, for example, that credit unions were not allowed to issue cheques. I do not know how the credit unions put up with that for 13 years. Obviously they have, in some cases, strong affiliations with the trade unions, but when they wanted to issue cheques to their customers—and credit unions provide tremendous services to tens of thousands of Australians around the country—they had to go to banks and get the banks to issue cheques on their behalf.

One of the very early reforms that this government put in place—and it did not at-
tract a lot of attention; it was a sort of an *Inside Baseball* issue—was to ensure that credit unions and all other deposit taking institutions were treated equally. When we deregulated banking, we ensured that you did not have to be one of the big four to be called a bank and to issue cheques. Credit unions—and there are many successful credit unions in Australia who service suburbs and towns right around this wonderful country of ours—are now able to provide all of the services of banks.

So you have this incredible boost in competition which ensures that, if people are not happy with the service that they are getting from one of the established big four banks, they can go to a competitor such as one of the smaller or medium sized banks. We have seen, of course, the regional bank and the community bank sector blossoming under this government. That sector was just snuffed out under the previous Labor administration. I do not know whether they were in the pockets of the big banks or whether they were in bed with the banks, but certainly the banks had impressed upon the previous Labor administration that they did not want deregulation—that they wanted to have a special place in the sun.

Our Treasurer and our Prime Minister said, ‘No, we want competition.’ So you have had the mortgage origination business blossoming in Australia. While Labor is saying, ‘We want bricks and mortar branches everywhere and we will insist that they stay open,’ people are voting with their feet. They have moved significantly to the Internet—the last the statistics show that 2½ million people are now doing their banking over the Internet—and this government has ensured that, if people choose to bank over the Internet, they do not have to have the means to buy their own PC and Internet connection at home. We have actually funded, through the Networking the Nation program and a range of other programs, an Internet access network across Australia which is the envy of every other nation that will ensure access virtually wherever you live in Australia, whether that be through the telecentre network in Western Australia or the Internet access network in Tasmania, which Senator Denman who is here today would know is a very successful community service in her home state of Tasmania.

I have personally worked very closely with the minister for IT in New South Wales, Kim Yeadon. He has worked very constructively with the federal government. I do not think he is in Senator Hutchins’s faction, exactly; he is probably closer to the Acting Deputy President, I suspect.

The ACTING DEPUTY PRESIDENT (Senator George Campbell)—No.

Senator IAN CAMPBELL—No? He is too far to the Right for the Acting Deputy President. Kim Yeadon has done an extraordinary job, working with the coalition government federally, in picking up Hendy Cowan’s successful telecentre model from Western Australia and ensuring that across New South Wales that is being rolled out under the NTN program, funded from the sale of Telstra. It will effectively ensure, Mr Acting Deputy President, that if your constituents in New South Wales cannot afford an Internet connection and a PC they will be able to go to a telecentre very close to where they live—quite often in a library or a town hall or something like that. That is a phenomenal achievement of the government. It brings to people at all levels of income and from all social and cultural backgrounds access to Internet based banking services.

Internet based banking will never be a substitute for face-to-face contact. Face-to-face contact is crucial. People need to know that they can talk to a financial adviser, a banker, a bank manager, a customer relations officer—whatever they want to call them these days. If the opposition wanted to be frank about it, they would acknowledge that there are so many new offerings now, such as low fee accounts and no fee accounts. A whole range of banking opportunities, through both electronic Internet phone banking and face-to-face banking, are now available to customers.

Fees are an issue. If you are on a low income and you are paying high bank fees, it eats up a far greater proportion of your monthly or weekly income than if you were on a high income. So fees are a matter of
particular importance for people on low incomes. The government is cognisant of that. The banks will not get away with ripping off customers with high fees. The government is keen to ensure that there is good disclosure of those fees so that people can make a rational, sensible decision about where they do their banking. If they are banking with a bank that is ripping them off with high fees for service they do not believe they are getting, then we have always encouraged them to move to another bank. Change banks. Go to an Aussie Home Loans. Go to a credit union and get all the services out of credit unions—thanks to this government—that, I repeat, were prohibited by the previous Labor administration. So there is a whole range of new services.

The mortgage originators are, in my view, the way of the future. Senator Conroy reflects a 1950s or 1960s image of the community that is—not to be unfair and not to be too partisan about it—what his leader Mr Beazley represents. It is sort of folksy. I think he picks up his political culture from the time when his distinguished father was a member of the parliament. You have to have a couple of big doors, and wait till 10 o’clock when the doors are opened and all the people queued up outside run in. If you want to go to see your banker you have to ring up a week in advance and say, ‘Can I have an appointment?’ unless he rings you up and says that you need an appointment, and, of course, that is always stressful for customers. But that is not the Aussie Home Loans sort of way, where they send people out to your home to see you at a time when it suits you—the customer. That is the sort of innovation in face-to-face banking services that the new regulatory regime is providing. The new financial services regime that has been created by this government is providing better services to people regardless of where they live.

There needs to be, to use the IT cliche, across Australia a ‘clicks and mortar’ strategy. Labor has got the old bricks and mortar banking strategy. It is locked in the past. It wants to re-regulate the banking sector. It wants to effectively constrict the great innovation that has occurred in the past five years by re-regulating. If you go back to Senator Conroy’s words, the opposition wants to get back into bed with the banks. We do not want to be in bed with them. We want to be in bed with the customers. We want to ensure that customers get what they want. You do not do that by coming in here and creating a set of black letter law, hundreds of pages of legislation, and saying, ‘This is how banks should be run.’ Banks that are successful will listen to one person when it comes to how they should be successful. It will not be a bureaucrat or a politician around this joint.

**Senator Hutchins**—It will be their directors, won’t it?

**Senator IAN CAMPBELL**—No, it will be the customer. Banks that do not listen to their customers will not have customers. The competition is fierce and phenomenal now. The major banks, if they drive too far towards an Internet strategy and do not have face-to-face banking, will lose customers. If they go too far towards bricks and mortar and do not have a good electronic banking service, they will lose customers. They have to get it somewhere in between. It is a very dynamic area. The last thing you need to do in Australia is have a bunch of left-wing politicians and bureaucrats telling the banks how they will operate. It is the worst thing you can do.

But there is a serious role for regulation. We have sensible regulation. Contrary to what Senator Conroy said—it is a point that needs to be rebutted—we have a very powerful ACCC which is monitoring bank fees and charges. The ACCC has quite specific powers under the Trade Practices Act 1974 to investigate and authorise the setting of bank fees if it considers bank fees to be excessive. So, contrary to what Senator Conroy says, we already have in place a formal and informal legal structure to monitor bank fees. We have in place a multifaceted policy that ensures that the regulation of the banks is in the customer’s best interests. We have a competitive regime that ensures that customers, for the first time in Australian history, have significant choice as to where and how they do their banking and choice also in relation to the mix of services and fee structures they can avail themselves of.
I think the final point that needs to be made in the short time that is remaining to me—and it always humours me slightly when Senator Conroy or other Labor senators get to their feet to talk about the cost of banking—is that the most significant cost to Australian citizens in banking over the past decade or so has been interest rates. Interest rates now are at historic lows—30-year lows. I remember when I bought my first property, and many people will remember that time under Labor when the government drove housing interest rates up from approximately 10 1/2 per cent to more than 17 per cent. Australia had the highest real interest rates in its history under the last Labor government. They were much higher in real terms than the rates that applied at any other time in Australian history.

We must remember the rates that small businesses were paying on overdrafts and project finance. In one case that has been brought to my attention, they actually hit in excess of 32 per cent. That is what people remember about Labor and banking. You mention ‘Labor and banking’ and people think ‘interest rates’. People should never forget that, when Labor was in power last time, they drove a million people out of work, a million breadwinners. A million households did not have a breadwinner because Labor drove up interest rates to over 17 per cent for the average house owner. That was a deliberate policy of Mr Keating, and I remind people that Mr Beazley was in the cabinet at the time. For businesses, interest rates went up to 32 per cent. When you think ‘Labor and banking’ you think ‘interest rates’.

(Time expired)

Senator HUTCHINS (New South Wales) (4.38 p.m.)—Like Senator Campbell, I recall when I purchased my first home. I remember the excessive interest rates that existed then. I also recall who the Prime Minister and the Treasurer were at that time. The Prime Minister was Malcolm Fraser and the Treasurer was John Howard. John Howard, as Treasurer between 1975 and 1983, mastered one of the great increases in rates of inflation, which affected interest rates. I remember how high they were. For Senator Campbell to come in here today and lecture us about the last five years or about the last 13 years of the Labor government is beyond belief or reason. I say ‘reason’ because I have listened to Senator Campbell on a number of occasions and, even though I do agree with hardly anything he contributes, I find that his arguments are at least cogent and reasonable.

However, after listening to what Senator Campbell said today in his apologia for the banking services, you would think that nothing has gone wrong in the Australian community, that nothing is disturbing people about the actions of the banks and their exorbitant profits. I refer to an article in today’s Daily Telegraph entitled, ‘Tough at the top: which bank chief’s pay packet is nearly 10 times bigger than PM’s’. It happens to be that little genius, David Murray, from the Commonwealth Bank. This article by John Rolfe appears on page 36 of the Daily Telegraph. They did not put it at the front so the punters could read it: they put it down the back so that the boys like Senator Campbell and his mates—the directors that they answer to—could look and get a guide about how much money they should be going for.

The article states:

According to David Murray’s theory of the general relativity of pay, his job should be at least eight if not ten times harder than Prime Minister John Howard’s.

The head of the Commonwealth Bank reckons that his job is eight to 10 times harder than that of the Prime Minister, who has direct control of a high percentage of the Australian economy. The article continues:

The only problem is that even Mr Murray conceded running the Commonwealth Bank is easier than running the Commonwealth of Australia.

Spelling out his pay theory yesterday after revealing an 11 per cent full-year profit fall to $2.4 billion, Mr Murray said it was important treatment of workers was ‘even’.

Let me quote Mr Murray:

But we should provide reward based on the level of complexity of work undertaken.

Our policy is to determine remuneration based on attracting skilled people in the market, so we benchmark against the market.

I don’t know how the Prime Minister’s pay is determined. You should ask him that.
That is what we have done. Mr Acting Deputy President, we heard earlier from your namesake, Senator Campbell, this apologia for the banking services. This man stood up this afternoon and said in a roundabout way that Mr Murray’s pay increase was entirely justified, without taking into account the fact that hundreds of thousands of Australians have been hurt and dispossessed by the actions of the banks in the last five years that the coalition has been in power. Since March 1996, when the coalition was elected to office, the four major banks—and I will name them because when I was growing up there were a lot more of them: the Commonwealth, Westpac, the National and the ANZ—have made $34 billion in profits. I suppose you have to make that sort of money if you are going to pay your chief executive at the bank eight or 10 times more than the Prime Minister of the Commonwealth of Australia earns. You have to think about these poor struggling capitalists wandering around in Treasury Place or wherever else they hang out!

In that same period, as was so cogently put to the Senate by Senator Conroy, we have seen 1,150 branches of these banks close in regional and rural Australia. Regional and rural Australia are bleeding because the Commonwealth, the ANZ, the National and the Westpacs have been pulling out of the towns. What has the subservient coalition partner, the National Party, done about this? Where is Senator McGauran jumping up and trying to defend the actions of the National Party in this? The National Party has been silent; it has said nothing. It has let this go through to the keeper. It is no wonder its political base is under challenge and under threat from various sources. As I have said, 1,150 bank branches have closed across Australia in the last five years since John Howard became the Prime Minister.

This week, as I have said earlier, the Commonwealth Bank posted an annual profit of $2.2 billion for the 2000-01 financial year. And how did they achieve that? Three ways, as Senator Conroy said: close down branches, reduce staff levels and reduce services. That is exactly what they have done: closed down branches, reduced services and cut down staff. That is how they have been able to make their money. And who are they answering to? Senator Campbell would have us believe that they answer to their clients. By the actions of these Bourbonsque type people, like Mr Murray, they answer to no-one except their directors. As Senator Conroy said, in the film *The Bank* they were a bit worried they were going to go down to only a nine per cent increase in profits that year. This is totally despicable, and that is why we are raising this matter this afternoon, to take advantage of the opportunity to put this to debate and also to highlight it to the people of Australia.

I want to make it even more personal, because I want to talk about one of the regional seats that I look after in New South Wales: Robertson, which is on the Central Coast. You might call the member for Robertson Silent Jim Lloyd.

**Senator Chris Evans**—I’ve never heard of him.

**Senator HUTCHINS**—I would not expect you to, Senator, because you do not hear much of Jim when he is in parliament or indeed when he is back in the electorate. And why would you? If you were Jim Lloyd, why would you put your head up? In the last five years, 13 branches of the banks in the electorate of Robertson have closed down. In Wyoming the Commonwealth Bank closed down; in the Gosford Big Fresh the Commonwealth closed down; in East Gosford the Commonwealth, the ANZ, the Westpac, the National and the St George closed down; in West Gosford Westpac closed down; in Terrigal the ANZ and St George closed down; in Umina the ANZ closed down; Ettalong, Westpac; and Woy Woy, Colonial. East Gosford itself has lost five branches of banks in the last three years alone. Many pensioners, the aged, the computer illiterate and other people dependent on over-the-counter services now have to travel to one of the large shopping centres located around Gosford and brave the crowds and the congestion to get access to their money.

So where is this caring, sharing government? Where are these people that claim they represent regional and rural New South Wales or Australia? When have they put
their heads up to defend these people that need defending? Not once. As I said, when you think about it, why wouldn’t Silent Jim Lloyd be silent? I bet he doesn’t have to worry about when he goes to the bank. He would not want to run around some of these places in his electorate, because the pensioners, the aged, the computer illiterate and the people that need over-the-counter services would give him a hiding. When they get the chance at the election forthcoming they will give him that hiding.

I also want to talk about another one of my duty electorates: the seat of Parramatta. The seat of Parramatta is held by that evangelical member, Mr Ross Cameron. Mr Cameron is, I understand from conversations with him, quite close to God. He and God commune and communicate on a regular basis. I imagine Mr Cameron would have to do that, because in Mr Cameron’s electorate since he has been the member there 16 branches of banks have closed down in the last five years. You would not want to be Mr Cameron. I suppose Mr Cameron would like to talk to God, because I do not think he would like to talk to his electorate. I do not think he would like to talk to those people that need, as I said earlier, those over-the-counter services—the aged, the infirm, the computer illiterate, the pensioners. They do not want to talk to Mr Cameron; they want to give him a hiding, and they will at the next election.

Let me just go through the bank branches in the electorate of Parramatta that have closed down since Ross Cameron has been the member. I want to talk about the North Rocks suburb, where the National, the Westpac and the Commonwealth banks have disappeared; in North Parramatta the ANZ Bank, the Westpac and the Commonwealth Bank have disappeared; in Parramatta itself the ANZ, the Westpac and the Commonwealth have disappeared; in Wentworthville the National Bank branch has disappeared; in Pendle Hill ANZ and Westpac have disappeared; and in Rydalmere the ANZ and the NAB branches have disappeared. In particular, North Parramatta has been gutted of all its branches of banks. There is now not one branch of a bank in the North Parramatta shopping precinct or district. There is not one branch of a bank left there. This has all occurred while Ross Cameron has been the member for Parramatta.

Prior to the branch closures, people dependent on over-the-counter banking services—pensioners in particular—would withdraw their money and spend their money in that shopping precinct in North Parramatta. Now pensioners have to catch a bus or walk down Church Street and across the hazardous Victoria Road to get to their nearest branch. As a result, they spend their money outside the North Parramatta shopping precinct, and the area and the local businesses are suffering. They are the actions of this government; that is what they have been presiding over for five years. For someone like Senator Campbell to come in here this afternoon and try to put some case that somehow defends the actions of the banks is beyond my comprehension.

I want to also talk about another seat, and this is where there is a National Party member—the Minister for Trade, Mark Vaile. He is seldom in the country, and he is seldom up in his seat.

Senator Boswell—that’s right, he’s out their selling our stuff.

Senator Hutchins—that is right. I think he should start going back up to his electorate, because they want to see him. They do not see much of him. Why would you go back if you were Mr Vaile, with his actions over the last few years in relation to branch closures in his electorate? In the last few years, Westpac has replaced its branches in Laurieton, Wingham and Wauchope, and they have been replaced with in-store services through the local pharmacies. As a result, Westpac customers in these towns can no longer get access to loans and other services that only be provided by bank branches. There is also major discontent with the increase in over-the-counter service fees that have been imposed on former Colonial State Bank customers after it merged with the Commonwealth Bank. These things have occurred over the last five years. They have occurred under a coalition government, under compliant and probably useless members of parliament representing their areas.
I recall, like Senator Conroy, when the Commonwealth Bank used to come into your school and help you start your first bank account. I remember my first bank account was at the Cronulla branch of the Commonwealth Bank, and I think I put in two shillings or something like that—I cannot recall what it was at the time. During that period, banks had standing in the community. They were respected institutions. People used to want to work for banks. The bank branch manager was someone of importance in the community. Those were the days when there was a bit of standing and the banks understood their role and the role that they needed to play in the community and in the wider sphere. But not now. All banks are interested in now is making money—making profit and distributing it to their shareholders, not to their customers.

I have a newspaper article here referring to poor old David Murray. I cannot see how much he earns, but if it is 10 times what the Prime Minister earns it must be at the million dollar mark or so. You could imagine poor David Murray struggling through on a few million dollars a year while he goes around and closes another bank branch somewhere, while he sacks a few more hundred or thousand workers, while he increases the fees for people who get their own money—they actually have to pay money to withdraw their own money. That is how the banks are making money, and that is highlighted in Senator Conroy’s motion. I suppose those were the days, and now we are seeing fewer banks, fewer staff and fewer services.

I do not think it has been widely recognised by the coalition, but a number of community banks are springing up all over the country. A number of people are fed up with the inactivity and the compliance of the coalition government with these big banks. You only have to go to Melbourne or parts of regional New South Wales to see that even once stalwart National Party supporters are disillusioned and disenchanted with the leadership and the activities of their National Party colleagues, not only in the federal parliament but in state parliaments. They are taking the action to set up these community banks.

Interestingly enough, they are also starting to approach us. They say to us, ‘We’ve been taken for granted by the National Party for so long. For generations, we’ve been taken for granted by them. We know that the only action that will make them do anything is to make sure that the seats they hold are marginal and not regarded as safe turf.’ That is why Mr Vaile is going to lose his seat at the next election. That is why the Deputy Prime Minister is in a lot of trouble. That is why you have got Peter Cochrane running down here in Eden-Monaro. They are fed up with being taken for granted by the National Party. And why wouldn’t they be? In the five years that this compliant, cowardly coalition partner have been lapdogging to the Liberals, they have presided over the closure of 1,150 bank branches. Senator Conroy has outlined what Labor will do when we achieve power. We will compel the banks to have a social charter, and that has been well and truly outlined by Senator Conroy.

I want to finish with a quote from a book called An Intimate View of History. I cannot recall the author, but the quote says:

In real life, for the last 500 years the vast majority of humans have been submissive, cringing before authority and apart from short lived outbursts of protest, sacrificing themselves so that a small minority could live in luxury ... But now the obsession with domination and subordination is beginning to be challenged by a wider imagination, hungry for encouragement, for someone who will listen, for loyalty and trust, and above all for respect. The power to give orders is no longer enough.

What the coalition have allowed the banks and their directors and shareholders to do has led them to have wealth, which has led to luxury. This has led to idleness, inertia and the fact that these people think we will not rebel and challenge their authority. They will have a few lessons to learn when we do get into power, and they will be very hard lessons indeed.

Senator BARTLETT (Queensland) (4.58 p.m.)—I wish to speak on this debate on the important social issue of banking on behalf of the Australian Democrats. Banks play a unique role in a modern society. They bring people together in so many ways. The role of a bank is to bring together those who wish to
save money and those who wish to borrow money. Banks profit because both parties pay for this service. But banks bring people together in so many other ways as well. No other industry unites people in the same way when it comes to consumer discontent and the perception that they are being treated unfairly.

The problems of consumer protection and the need for banks to act responsibly and equitably towards all their customers arise out of the fundamental changes that have occurred in the Australian banking industry in the last 10 years. Deregulation and attempts to make the industry more competitive have failed, with the big banks continuing to swallow up their smaller competitors. Fewer competitors mean fewer choices and worse outcomes for consumers.

The biggest problem with the banking industry, however, is not choice between banks, but the impossibility of avoiding the banking industry as a whole. Whether we like it or not, we are all forced to deal with financial institutions. Few employers still provide the option of being paid in cash, and welfare recipients have no choice but to receive their funds electronically. The banks have profited massively from this compulsion and, in turn, they must accept responsibility for delivering these essential services equitably and efficiently. Once upon a time, people could keep their money under their mattress if they wished. They could do so today, but they would first have to withdraw it from their financial institution—and no doubt pay a fee, if they can find a branch.

Electronic banking has delivered massive benefits to Australian consumers and businesses. It has revolutionised the way many people conduct their lives, it has changed the way we view credit and it has done away with the weekly pay packet. Electronic banking services, like the provision of electricity and water, are now essential services. Just as the electricity and water industry are expected to perform to higher standards than most, the Democrats believe that the banking industry must accept the same responsibility.

Regulations are all about community standards. We regulate the advertising of clothes and food more strictly than we regulate the advertising of clothes or stationery for the simple reason that the stakes are higher. Selling miracle cures to the frail and scared is not allowed; however, the suggestion that a new car or new soft drink could change your life is. Environmental standards and occupational health and safety legislation are all designed to force firms to behave in a way that is in accordance with community expectations and standards.

The whole point of regulation is to change behaviour. Yes, such regulations may have costs for some businesses, but the objective is to maximise the national interest and the public interest, not maximise banks' profits. It is time, the Democrats believe, to institute a social charter for banks, and that is why we are supportive of that call in this motion for the government to immediately negotiate a social charter with Australia's banks to ensure that all Australians have access to affordable and fair banking services. It is no longer good enough to hope that consumers will be afforded the protection they deserve. We need to insist they receive it.

Banks often mount two rather inconsistent arguments when trying to deflect the need to codify a minimum level of service for customers. On the one hand, they argue that such a move is unnecessary because the banks have already acted on community concerns. On the other hand, they often argue that such regulations will impose an unfair cost burden on banks and their shareholders. It is hard to see how forcing banks to do what they claim they are already doing will increase costs, and the Democrats are not swayed by such arguments. Consumer protection is an essential government service. It cannot be shirked or privatised. Indeed, it is interesting to note in conducting this debate about banking charges and banking costs the role of the Labor Party in privatising the Commonwealth Bank. That act needs to be noted in this debate because I think it has contributed to the direction of banking policy significantly in this country, and a significant part of why we are where we are today in relation to banking behaviour has to be traced back to the actions of the former Hawke and Keating Labor governments in relation to financial deregulation.
and in relation to actions such as privatising the Commonwealth Bank—an action that was of course supported by the National Party and the Liberal Party at the time.

Senator Ian Campbell—It seemed like a good idea at the time!

Senator BARTLETT—Of course, the Democrats did not believe it was a good idea at the time and opposed it strongly. The idea of consumer sovereignty underlies the economic theories that justified both this government’s and the previous government’s faith in the capacity of deregulation to deliver benefits to consumers. I do not think, however, that many bank customers feel like kings or queens these days when they pay high fees to queue in lines or to queue online. On the matter of online banking, it is essential that governments intervene early to prevent problems before they arise. Banks are increasingly trying to push customers away from relying on a branch network and towards reliance on the electronic network. While such an approach does have some obvious benefits, it also has substantial risks and is also clearly not appropriate for many in our community. Only yesterday in the Age newspaper the Bank of Melbourne offered ‘an apology to our Internet banking customers’. The advertisement went on to say that ‘Internet banking is available again’, and customers were thanked for their patience during the disruption. While it is inevitable that technical difficulties will occasionally affect Internet banking along with most other services offered on the Net, the impact of such disruptions will be magnified if the banks continue with their shift away from a branch network. As an addition to the branch network, Internet banking has the potential to be a valuable tool. As a replacement for the branch network, Internet banking is a risky and poor substitute. Internet banking and improved technology have the potential to significantly reduce the cost of many banking activities. As yet, consumers have not benefited from any of these technological improvements in terms of reduced costs. Lowering costs is not the same thing as lowering prices. Unfortunately the difference in the case of the banking industry is due to the lack of competitive pressure.

Much has been made, both by the banks and the government, of the decline in both interest rates and interest rate margins. While falling margins are of benefit to consumers with substantial borrowings, particularly those with home loans, millions of Australians receive no benefit from lower margins at all. Unfortunately, while Australia has a high rate of home ownership, low income earners are the least likely to be paying off their own home. The benefits of lower mortgage rates, caused primarily by the entrance of non-banks to the home loan mortgage markets, do not flow to many low income earners. The most vulnerable people in Australia have gained least from the policies of financial sector deregulation. It is time that policy is designed exclusively to protect these consumers. The Australian Democrats for this reason fully support the introduction of a charter for bank conduct. Banks in Australia are highly profitable, as we all know, and, as this motion we are now debating notes, they are getting more so. Banks are also closing branches, sacking staff, increasing fees and advertising more. The current market outcomes are neither equitable nor socially responsible. All Australian citizens and corporations have an obligation to act in the national interest. If banks will not elect to do so, then they should not be surprised that the community will force them to.

A social charter for the banks needs to consider the wide range of ways in which banks interact with Australian consumers and small business. Access to timely and high quality transaction services, access to consumer credit and access to timely information about banking services and fees are all essential for an equitable and efficient system. It is time, in the Democrats’ view, that community expectations were clearly laid out in consultation with the banks and other interested parties so that all parties can be certain whether individual bank decisions can be discussed within an agreed framework. Only once we have agreed on what it is that banks are supposed to be delivering to their customers can we have a meaningful discussion about the desirability of specific decisions. So it is important, in the Democrats’ view, that movement occur on the development and negotiation of a social charter
for Australia’s banks, and that negotiation should involve and include consumers as well, and unions and employer interests also because they clearly have a role to play in determining such a charter. It does need to be focused on delivering a fair outcome for all Australians, particularly lower income Australians, who are clearly sick and tired of being worn down by more and more charges and incredibly difficult access to information about those charges—the range of them and how they apply and operate. People are clearly getting immensely sick of the level of charges, the bank closures, the staff sackings and, of course, that being coupled with massive and increasing levels of bank profit. It is a sign of a failed policy of the past which, as the Democrats have stated both today and previously, is in place in large part due to the policies of the previous Labor government. It is pleasing that Labor are modifying their earlier position from when they were in government to recognise the need to have social obligations placed on the banking industry. We certainly hope that if they do get into government they will follow through on the rhetoric they are now enunciating in opposition, and the Democrats certainly will be pushing hard, if there is a change of government, to ensure that Labor do follow through on a measure such as this.

We believe that it is of benefit. It is needed. It will provide significant benefits, not just to the community but indeed, in our view, to the banking industry, which, as I think everyone in this place would acknowledge, suffers from a significant PR problem and a significant problem in terms of community acceptance and support. It would be in the banking industry’s interests as well to have an increase in community acceptance of their activities and of the services they deliver. It would be a positive outcome, a positive action, and it is one that the Democrats support and will continue to work towards and will continue to pressure both the current government and any future government to implement in an effective and speedy way.

Senator MASON (Queensland) (5.08 p.m.)—We can detect the Labor Party’s priorities today. During question time they focused on an issue perhaps of internal Liberal Party importance and here, when there is no broadcasting and sadly very few spectators, we are debating a matter of considerable importance.

Honourable senator interjecting—

Senator MASON—Senator Bartlett is here as a spectator. That is good to see. It is interesting because it says something about Senator Conroy’s motion. It is a bizarre mix of economic populism with a sort of superficial espousal of economic responsibility. I understand that the Labor Party is running around now with its new banking policy. I understand, as my friend Senator Campbell pointed out, that it borrows quite heavily from the Australian Bankers Association. It does that on the one hand and on the other hand it wants, in a sense, to re-regulate the banking industry.

Senator Bartlett, you are a student of history. There are these echoes of the 1930s—Sir Otto Niemeyer and Jack Lang—and then, later on, Doc Evatt and Mr Chifley. There is this false paradox that the Left always come up with, where they pit the banks on the one hand versus the worker on the other hand. That is the paradox. That is the fight that the ALP love to portray, and it is an artificial portrayal of reality. Why is it an artificial portrayal of reality? Because the workers own the banks. They have shares in them and banks make money, like most businesses do. This is again an appeal to populism in its most pathetic and base form. Even where the workers do not have shares in the banks, where is their superannuation invested? The ALP often take a sound approach to superannuation, but where is the superannuation of Australian workers invested? It is in the banks, based on the profits of the banks. There is this pathetic attempt to build up this animosity, this false war between the workers on the one hand and the banks on the other. In fact, they have mutual interests. That is the underlying sham, the intellectual sham, underpinning Senator Conroy’s motion this afternoon.

Senator McGauran—it is not very intellectual.

Senator MASON—it is not very intellectual and it exposes, as liberal democrats
so often do, the sham of social democracy. It illustrates better than perhaps anything else why all that the supporters of social democracy are today are management consultants to liberal democracy. This is the best they can do—a motion underpinned by a falsehood. There is no battle between the banks and the people. They rely on each other. Always in the background what flickers before me are the black and white photographs of Mr Chifley and Doc Evatt fighting for nationalisation of the banks. Similar arguments were raised—

Senator Ludwig interjecting—

Senator MASON—They were. Why your party does this is that it loves cheap plays to populism. What you do not understand and what the Labor Party has never understood is that not only have the Australian workers become shareholders in banks but they have become, among all Western countries, the principal investors in shares.

Senator Jacinta Collins—They have so much power!

Senator MASON—Senator Collins, you may not like that, because in a sense it liberates Australian workers from the state and the Labor Party. Of course you do not like that. That is why today’s social democrats are nothing but a bunch of management consultants. You have lost that battle. The economic battle was won by us, and never forget that. It was won because you set up these false dichotomies. I will say it again: the workers own the banks.

Senator Jacinta Collins—Yeah, right.

Senator MASON—And where is their superannuation, Senator Collins? In the banks. You will not tell them, will you, Senator Collins? You would rather score cheap, populist political points. You and Pauline Hanson are in bed together on this rubbish. It is very easy to attack the banks. Why don’t you tell the workers that they can buy shares? Many of them have shares in the banks.

Senator Ludwig interjecting—

Senator MASON—Why don’t you tell them, Senator Ludwig, that their superannuation is in the banks? You do not tell them that because you do not want them to know that. Yours is not, of course; your superannuation is guaranteed elsewhere. It is guaranteed by the state. But you do not like the fact that Australian workers no longer rely on you for sustenance. They do not rely on the state; they own the banks and their superannuation relies on the banks.

Senator Jacinta Collins—Have you ever heard of REST?

Senator MASON—What is that?

Senator Jacinta Collins—You do not know what you are talking about.

Senator MASON—Senator Collins, you do not understand the workings of a modern liberal democracy. You do not understand that ordinary people buy shares in banks. Senator George Campbell may not understand this either. Ordinary people—the people whom you say you represent—own the banks.

Senator George Campbell—Tell us what their percentage share is.

Senator MASON—That is right, Senator Campbell, I know it is a horror. It is not horrible big capitalists up there; it is ordinary people who own the banks. When you finally get that through your thick skulls, you will realise in the end that when banks succeed the workers succeed as well. Senator Campbell, you might want to reflect on that for a while, because the profits will be paid back to the people who own the banks, to the people whom you say you represent. You do not like to face that because for 100 years the Labor Party have liked to build this false dichotomy between the workers and the owners of capital. The problem is that now the workers own the capital. I think I have made that point fairly strongly, so I will move on. I like nothing more than punching holes in the arguments of this wet, weak bunch on the other side who have had nothing new to say for about 20 years since we won the economic debate; it has been about a generation.

Senator Jacinta Collins interjecting—

Senator MASON—I would love to debate this, Senator Collins. If you want to have a broad ranging debate on political philosophy, I will debate you anywhere, any time. Invite me to your FEC. If you want to
have a broad ranging debate on political philosophy and the great successes of the Left over the last 20 years, you be my guest. Let us talk about Labor. In March 1996, mortgage interest rates were 10½ per cent. They were 18 per cent in 1989. Today, they are under seven per cent. Banks like high interest rates because they make more money. Under this lot, banks were doing extremely well as a proportion of their investment. Of course, the Labor Party do not like to talk about that. In terms of access to banking, in 1996 there were 107,000 EFTPOS terminals; under the coalition, as at March 2001, there are 320,000. In March 1996, there were 7,200 automatic teller machines; today, under the coalition, there are 10,800. GiroPost is set to expand. Total points of access have increased since the 1996 March election from about 135,000 under Labor to about 350,000 under the coalition. That is a big difference. The capacity for workers—whom the opposition claim to represent—to access banking services has increased dramatically under the coalition government.

Senator Hutchins—There are only four banks left.

Senator MASON—Let me get to that, Senator Hutchins. I will talk about competition in a few minutes. When I get wound up a bit, we will get on to competition—

The ACTING DEPUTY PRESIDENT (Senator Calvert)—Senator Mason, through the chair, please.

Senator MASON—The Howard government are proud of their record on banking. Variable home mortgage rates today have fallen from 10½ per cent at the time of the 1996 election to about 6.8 per cent today. This represents a saving of a staggering $3,700 a year in interest payments on an average $100,000 home loan. The Labor Party say that they represent the average worker, but the coalition government have saved people $3,700 a year in interest payments on the average $100,000 home loan. Under this government, ordinary Australians are now saving. Compare that to their miserable government. There is nothing the Labor Party can say to get around that fundamental failure. It is a fundamental failure for the middle class of this country and the workers of this country. The Labor Party failed on the most fundamental test of the right to govern: they abandoned middle and working Australia.

Senator McGauran interjecting—

Senator MASON—That will never be forgotten. Senator McGauran. Business interest rates today are at their lowest level in 30 years. I remember Senator Boswell making a passionate speech about this. The people who employ the workers of this country that the Labor Party are supposed to represent went bankrupt because interest rates went so high. Unemployment skyrocketed because business could not afford to employ people. That is a very sad thing. Once again, the Labor Party failed the people whom they claim to represent. This is slightly off the topic, but it is one of the great indices of the failure of the Labor Party: under which government did real wages rise? Under the coalition. Again, the opposition failed. Under Labor, real wages fell, interest rates went up and unemployment went up. They are the indices of success in modern Australia. On those indices, how did the Labor Party perform? They failed on the fundamental test of good governance in this country, yet they think somehow that they will slip into office on the back of the GST and on concern about the GST, but they never actually want to refer to either their policy or their record. The alternative government—not just the opposition anymore—of this country do not refer to their own policies—

Senator McGauran—Except roll-back.

Senator MASON—Yes. I forgot that one, Senator McGauran. It does not refer to its own record when it was in government. It cannot refer to its policies or its own record, yet it hopes to be the next government of this country. It is absolutely pathetic. It hopes to skate into government on the back of the GST. It is a gross failure on the major points of government in this country.

Another very important point is that Australian home owners are waiting only four days to receive interest rate reductions from banks, compared to 51 days under Labor. Similarly, small business owners have to wait only seven days now, compared to 35
days under Labor. Also, as part of tax reform in this country, the government scrapped the financial institutions duty—that is, the tax on transactions—as of 1 July this year. This could save a typical bank customer about $170 a year.

The Howard government welcomes recent initiatives by the Australian banks for banking consumers. Senator Ian Campbell touched on these, but I will elaborate. Firstly, there will be fee-free bank accounts for five million Australians—that is, for the holders of health, seniors or pensioner concession cards. The Howard government welcomes those initiatives from the Australian banking industry. Secondly, there is a plan to provide more accessible services for Australians with disabilities. Thirdly, face-to-face banking services will be maintained in rural and regional Australia. The banks have also agreed to longer consultation periods—three months—in predominantly rural areas where bank closures may occur. The banks have also made a commitment not to decrease face-to-face banking any further. Alternative forms of face-to-face banking are now offered in 2,800 Australia Post branches and in nearly 6,000 retail agencies.

In a press release this week from the Minister for Regional Services, Territories and Local Government, Senator Ian Macdonald, it says that the Rural Transaction Centre program has been extended to provide online banking and bill paying services through small rural postal outlets in communities that might not otherwise be able to participate in the program. I think that would generally be acknowledged as a good initiative. What was the ALP’s reply? Their reply was mixed. On the one hand, shadow minister for communications, Mr Stephen Smith, was reported as describing the new RTC initiative as, ‘stealing ALP policy’. He did not mention the fact that the ALP stole half of their policies from the Australian Bankers Association—but I will get to that in a minute.

While Mr Smith was reported as describing the new RTC initiative as ‘stealing ALP policy’, the shadow minister for regional services, territories and local government, Senator Mackay, in a separate statement, said the very same policy was a ‘token gesture’. So, on the one hand, we are doing a dreadful thing by stealing Labor policy and, on the other, this new policy initiative is merely a ‘token gesture’. The ALP, on banking policy, are floundering. They have nothing to say. My friend Senator Ian Campbell spoke about the development of Labor Party policy on banking. He mentioned that the Australian Bankers Association was planning to launch new initiatives for low income and disabled customers but then, of course, the Labor Party stole their policy. In a Media Monitors transcript from the ABC’s PM program, with Mark Colvin, on 26 March 2001, Mr David Bell from the Australian Bankers Association says:

We’ve heard the community and today we are announcing an action plan which recognises our social obligations. Now, as part of our action plan we have a comprehensive package of three initiatives, and the first of those is guaranteed minimum standards for safety net and basic accounts which will benefit up to five million Australians.

So the Australian Bankers Association heard the call of the public and have acted. It is important that services be available. What happened then? Senator Conroy stole half the policy—he stole the bit which related to the development of the social obligations of banks. I now get back to where I started, because I like to finish with a flurry: fundamental failure of social democracy and the Left in this country. I repeat that the Labor Party have never understood that this is not a capitalist versus worker nation anymore. It may have been when they were set up under the Tree of Knowledge in the 1890s.

Senator Jacinta Collins—Tony Abbott says it is!

Senator MASON—I thought, Senator Collins, you were more intelligent than that. You see, no-one believes that anymore because everyone’s superannuation in this country is determined by the success of the banking industry. While you may not want banks to make any profits, Senator Collins—

Senator Jacinta Collins—Why not?

Senator MASON—That is dead right. Even though your party harps against the making of profits, the profits go into the pockets of workers and help to pay for their
superannuation. When that finally gets through to the Australian Labor Party—the fundamental leap between workers and capitalists—they will be able to join the Right in moving forward to newer debates and newer ground, and they may then become relevant.

**Senator GEORGE CAMPBELL** *(New South Wales)* (5.28 p.m.)—Listening to the contributions of both Senator Mason and Senator Ian Campbell to this debate has been remarkable. They have spent, between them, 40 minutes talking about issues relating to problems in our banking system. Not for one nanosecond out of that 40 minutes did either Senator Mason or Senator Campbell pose any criticism of what is happening in our banking system today. What does that demonstrate? Does it demonstrate that the rest of us have what is happening out there in banking so absolutely wrong or is it simply a reflection of the fact that this is a government with a set of members who are blindly ideologically obsessed with all of these issues and think that anything the Labor Party might criticise must obviously be defended?

Is their defence of the banking system warranted? You do not have to take the word of the Labor Party: look at what has been occurring. In an article in the *Australian* by Sid Marris and Duncan Macfarlane on 20 July, the opening paragraph states:

* Banks stripped a further $750 million from customers last year, increasing overall fees to households and business customers by 14 per cent for the second year in a row, according to a Reserve Bank study released yesterday.

Despite a growing community and political backlash—there is no political backlash coming from the other side of the chamber—the rate of fee increases was greater for households than businesses during 2000. Clearly, that is a reflection of the attitudes of the community generally to what the banks have been doing in our economy and the way in which they have been manipulating the process of charging fees to maximise profits. I quote from an article that appeared in the *Financial Review* on Tuesday, 17 July. Written by Robin Robertson under the heading ‘Banks criticised on fees to small business’, the article said:

The Small Business Ministerial Council has unanimously called on the Federal Government to seek an Australian Competition and Consumer Commission inquiry into possible anti-competitive practices by banks against small business.

Research tabled at the council’s meeting last month showed that the big four banks provided very similar basic small business bank accounts, and that there was no evidence of competition on price between them.

Not only is there no evidence of competition but there is a substantial body of evidence of collusion between the four banks in respect of the fees and charges that they are charging the community generally. This unanimous decision included the federal Minister for Small Business, Mr Ian Macfarlane, who has had a bit of mention in this chamber today for reasons other than his portfolio. He is a part of the Small Business Ministerial Council, and he was part of the unanimous call for the ACCC to look into the banking industry.

But you do not have to take their word for it either. Go to the banks themselves. Even they recognise that they are on the nose with the community in a big way. We have all seen the television ad for the St George Bank. The Acting Deputy President may not have, so let me tell you what the St George ad does. It is shot by the side of a pool at a family barbecue. There are three or four couples, a dog, and a couple of kids in the swimming pool. There is a person sitting at the table and he is asked, ‘What do you do for a living?’ He says, ‘I’m a banker.’ There is an instantaneous pause by everyone there, including the dog and the kids in the swimming pool, until he tells them, ‘It’s all right: I’m a St George banker,’ and all of a sudden he is acceptable. It is simply St George trading on the fact that they know that the community at large have got a very poor image of the banking system. As someone said earlier in this debate, a few years ago the banks had some stature in our community whereas now they are getting right down to the bottom rung when people rate various occupations in our society.
Senator McGauran—Down there with journalists.

Senator Jacinta Collins—And politicians.

Senator GEORGE CAMPBELL—Probably lower than journalists; maybe still a little bit above politicians—we do not know—but certainly lower than journalists. It was also interesting to listen to Senator Ian Campbell’s contribution to this debate, because he really filled up 20 minutes with nothingness. There was not much discussion about the issue of what is occurring in our banking sector and the need to apply some pressure on that sector to ensure that a range of services is available to the community at a reasonable cost and that these services are readily accessible. He spent most of his time reflecting on what the Labor Party did in 1980, 1975, 1960, 1901 or 1933—he covered a fair spectrum.

He made a couple of points which I think need to be rebutted. He talked about the contribution of this government’s policy in reducing interest rates—I am particularly talking about mortgage interest rates. He claimed—which is the wont of people on the other side—responsibility by this government for the mortgage originators. I want to put Senator Ian Campbell’s misunderstanding of that to rest. Mortgage origination occurred under the Labor government. It occurred under the Keating government in the early 1990s. Aussie Home Loans was around long before John Howard became Prime Minister of this country. RAMS Home Loans was there long before John Howard became Prime Minister of this country. The trade unions super funds home loans were there long before John Howard became Prime Minister of this country. It was mortgage origination, introduced by a Labor government, that drove interest rates down in the banking sector. When mortgage origination started in this country, home loan interest rates applying in the banking sector were an average of 11 to 12 per cent. Because of the shift in market share, those interest rates fell to about six per cent over a period of some 12 to 18 months. That was as a result of nothing other than mortgage origination, where those players coming into the market offered home loan packages at a substantially more competitive rate than the banks were prepared to offer. What was very interesting about that whole exercise was that I happened to sit on the board of one of those home loan companies at the time.

Senator McGauran—Still going?

Senator GEORGE CAMPBELL—No, I resigned my position when I came into this chamber, Senator McGauran. Tony Staley still sits on it, I think, so it was not one of those companies that had a political bias, which you might have been assuming in your mind. It had a broad, representative group—and I say ‘broad’ in the very broadest sense of the word.

We watched what occurred in that area as a result of the mortgage origination businesses getting off the ground. For the first time what we also observed was that there was actually some differential starting to occur in the types of home loan packages that banks were making available. Prior to that all the packages by the banks were almost identical—and the reality is that through the history of banking whenever the banks could collude and come up with the same packages they did. They did in the past, and they still do. It makes a mockery of the suggestion from the Treasurer, Mr Costello, which appeared in the Weekend Australian of 21 July. He said:

Obviously the public is concerned about the level of bank fees and we think the most important thing is to exercise consumer power against banks that are overcharging.

That is all well and good. He went on to say:

If they are worried about their own bank overcharging you, move your account.

Move your account! That seems like a simple, reasonable proposal. Just go down the street, knock on your bank manager’s door and tell him, ‘I am going to take my money out and I want to put it into the bank down the street.’ However, we all know that these days it is a bit more difficult to open a bank account than it used to be, particularly if you happen to have a little bit of money. You are required to have your passport and a few other bits of identification to make sure it is you. I am somebody who resided in the bot-
tom of the harbour days, when the Prime Minister of this country was Treasurer and we had all those tax avoidance schemes running around rampant in our society. It is not that easy now to start an account, and it is very obvious from the Treasurer’s comments that he has never stood in a bank branch; he has never walked in and stood in a queue to try to open a bank account. I tell you what, you will wait a fair time these days if you walk into the branch of a bank trying to get over-the-counter service. That is not because people are particularly interested in getting into the banks; it is because banks have introduced a deliberate policy of driving people out of real, physical banking environments. They have adopted a deliberate policy of driving people onto the Internet, into electronic banking. As a consequence, services in bank branches out in the suburbs have deteriorated considerably.

That is over and above the issue of bank closures. We know they have been closing bank branches and in many areas they have just not been making the services available, and also those services that are available are being operated in a way that deters people from using them. Someone said, ‘Well, talk to your bank manager.’ Try it one day. My bank is the National Australia Bank. Try ringing up your local bank manager for an appointment. You cannot get the number of the branch. The branches do not have any phone numbers any longer. You have to go through a call centre, and they will not connect you. You cannot pick up the telephone and ring the branch manager of a National Australia Bank branch; you have to go through a call centre. If you can get through the hurdle of spending 20 to 40 minutes talking to someone there about why you want to talk to the manager of the bank, you may get put through, or you may not.

If you have reasonable deposits in the bank, you may get more sympathetic consideration than if you only have a normal bank account. We know it happens. I know individuals—family members—who have reasonable accounts with the National Australia Bank, and they do not have any problems getting access. In fact, the bank manager rings them up, saying, ‘Can we do anything for you? Do you want to come down and we can talk about your investments? Would you like to invest a bit more? Maybe you would like to borrow a bit more.’ However, if you are a pensioner trying to get your pension cheque into the system and trying to get something back out of the system, you will find it considerably more difficult than it used to be. The reality is that the community is being herded into the electronic banking system environment. That is all right for some of us. I must admit I am still nervous when I do banking over the Internet.

Senator Jacinta Collins—You can’t use the telephones here.

Senator George Campbell—I know that. I am even nervous when I make telephone calls to the bank. But anyone who has a very limited interface with the Internet and with computers finds it very intimidating indeed to have to use the banking environment in that way.

What has this government done about it? It has done nothing. It has not even tried to use moral persuasion to get banks to introduce some changes to the banking system which might make it reasonably accessible to ordinary people out in our community. It has certainly done nothing at all about solving the problem of a lack of banking services in regional and rural Australia. In regional and rural Australia, the issue is not just that of having a bank physically in the town to be able to take some money out of or to put some money into over the counter; in those regional areas, the bank is a much more social environment, with a social responsibility. In the past, bank managers in regional and rural Australia were very important pillars of the community. They were able to make decisions about whether farmer A or farmer B or farmer C should get access to a loan: not only did they know the individual; they knew their business and their capacity in given sets of circumstances to be able to generate profits and income and to be able to meet their payments. Those bank managers became a source of knowledge within the community.

These days, if a person in regional and rural Australia wants assistance in that form, they get forced on to the Internet with someone who has no understanding of what life is
like out in those regional and rural communities. The chances are that many people are being denied access to funds out of the banking system in regional and rural Australia, simply because the person they are dealing with in the banking system does not understand the area in which they are operating. These are people who in normal circumstances in the past would have got access to those funds and been able to keep their businesses viable and their farms operating and would have been able to generate profits to make repayments on their mortgages into the future.

So it is not just about having a hole in the wall to put money in or to take money out, although that is important in regional and rural Australia; it is very important if you are operating a petrol station, for example, that may be 50 or 100 kilometres from the nearest town with a banking system. What do you do with the cash that comes over your counter? How do you get that to a secure environment? Are you not exposed to someone walking in with a shotgun or some other form of weaponry and exposing you to violence, being robbed or whatever else may occur in that situation? A lot of that is happening simply because those businesses are in isolated areas where it is very difficult for them to get to an environment where they can secure, in a proper set of circumstances, the resources or the moneys that they have.

The reality is that this government have done nothing about that. They have talked about the rural transaction centres. We heard a couple of years ago that there were going to be 300 of these set up around the country, which would solve all the problems of regional and rural Australia in terms of banking services and all the other things that were being ripped out of their communities. At the last count that I heard, I think there were 17 or 19 of them that had actually been established. That is an absolute and monumental political failure by this government, and they still try to perpetuate the myth that in regional and rural Australia somehow or other these centres are out there solving all the problems in those communities and providing the services that those communities have been lacking as a result of the bank closures.

The minister responsible for this area should be condemned, not only for his failure to introduce the policy but also for his consistently coming in here and trying to bluff the rest of us by telling us that it is actually working. It has been an abject and monumental failure. I thought the greatest bit of hypocrisy in this chamber today was perpetrated by Senator Ian Campbell, who tried to shamefacedly claim responsibility for the Bendigo Bank—something that would never have got established if we had been relying on this government and its assistance to put it in place. The reality is that the banking industry in this country is controlled by four major players. There is very little difference in the services that they provide to the community and in what they charge for access to those services. There is a big difference, however, in how they treat you if you are at the bottom end of the income tree as opposed to being at the big end of town. (Time expired)

Senator McGauran (Victoria) (5.48 p.m.)—I too join this debate to present the government's side of the argument and to reject the motion put forward by Senator Conroy as it stands in full, though we say that elements of it are quite agreeable to us. If Senator Campbell wishes to stay around, he will hear that there are even elements of his speech that we are not going to argue with.

Before I get on to the substance of the debate, I would just like to notify the Senate and acknowledge that I do have shares in the banking sector. We welcome this debate because we can show you on the record how critical of the banks we have been during our term in government, and in opposition for that matter, from the Prime Minister down. The Prime Minister himself has been most critical of the banks; the Treasurer has been critical of the banks.

Senator George Campbell—But you have not done anything.

Senator McGauran—You will stay around then, and I will tell you what we have done, Senator Campbell. If you are going to miss the best part of this debate, I will send you my Hansard. We have been critical of the banks due to their lack of social sensitiv-
and responsibility and, at times, we have been highly critical of the very highly paid executives of the banks. We think—at least I think—that many of the executives of the banks are paid too much for what you would think they would do and for some of their public comments. There should be far more transparency and accountability of their salaries. Also, when it comes to fees, we have been critical of the banks’ often callous lumping of fees on the pension and the social welfare sectors. We are on record as being critical of the banks in their approach in this matter.

What is more, the latest incident involving banks is with regard to shadow ledgers, touched on by Senator Conroy. This is a very troubling area which the Joint Committee on Corporations and Securities has looked into. I believe that the act of using shadow ledgers, undertaken by some of the banks anyway, is highly suspicious and ought to be brought to a grinding halt. Let us look behind the incident of shadow ledgers. That was prompted by a tax incentive brought in by the Keating government. Senator Conroy did not say that. Didn’t the banks give Mr Keating many thanks with regard to that particular tax advantage that he gave them?

The point is that, if this parliament seeks to cut the cost of banking, if the opposition are seeking to cut the cost of banking—and they had no credibility in the time that they were in government—then I point out to Senator George Campbell the actions that this government has taken. First of all, the government has abolished two government taxes that appear each month on everyone’s bank statement. We have abolished over $2 billion worth of bank statement fees—that is, the FID and the BAD taxes—and we did not get support from the opposition at all. You would not even support our reducing a government tax on every person’s bank statement. Your credibility is not there. Really, the highest banking charge upon any citizen is of course interest rates, but what credibility do you have to come into this chamber and talk about bank costs when in fact it was a policy of yours to jack up the interest rates? In our term in office, this government has single-mindedly reduced interest rates to historic lows. That is lifting a bank fee charge.

The third way the government has acted to reduce the cost of banking has been to set up and support the market structure of competition—that is, we are holding firm to the four-pillar policy so there is competition between the big four banks. Furthermore, we have loosened the rules and given credit unions a greater ability to act as a bank, and that is extra competition. We have, regardless of what the previous speaker said, implemented the policy of transaction centres, which brings to small townships an ability to establish face-to-face services—no less personal banking services—where the bank may have left the town. Of course, the Bendigo Bank has set up those wonderful community banks. In towns where the major four banks have left the town, the Bendigo Bank has filled the gap.

Moreover, this government has given increased powers and encouragement to the ACCC and the Reserve Bank to monitor those fees. Senator Conroy has come into this chamber and given the same speech many times over, but he simply has not updated his facts. The ACCC are presently monitoring the big four bank fees, and this is borne out by the very fact that they initiated, through the Reserve Bank powers, the inquiry into the interchange fees for Bankcards. They took on the big four banks, believed that these fees were exorbitant and, under the law, undertook—triggered by the Reserve Bank, of course—to bring down credit card fees. The previous speakers on the opposition side have not given any acknowledgment to the government’s actions. Furthermore, there is a difference between the opposition and the government with regard to regulation. This government does not believe in regulation. We do believe in reflecting the public view, and the public view of banks is not good and will not get better with the latest announcements with regard to shadow accounts. But there have been major steps in the banks’ thinking, and you will not get it from regulation. You will get it by this government reflecting the public’s views.

Again, I say that Senator Conroy has not updated his speech notes. He comes in here
criticising the banks for things they have made progress on, such as bank closure protocols and improved standards with regard to developing an electronic banking service for older people and people with disabilities. But, more than that, all the banks have introduced bank fee-free accounts for pensioners and social welfare holders. That is now a policy; it is now up and running and yet Senator Conroy comes in here and says, ‘That’s what we’re going to do.’ I know he really likes to plagiarise the policies of the banking sector but, Senator Conroy, you are going to have to update your speech notes, because the banks have actually done half those things. They are in place now and we never needed regulations to get the banks to the table. Of course, they needed a bit of pushing and shoving from the top—from the Prime Minister, from the minister and from the cabinet—because they are not easy people to deal with. As I said in my introduction, they are overpaid and probably underworked, but they have made tremendous progress with this government’s pressure—and not regulation—and with public pressure. In fact, that is really how you will get the banks to change. Public mood and pressure will get the banks to change. To its credit, as a whole the banking sector has made big improvements. Of course, if you do not have some legal authority over the banks they will just slip back with their bank closure protocols and improved standards and bank fee-free accounts. The legal authority over the banks comes from the Reserve Bank and the ACCC, which are presently monitoring the banks’ behaviour.

We are not going to drop our guard at all on this particular matter. We are constantly monitoring the banks’ behaviour and we are reflective of the public opinion with regard to the banking sector. So, all in all, we again reject Senator Conroy’s general business motion and we simply ask him that when he has to deliver it again—and he will, just as a filler for a Thursday—he update his notes. We really do ask Senator Conroy to update his notes and to stop plagiarising the policies, because they are so out of date now. Most of the policies he would claim as his have been put in place by the banks. That is because they were always the banks’ policies in the first place. This government does not believe in regulation, unlike the opposition. We in this government believe we can direct the banks in a proper manner to bring them to a social and legal responsibility.

Debate interrupted.

DOCUMENTS

The ACTING DEPUTY PRESIDENT (Senator George Campbell)—Order! It being 6 p.m., we proceed to consideration of government documents.

Cooperation on the Application of Non-Proliferation Assurances: Exchange of Notes

Debate resumed from 21 August, on motion by Senator Ludwig:

That the Senate take note of the document.

Senator SANDY MACDONALD (New South Wales) (6.01 p.m.)—I wish to take this opportunity to talk to the exchange of notes constituting an agreement between the government of Australia and the government of the United States concerning Cooperation on the Application of Non-Proliferation Assurances in the context of the non-proliferation questions that it deals with. I do so in the context of the statement made by the Minister for Foreign Affairs, Mr Downer, on 13 August 2001, in which he announced the agreement with the United States that was concluded in Washington on 31 July 2001 which facilitates the sale of Australian uranium to Taiwan. This agreement is consistent with Australia’s role as a major supplier of energy and mineral commodities to Taiwan. It builds on the very special commercial re-
relationship that we have with Taiwan, in that they are a major market for our coal, iron ore, wool and manufactured goods. On this night in Taipei there are Mitsubishi cars being driven around that were made in Adelaide. It is very important that, in future sales of other energy sources, uranium be included in our market to them.

All of Australia’s uranium is exported for exclusively peaceful purposes under bilateral safeguards agreements. Australia currently has 15 such agreements in place, covering 25 countries. One is with the European Atomic Energy Community, EURATOM, and Australia can be very proud that its network of nuclear bilateral safeguards agreements complements and builds upon the International Atomic Energy Agency’s safeguards regime. Australia has a very close but non-formal relationship with Taiwan. Australia, however, recognises that Taiwan has legitimate energy needs and that it has chosen nuclear power as part of its energy mix. Accordingly, an agreement has been concluded with the United States providing for Australian uranium to be enriched in the United States, after which it would be possible for it to be transferred to Taiwan. Australian uranium destined for the Taiwan market will therefore be covered by the nuclear safeguards agreement between Australia and the United States and by agreements between the United States, Taiwan and the IAEA. This arrangement is similar to one made by Canada in the early 1990s, I think—perhaps in 1993.

Taiwan has made clear its strong commitment to nuclear non-proliferation by welcoming the indefinite extension of the nuclear non-proliferation treaty of 1995. Furthermore, it has accepted international safeguards on all its nuclear activities, including being amongst the first to implement the terms and conditions of the additional protocol for strengthening IAEA safeguards. Taiwan has publicly stated in its 2000 national defence report that its armed forces will not own, manufacture or use nuclear weapons. The agreement is consistent with Australia’s strong stance on preventing the proliferation of nuclear weapons while allowing the export of uranium for peaceful activities. It ensures that any transfer of Australian uranium to Taiwan is subject to IAEA safeguards and complies with Australian long-standing policies for control of nuclear materials. It is anticipated that this agreement will be tabled in the parliament this year and will enter into force once Australia completes its domestic requirements, subject to the Joint Standing Committee on Treaties. I want to take this brief opportunity to welcome this action, because it builds on the unique and mutually beneficial commercial relationship that Australia has with Taiwan.

Question resolved in the affirmative.

Consideration

The following orders of the day relating to government documents were considered:

Agreement between Australia and the Argentine Republic concerning Cooperation in Peaceful Uses of Nuclear Energy. Motion of Senator Bartlett to take note of document agreed to.


Council of Europe Convention on the Transfer of Sentenced Persons, done at Strasbourg on 21 March 1983. Motion of Senator Ludwig to take note of document agreed to.
COMMITTEES
Consideration

The following orders of the day relating to committee reports and government responses were considered:

Superannuation and Financial Services—Select Committee—Report—Prudential supervision and consumer protection for superannuation, banking and financial services—First report. Motion of the chair of the committee (Senator Watson) to take note of report agreed to.

Superannuation and Financial Services—Select Committee—Report—Parliamentary (Choice of Superannuation) Bill 2001. Motion of Senator Coonan to take note of report agreed to.

DOCUMENTS
Auditor-General’s Reports
Report No. 6 of 2001-02
Senator O’BRIEN (Tasmania) (6.07 p.m.)—I move:

That the Senate take note of the document. Auditor-General’s Report No. 6 of 2001-02 is an excellent report into that very efficient organisation, the Australian Fisheries Management Authority. The Senate committees on which I serve have had a fair bit to do with AFMA, particularly in our inquiry into the proposals for changes to the management regime for the Northern Prawn Fishery. Having experienced its role in that inquiry and also in the estimates process, it is fair to say that AFMA is a very professional organisation dealing with an extremely important industry insofar as Australia’s export task is concerned. The rock lobster fishery of Western Australia, the prawn fishery of Northern Australia and the fin fish fisheries of south-east Australia in particular contribute many millions of dollars to Australia’s balance of payments.

In fact, last night representatives of the fishing industry hosted a function in this building to allow the Minister for Forestry and Conservation to attend and make a presentation together with officers of the various bodies who form the significant fishing industry that this country has the benefit of. Minister Wilson Tuckey made a presentation at that meeting indicating that over the next three weeks he was going to spend time going around the ports of Australia seeking submissions from representatives of the fishing industry on reforms that might be needed in the administration of the fishing industry by his department.

I thought that was a fairly interesting proposition to put. My understanding was that representatives of the industry—some 22 of them—have been involved for many months in putting together proposals for reform and a policy position which they wished to put to the minister and the federal government. In fact, they had drafted a position which was approaching a final draft. These 22 people had put in their time voluntarily—they had put in, as I say, many months of work—only to be told by the minister that that was all to be trashed, that the consultative body that was established was to be wound up and that over the next three weeks Mr Tuckey, doing what I suspect will be a lap of honour of the fishing industry, was going to go around and gather the information for himself.

Minister Tuckey was not concerned, as I understood what he was saying, with what work had been put in. He is going to go around and ask people to direct their comments directly to him. Over the next three weeks he is going to form a view for the policy for the fishing industry for the next decade. He was saying to the gathering last night that people could not expect anything other than matters that were put to him over the next three weeks to be considered for policy over the next decade. I thought that was a bit of a liberty. I suspect that Mr Tuckey will not be the minister for fisheries after the next election and the policy position that is to be considered will probably be prepared by an incoming minister, and I suspect it will be an incoming minister in a Labor government. Be that as it may, I thought it was rather outrageous that the minister would wind up the work of a hardworking industry body of people who had volunteered their time and put a lot of work in, simply throw that in the wastepaper basket and say that in three weeks he was going to fulfil the task that they had spent many hours on in arriving at a policy position.
This portfolio area was not originally Mr Tuckey’s. Mr Tuckey was the minister for forests initially. I gather he did not have enough work to do and Mr Truss found that he either did not have the time or did not have the interest in doing the work required in the fisheries part of the AFFA portfolio, so he handed that over to Mr Tuckey. Mr Tuckey, having managed to cast around and cause as many difficulties as he could in the forestry area and achieve absolutely nothing for the forestry industry, was given the fishing industry. I suppose the fishing industry will now say, judging from Mr Tuckey’s performance, that he will achieve just as much for the fishing industry as he has achieved for the forestry industry—absolutely nothing.

I understood that Mr Tuckey was rewarded with a ministry because of the work he put in in the last campaign when he represented the government’s position on the GST to the racing industry. He had a big win there. He told the racing industry that, as a result of laws that his government would put in place, every person who owned a racing animal with a reasonable prospect of earning prize money would be able to register for the GST and claim back their GST inputs as business credits. I gather that about 20 per cent of people who race animals in the thoroughbred industry—and a lot fewer I suspect in the harness racing and greyhound racing industry—are able to do that. So he had about a 15 per cent to 20 per cent success rate in terms of his promises in those areas.

Mr Tuckey is now going around telling the fishing industry that he is going to reform the fishing industry as a result of a three-week tour of duty around the fishing industry. I suspect that in reality the fishing industry is very angry with Minister Tuckey, at the arrogance that the minister has displayed in trashing the work of the industry’s representatives, in telling the industry that he will know best in a portfolio that he has had for five minutes and in telling them that if they do not tell him what he wants to hear and he does not promulgate a policy they will not get another chance for 10 years. He will deliver on that, I suspect, as much as he delivered on his promises to the racing industry—to a very small proportion.
it is spreading faster in South Asia and South-East Asia.

The UN General Assembly Special Session on HIV-AIDS, which took place in June this year, occurred only six months after the General Assembly decided to convene the session to mount an urgent response to this global crisis. Some would observe that, for the United Nations, moving that quickly to convene that sort of special session within six months is a very prompt response. During the three days of the UNGASS, member states, intergovernmental organisations, United Nations agencies, and civil society and private sector partners explored their potential collaboration in mounting an expanded response to the pandemic.

Australia’s Minister for Health and Aged Care, the Hon. Michael Wooldridge, addressed the Special Session and explained to delegates and participants how Australia has fought the pandemic here and that that has largely been governed by what he described as a ‘political consensus’, supported by all elements of the political system and endorsed by the Australian community at large. He noted that government willingness to engage and work with those most vulnerable to the virus is extremely important. As a result of that, he further noted that the Australian government and other Australian participants were somewhat disappointed that some groups, after extensive negotiation, were not to be named in the final declaration of commitment. They included particularly vulnerable groups like sex workers, injecting drug users, prison populations and indigenous people.

In Australia, conversely, the support and commitment of those groups and their active involvement and partnership have been a significant part of the basis on which the Australian national response to HIV-AIDS has been founded. AIDS activism and countering the spread of HIV have been directed towards constructive participation in this country, not destructive protest, and towards participation assessed on a sensible and logical process, not guided by concerns, biases and, some might say, bigotries in relation to some groups in the community.

I want to particularly note youth involvement in the special session. One of several activities organised with young people in the run-up to the special session was to highlight their roles in fighting HIV-AIDS.

The Declaration of Commitment is the official outcome document of the 26th Special Session and it recognised that in the Asia-Pacific region there are 7.5 million HIV positive people. Importantly, the declaration also recognised that stigma, silence, discrimination and denial—as well as a lack of confidentiality—undermine prevention, care and treatment efforts and only go to increase the impact of the pandemic.

I want to briefly speak about the sixth ICAAP, which will be held from 5 to 10 October this year in Melbourne. It is cosponsored by UNAIDS and the AIDS Society of Asia and the Pacific and should attract over 3,000 delegates. It will gather those involved in HIV-AIDS work, primarily from the Asia-Pacific region, and combine science, advocacy and community development in one event. This biannual ICAAP is the major conference for AIDS organisations and workers in the region. The previous ICAAP—the fifth—was convened in Kuala Lumpur by Marina Mahathir.

The co-convenors of the Australian ICAAP—they are exceptional people—are Professor Rob Moodie, Professor Dennis Altman and Robin Gorna, who, with a team of supporters, have been putting an enormous amount of work into convening this conference. It is strongly supported by ministers Wooldridge and Downer, and it has received financial support from both federal and state governments.

It presents both challenges and opportunities to better understand the global pandemic and how it affects our region and what strategies can be adopted in our region to prevent the spread of HIV. The diversity of HIV in Asia and the Pacific adds to the challenge, but I think it also creates opportunities to learn from one another and to apply that knowledge more broadly across the world. The scientific program has become more inclusive and reflects the multisectoral nature of the impact of and response to AIDS.
The structure of the scientific program of the sixth ICAAP will break away from the traditional conference disciplines and will be organised around four specific crosscutting themes: treatment and care, prevention, socioeconomic determinants, and sexuality and gender. As well as the ICAAP conference, there will be major activities and satellites taking place in conjunction with it, including, importantly, a youth forum to ensure young people a voice at the congress. ICAAP recognises that HIV demands from the whole region a unified response. This conference will enable us to share knowledge and experience and to learn from each other. It will also help focus public and media attention on the growing severity of this issue in our region.

During ICAAP, a regional ministerial meeting on HIV-AIDS and development will be held on 9 and 10 October. Alexander Downer, as Minister for Foreign Affairs, will be hosting the meeting of senior officials and ministers from the region as a complementary event but separate from ICAAP itself. I want to congratulate the minister on this initiative. It is aimed at bringing together not just health ministers, because that is easy. You can bring together health ministers to discuss HIV-AIDS and its impact on your community, but its impact in a developing region like the Asia-Pacific is so much broader than that that it needs to be a broader ministerial conference—and that is what the minister is bringing together. Its aim is to secure broad political commitment to increase national and regional efforts to counter the escalating HIV-AIDS problem. It will build on the energy and commitments, for example, from the 26th declaration made during the UN General Assembly Special Session earlier this year and discuss regional responses to the epidemic with both key multilateral agencies and regional neighbours. Most importantly, it follows from a call at the fifth ICAAP for a summit of regional leaders to better coordinate efforts in recognising the transboundary nature of HIV-AIDS. They will be able to explore things like poverty as a driver of HIV-AIDS, the macro-economic impacts of HIV-AIDS, the cost-effectiveness of prevention versus treatment, HIV-AIDS and security issues and the impact of HIV-AIDS at a micro-economic level.

The government recognises the importance of this forum for highlighting the global AIDS crisis and developing appropriate cross-disciplinary responses to it. Last year the government launched a six-year $200 million global HIV-AIDS initiative, most of which is dedicated to assisting our partner countries in the Asia-Pacific region. We have played a pivotal role in that area in pursuing innovative responses in partnership with many of those countries, and I will just cite a couple of those. In Indonesia, religious groups are working together in a campaign to encourage people to avoid infection. Sex workers in the Philippines are finding effective ways of educating one another in the use of condoms. Peer education is proving highly effective at informing young Pacific islanders about HIV-AIDS. In Africa, volunteer carers are helping to look after the sick and rebuild community values. And so the list goes on—from puppet shows in Laos to new health clinics in Papua New Guinea where Australian efforts are pivotal. These are important cooperative processes which recognise the threat that the epidemic poses to perhaps reversing decades of development in some countries. The breadth of the impact of HIV on these countries cannot be underestimated and Australia has a very effective leadership role to play in fighting this epidemic.

Goods and Services Tax: Caravan Park Rentals

Senator HUTCHINS (New South Wales) (6.25 p.m.)—I rise tonight to speak on an issue that has been a source of great hypocrisy and many broken promises made by numerous government members in the House of Representatives. The application of the GST on caravan park and mobile home rents has fully exposed members of the current government as a heartless group of individuals only interested in their own welfare. The decision by the government, in collaboration with the Democrats, to apply the GST to caravan park and mobile home rents has fully exposed members of the current government as a heartless group of individuals only interested in their own welfare. The decision by the government, in collaboration with the Democrats, to apply the GST to caravan park and mobile home rents is one of the most callous and cruel acts undertaken by this government since their election in 1996—and we have seen a lot of those from
this government since that time. We have seen them slash funding to health, education and aged care and strip back the rights of working Australians. But this tax and its application to the most vulnerable and, in many cases, the most impoverished members of our society is nothing short of despicable. I cannot understand why the government and the Democrats did not exempt the rent of caravan park and mobile home residents from the GST in their secret, closed-door GST deal made last year.

We now have the bizarre situation where, if you rent a regular house or unit with a fixed street address, you pay no GST on rent, but if you live in a caravan or a mobile home, which usually means you are on a low income and do not have a lot of money to throw around, then you get slugged. If you rent a caravan at Kincumber Nautical Village on the Central Coast or a caravan at Edge-water Caravan Park on the mid-North Coast of New South Wales, you get slugged, but if you rent a trendy high-rise unit in Potts Point in inner city Sydney or one in North Sydney you are exempt.

It is no wonder that, in his memo to John Howard, Liberal Party federal president Shane Stone said, ‘We have been just “too tricky” on some issues, for example, GST on caravan parks.’ But it would appear that John Howard and his government have not taken the advice of Shane Stone and have just kept on being tricky with this issue. Last week, they deceitfully announced that they had provided GST relief to caravan park and mobile home residents when they have in fact done nothing of the sort. The government has merely made available to caravan park owners the option of not charging the GST. The catch is that, if caravan park owners are gullible enough to take up this new option, they will have to forgo the GST collected on site fees—a cash flow that they currently use for up to three months before the moneys must be remitted to the Taxation Office.

John Howard is therefore relying on the selflessness and philanthropy of caravan park owners, hoping and praying no doubt that they will have kinder hearts than he has. The fact is that this is not a solution to this problem and it is not a relief for caravan park and mobile home residents. It is simply another trick from this government, and I do not think that caravan park and mobile home residents are going to fall for it.

I especially fail to believe that the thousands of caravan park and mobile home residents in the seats of Robertson on the New South Wales Central Coast and Lyne on the New South Wales mid-North Coast are going to be deceived any more by the deceitfulness being practised by their local federal members around this issue. They have had enough of it. Mr Jim Lloyd, the member for Robertson, told a group of caravan park residents at a public meeting at the Central Coast Leagues Club in June last year that he would be taking their concerns about the GST on caravan parks to Canberra and to the Prime Minister himself. This was reported in the local paper in Gosford, and people present at the meeting like Trish Moran, who is Labor’s candidate for Robertson at the next election, have relayed this same story to me.

The member for Robertson stood up there in front of all those justifiably angry caravan park residents and promised them that he would take up this issue for them and take it directly to Canberra. But, since that time, has Mr Lloyd stood up once in parliament and outlined to the House of Representatives and put on the record his support for caravan park residents in his electorate? No, he has not. He promised the 1,750 caravan park residents living in his electorate that he was going to fight for them, but in fact he has done nothing. And he clearly has not taken the issue up with the Prime Minister when the best relief John Howard can offer residents paying the GST on their rents in Tingara Village at Terrigal or at Ettalong Beach Village in Ettalong is a tricky and deceptive announcement about a bottle of Clayton’s GST relief that he has stuffed up his sleeve—the GST relief you get when you are not really being given any relief at all.

Caravan park and mobile home residents in the federal electorate of Lyne are also not going to be deceived by this tricky move on the part of the government. They have become aware of the deceitful character of their local member, the Hon. Mark Vaile. During the 1998 election campaign, Minister Vaile
distributed a pamphlet promising that his government would not be applying the GST to caravan park rents. I would like to read a short quote from Minister Vaile’s pamphlet:

I would like to reassure you that residents who occupy accommodation in a caravan park or holiday village on a permanent basis will not have to pay GST on their site fees. This will be treated the same way as rental of a house or unit and is GST free.

What a great whopper of a lie. After being given this promise by their local member, within two years residents at parks such as the Lighthouse Beach Caravan Park and the Rainbow Beach Caravan Park in Port Macquarie have had their rents increased through the imposition of the GST on site fees. So when this government stands up and says they are going to be providing relief to the almost 3,000 caravan park and mobile home residents living in the electorate of Lyne, I think these residents have a right to be very sceptical. And sceptical they should be. The recent announcement by the government that they will be providing relief to caravan park residents is misleading and an outright lie. The only way that caravan park and mobile home residents will be given any relief is if the GST directly applied to site fees is removed. And only the Labor Party has promised to do this. Only Labor will provide long overdue relief for battling caravan park and mobile home residents.

Social Welfare

Senator DENMAN (Tasmania) (6.32 p.m.)—Before I commence my contribution, I would like to congratulate Senator Payne on the remarks she made on HIV-AIDS. It is an issue we all need to be aware of. Having lost a friend to HIV-AIDS, I know just what an important issue it is.

Since this government came into power we have seen a rise in the penalties imposed on those receiving benefits. It seems that it is their fault, or one would be forgiven for thinking that it is if you view the penalties imposed. In the last week a report has been handed down entitled ‘Working towards a national homelessness strategy’. The fact that at this time we have to commission such a report is an indictment of our society and further proof that the current system has been hijacked by short-sighted ends. Simply put, to ensure that those who are in want have reasonable housing would most likely save money for everyone—through reduced health-care costs, for example.

When we examine some of the causes of this occurrence we see that the philosophy of mutual obligation is one of the problems. Thus we see a one-sided system where the poor and disadvantaged are harassed and threatened with poverty, degradation and homelessness through ill-conceived punitive policies that are not about helping the unemployed find work; rather they are about punishing those who through no fault of their own cannot find work. In other words, if we are rich we can gamble, we can drink and have a great time, but if we are poor we will be chastised for even having the desire to do those things. I am not suggesting that over-indulging in those behaviours will lead to anything other than problems, but the suggestion that being poor should result in an exemplary lifestyle is a bit rich. This was the implication of the Minister for Employment, Workplace Relations and Small Business, Mr Abbott, when he was reported as suggesting that being poor was the person’s own fault. This is the easy way for the government to find a way out of the duty of government that is entrenched in our culture—to provide the possibility of at least a safe place to live, adequate health care and education, a basic wage and a certain amount of freedom from coercion or undue surveillance.

Many of the basic tenets of mutual obligation border on undue coercion. A young man recently came into my electorate office. He had moved from South Australia to Tasmania. He had run into a bit of trouble in South Australia and wanted to spend some time with his grandmother. Due to the fact the area his grandmother lived in had a higher unemployment rate than where he had come from in South Australia, he was initially told he could not receive benefits. Thus the nature of the young to wander was curtailed and—worse—he was punished. People with housing problems are often typecast as vagrants or unemployed. However, as an article on 11 July 2001 in the Sydney Morning Herald states, up to seven per cent of
people accessing the Exodus Foundation—a charity organisation in Ashfield—were in full employment. I would suggest that this is merely the tip of the iceberg as many people in need are too proud to access charitable organisations. Some would rather soldier on than ask for help.

Before I came into this place I was teaching. Lots of my teacher friends tell me that there are children whose parents are working but that these kids come to school having had no breakfast and with no lunch because, even though the parents are working, they are poor and are too proud to ask for help. So some of the schools where I live are providing breakfasts, particularly for these children. This fact is supported by the Reverend Bill Crews, who has stated that the working poor are reluctant to ask for help because of their embarrassment about relying on charity. They feel that if they are working they should not have to get help. This again is indicative of what is happening in some schools. Captain Glen Whittaker of the Salvation Army suggested in the Sydney Morning Herald on 11 July:

There are definitely people who are left behind on the poverty issue.

He also said:

We still find people living in all aspects of poverty through no fault of their own.

This tends to suggest that some aspects of poverty are structural. This is supported by the Smith Family, which found that up to 40 per cent or two in every five Australian families who were living in poverty had one or both adults working. On page 14 of the report ‘Working towards a national homelessness strategy’ it states:

Access to regular, stable employment is essential for preventing and reducing homelessness.

Unless the wages paid are adequate, the degradation continues. In some ways, 100 years later, the ‘ragged trousered philanthropists’ still exist. The working poor are real. A job in itself is not enough. This is why the current enthusiasm for breaching people is a total disgrace. ACOS, in their recent report, bore testament to that enthusiasm. They state quite plainly that in their opinion there has been a 189 per cent increase in penalties in the last three years. This is not a drop of 189 per cent in unemployment but a massive increase in those being punished for not finding work. We see no notion of a fair go, but rather a notion of a bash at the downtrodden and underprivileged that results in dislocation and distress. This is hardly the Australian way.

Australian Defence Force Parliamentary Exchange Program: RAAF Edinburgh

Senator LUDWIG (Queensland) (6.39 p.m.)—This evening I wish to speak in relation to what has been commonly called the Australian Defence Force Parliamentary Scheme 2001. Senator McGauran and I were both participants in that and it was, to say the least, an extremely interesting exchange program. We have not got to that exchange yet—I understand that is still in the wind—where we politicians have visited Australian Defence Force establishments but Australian Defence Force personnel have yet to visit the Senate or House of Representatives. The program I had the opportunity of going on was at the Edinburgh RAAF Base, which stood out as an excellent choice for the Australian Defence Force Parliamentary Scheme.

The program at Edinburgh highlighted a range of activities that seemed to meet the expectations of what a parliamentary scheme could be about. The purpose of the scheme was, amongst other things, to provide politicians with an overview and experience of the elements of the Defence Force. This is so that we, as elected representatives, can play a more informed and constructive part in the national defence debate. The Edinburgh RAAF Base, as we know, plays an integral role in Australia’s defence capabilities. It is home for a wide variety of units and functions within the Australian Air Force. The base provides an opportunity for program participants to gain a first-hand knowledge of the personnel that comprise the operations at the Edinburgh RAAF Base and also to understand the workings of the various units that are there. In the brief time available, the program attempted and, I believe, successfully managed to touch upon as many of these roles and functions as could possibly be squeezed into a week without compromising the outcomes.
Taking a snapshot of the week in July, it encompassed visiting 1 Recruit Training Unit, 1 Radar Surveillance Unit—what is commonly referred to as over-the-horizon radar or the Jindalee site—a maritime patrol group, the Aircraft Research and Development Unit and the Institute of Aviation Medicine and the various subunits within those broad units that I have mentioned. This range of activities permitted the Air Force to exhibit the professional commitment of its personnel at the base, to draw attention to the technical side of the work and to underscore that there are costs to maintaining personnel, not only in money terms but also in social terms. For instance, the personnel are required to be away from their families when taking interstate postings and are required on occasion to undertake arduous training tasks and the like.

Time did not permit the visiting of a number of the units at the RAAF Base Edinburgh, and I sincerely hope I have not left any of them out of the following list: 1 Airfield Defence Squadron, 44 Wing (Air Traffic Control), 24 Squadron (Reserves) and the Joint Logistics Unit in South. This acknowledgement will, as is often the case, not encompass everybody at Edinburgh. However, it does provide a flavour of the diverse roles performed at the base and provide some excuse that one week is insufficient time to visit even some of the elements of the base. Clearly, I could have spent more time at the places I did visit and would have liked to, but the program was intended to give us an appreciation of the work and not so much to participate in it.

In the end, the program drew out units on the base that would meet the objectives of the ADF Parliamentary Scheme—that is, to improve our understanding of the Australian Defence Force. Its execution of the scheme at the base ran with military precision that was impressive to observe and be part of. They managed to schedule everything in, within minutes taking us from one place to the next, and the XO or executive officer managed to follow us throughout that and ensure that the handovers were smooth between the various units on the RAAF base. Special mention should also be made of the many civilians employed on the base who perform a wide range of tasks that can sometimes be overlooked as being significant contributions to Australia’s defence capabilities. The brief visit did not directly encompass this group but I would like to acknowledge their contribution and say that their presence did not go unnoticed. In going to the various units, we had an opportunity to see the civilians in action in joint work with the Defence Force and it was impressive to behold the interactions and the personnel working constructively to achieve end products.

During the week in July, of the many activities we participated in, two areas stood out as worth mentioning, not because they were exciting or interesting but because they typified the work at the RAAF Edinburgh base. This of course is not to neglect the other areas. The first area involved the recruits and their instructors. The time I spent with the recruits struck a couple of long forgotten memories from when I was a recruit. It also reminded me of the importance of investing time and energy in achieving a high standard in both the recruits and their role models, the instructors. The instructors stood head and shoulders above any instructors I had known. They imbued the troops with a sense of urgency, excitement and interest in the RAAF. I can only say that the recruits who were moving through 1 RTU and their instructors—I participated in some of their work—were just brilliant in the execution of their work.

The second area, which I found particularly helpful in gaining an appreciation of the base, was the Maritime Patrol Group. This area was new and fascinating to me. The MPG have a significant role and responsibility as the surveillance platform in the maintenance of the sovereignty of Australia’s coastal and maritime economic zones. The Maritime Patrol Group also undertake the more visible role in search and rescue operations off our coastline. They explained that this job is the smaller part of the many activities performed by the Maritime Patrol Group. I had the opportunity to accompany a crew, captained by Flight Lieutenant Jacob
Antunovich of No. 11 Squadron of the Maritime Patrol Group, on a number of training activities out of Edinburgh. The training exercise provided a terrific opportunity to observe first-hand the crew performing their roles in an operational setting. I was impressed beyond measure by the cohesive and businesslike manner with which the crew went about their assigned tasks. It did strike me that this purposiveness is sometimes lacking, and not easily emulated, in civilian work settings.

The program, to my relief, was not a boot camp for politicians. I have done that, so I was a little apprehensive that the program could be perceived as such, and to do so would have undermined the true worth of the program. I was pleased to see that the doors of the base had been removed and that I had an opportunity to speak to people openly and frankly about conditions on the base and about their experiences in both at work and social setting. The program provided a good balance between a demonstration of the capabilities of the Air Force at Edinburgh and how its people interact on the base and in performing their duties.

The test for the program being worth while, in my mind, is whether I would recommend it to others. The answer is a clear yes. When I went back for a debrief to look at how you could improve it, we came up with very little other than perhaps a few more rest stops for the weary. The program provided a rewarding and informative experience. It assisted in my gaining a greater understanding of the Australian Defence Force, and in turn I had an opportunity to provide various personnel some understanding about how the Senate operates and what is required to work here.

In conclusion, I would like to take the opportunity to thank everyone who helped in the ADF Parliamentary Program. It is always fraught with danger to single out any one person; nevertheless, a special thanks must go to Air Marshall Angus Houston both for making it happen and for allowing personnel under his command to open their doors without reservation to a politician. Last but not least, I also thank the invisible army—the spouses, partners, parents and children—who allow it all to happen on the base.

**Senate adjourned at 6.49 p.m.**

**DOCUMENTS**

**Tabling**

The following documents were tabled by the Clerk:

- **Health Insurance Act**—Health Insurance (Accredited Pathology Laboratories — Approval) Amendment Principles 2001 (No. 3).

**Indexed Lists of Files**

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

Indexed lists of departmental and agency files for the period 1 January to 30 June 2001—Statements of compliance—Department of the Prime Minister and Cabinet.
QUESTIONS ON NOTICE

The following answers to questions were circulated:

Health and Aged Care Portfolio: Value of Market Research
(Question No. 3391)

Senator Robert Ray asked the Minister representing the Minister for Health and Aged Care, upon notice, on 29 January 2001:

(1) What was the total value of market research sought by the department and any agencies of the department for the 1999-2000 financial year.

(2) What was the purpose of each contract let.

(3) In each instance: (a) how many firms were invited to submit proposals; and (b) how many tender proposals were received.

(4) In each instance, which firm was selected to conduct the research.

(5) In each instance: (a) what was the estimated or contract price of the research work; and (b) what was the actual amount expended by the department or any agency of the department.

Senator Vanstone—The Minister for Health and Aged Care has provided the following answer to the honourable senator’s question:

To provide a complete answer to this question would require considerable time and resources and I am not prepared to ask my Department to divert them from health priorities at this time.

However, each year the Department reports on consultancies in its Annual Report. The Department’s 1999-2000 Annual Report (tabled 30 October 2000) provides information on advertising, public relations, market research and media consultancies undertaken by the Department in Appendices 7 and 8 (Pages 425 – 439).

Appendix 8 provides a description of each consultancy, including market research, together with the dollar value, the selection process adopted and justification for selection.

Royal Australian Navy: Vietnam War
(Question No. 3471)

Senator Bourne asked the Minister representing the Minister Assisting the Minister for Defence, upon notice, on 27 February 2001:

(1) What was the legal Navy recruitment age for the Vietnam War.

(2) What was the legal Navy age to send a person to a war zone during the Vietnam War.

(3) Was it legal for a permanent officer at the age of 17 to go to the Vietnam War zone.

(4) Did a parent’s consent allow the Navy all rights to send the officer to wherever it chose.

Senator Minchin—The Minister Assisting the Minister for Defence has provided the following answer to the honourable senator’s question:

(1) According to Appendices A and B of the Commonwealth Navy Orders (18 September 1962), the minimum age limits on entry to the Royal Australian Navy were as follows:

- Naval College Cadets Normal Entry: 14½ to 16½ years
- Matriculation Entry: Under 19 years
- Junior Recruits 15½ to 16½ years on 1st day of the month on entry

(2) Inquiries to date have not identified departmental policy records providing specific guidance on the deployment age of Navy personnel to the Vietnam War. Section 59 of the Defence Act 1903 provides that persons who have attained the age of 18 years but under the age of 60 years are liable, when called upon, to serve in the Defence Force in time of war. Therefore it would be unlikely that persons under the age of 18 years would have been conscripted to serve during the Vietnam War.

(3) Yes. During the Vietnam War, internal Defence policy did not prohibit minors entering into operational environments. The Convention on the Rights of the Child that set the minimum age of 15 for participation in hostilities did not enter into force until 1990. A 17-year-old permanent officer’s service during the Vietnam conflict was not unlawful nor did it necessarily breach Defence policy.
A person’s enlistment in the Royal Australian Navy would be lawful in so far as he or she met the minimum age requirement of the time.

(4) Yes. For enlistment into the Royal Australian Navy, parental consent was obtained and the Navy, as a condition of military service, was entitled to deploy its members as it required.

**Child-Care Benefit: Family Debt**  
(Question No. 3631)

Senator Chris Evans asked the Minister for Family and Community Services, upon notice, on 19 June 2001:

1. (a) Has the department, or any other agency for which the Minister is responsible, conducted any research, surveys or any kind of investigation on the issue of family debts arising from under-estimation of income for the Child Care Benefit; (b) when was the research conducted; (c) who conducted the research; (d) what was the methodology; (e) was a report compiled; (f) was a report provided to the Minister; and (g) can a copy of the report be provided to the public.

2. (a) Has the department, or any other agency for which the Minister is responsible, made internal estimations of the likely number of Child Care Benefit debts, (b) which agency made the estimations; (c) when were the estimations made and, (d) can a copy of the estimations be provided to the public.

3. (a) Has the department, or any other agency for which the Minister is responsible, made internal estimations of the likely amount of Child Care Benefit family debt; (b) when were the estimations made; (c) which agency made the estimations; and (d) can a copy of these estimations be provided to the public.

4. (a) Has the department, or any other agency for which the Minister is responsible, conducted any research or made any internal estimations on which family types could be most likely to incur a Child Care Benefit debt; (b) when was the research conducted or estimations made; (c) which agency conducted the research or made the estimations; (d) can a copy of the research or estimations be provided to the public; and (e) can a copy of any research or estimation be provided to the public.

5. (a) Has any advice been provided to the Minister on the issue of Child Care Benefit family debt; (b) which agency provided this advice; (c) when was the advice provided; and (d) what was the nature of the advice.

6. (a) Has any advice been provided to the Minister on strategies for minimising the problem of Child Care Benefit family debts; (b) which agency provided this advice; (c) when was the advice provided; and (d) what was the nature of the advice.

7. (a) Has any advice been provided to the Minister on the likely number of Child Care Benefit family debts; (b) which agency provided this advice; (c) when was the advice provided; and (d) what was the nature of the advice.

8. (a) Has any advice been provided to the Minister on the likely amount of Child Care Benefit family debts; (b) which agency provided this advice; (c) when was the advice provided; and (d) what was the nature of the advice.

9. (a) Has any advice been provided to the Minister on the timetable for reconciliation and recovery of Child Care Benefit family debts; (b) which agency provided this advice; (c) when was the advice provided; and (d) what was the nature of the advice.

10. (a) Has any advice been provided to the Minister on options for assisting families with Child Care Benefit family debts; (b) which agency provided this advice; (c) when was the advice provided; and (d) what was the nature of the advice.

11. (a) Has any advice been provided to the Minister on the issue of waiving Child Care Benefit family debts, including the estimated cost of this option; (b) which agency provided this advice; (c) when was the advice provided; and (d) what was the nature of the advice.

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

1. (a) (b) and (c) Yes, analysis about family debts arising from under-estimation of income for Child Care Benefit has been undertaken by the Department of Family and Community Services and Centrelink.
(d) The methods of research involve surveying, modelling and analysis.
(e) A range of internal working documents has been prepared and used as a basis for briefings to Ministers.
(f) The results of the various analyses have been included in in-confidence briefings and policy advice provided to me.
(g) I refer to my media release of 1 July “Government’s generous help for Australian families”.

(2) (a) (b) and (c) The Department of Family and Community Services and Centrelink have made some internal estimates of the likely number of families that could receive a Child Care Benefit overpayment. However, due to the incompleteness of information and the lack of historical data for Child Care Benefit these estimates are at best indicative.
(d) A broad estimate of the number of overpayments across Family Tax Benefit and Child Care Benefit has been made public by the Prime Minister.

(3) (a) (b) (c) and (d) The Department of Family and Community Services and Centrelink have made some internal estimates of the likely amount of Child Care Benefit overpayment a family could incur. However, due to the incompleteness of information, the range of family circumstances and the lack of historical data for Child Care Benefit it has not been possible to make reliable estimates that could be publicly released.

(4) (a) (b) and (c) Yes, the Department of Family and Community Services and Centrelink have made some internal estimates on which family types could be most likely to incur a Child Care Benefit overpayment.
(d) and (e) We know from information available that people receiving the minimum rate of CCB are not going to be affected by any overpayment. People receiving the maximum rate of Child Care Benefit are also unlikely to be affected by any overpayment and the substantial number of families that have revised their income during the year are also less likely to incur any problem.

(5) (a) and (b) Both the Department of Family and Community Services and Centrelink have provided advice to Ministers on the issue of Child Care Benefit family debt.
(c) and (d) General briefing and advice on this issue have been provided to me since my appointment as Minister for Family and Community Services.

(6) (a) (b) (c) and (d) The Department of Family and Community Services and Centrelink have provided advice and general briefing to Ministers about strategies to assist families minimise overpayment of Child Care Benefit. This advice included possible communication and education strategies.

(7) (a) (b) (c) and (d) Refer to the response to question 2.
(8) (a) (b) (c) and (d) Refer to the response to question 3.
(9) (a) (b) (c) and (d) The Department of Family and Community Services and Centrelink have provided advice to Ministers on this issue. This has included the advice that the earliest possible date for reconciliation of Child Care Benefit will be 1 October 2001.

(10) (a) (b) (c) and (d) The Government announced on 1 July 2001 arrangements for assisting families with Child Care Benefit overpayments. Refer to my media release of 1 July 2001 “Government’s generous help for Australian families”.

(11) (a) (b) (c) and (d) Refer to my media release of 1 July 2001 “Government’s generous help for Australian families”.

**Atomic Tests: Ambulances**
*Question No. 3719*

Senator Allison asked the Minister representing the Minister Assisting the Minister for Defence, upon notice, on 18 July 2001:

(1) Were Ford Blitz World War 2 ambulances used in the British nuclear tests at Maralinga or elsewhere: if so: (a) in what capacity; and (b) where were they disposed.
(2) Were any of those exposed ambulances used by the Citizen Military Force (CMF) annual camps at Singleton during, or around, 1958.
(3) Can a list be provided of the people who attended the CMF camps at Singleton during those years.
Senator Minchin—The Minister Assisting the Minister for Defence has provided the following answer to the honourable senator’s question:
The Report of the Royal Commission into British Nuclear Tests in Australia does not suggest that ambulances were used in forward areas and deliberately exposed to radiation. Ambulances may have been used in support roles but the Department of Defence does not currently hold information to confirm what role they may have played or how they would have been used subsequently.

Treasury Portfolio: Missing Computer Equipment
(Question No. 3723)

Senator Faulkner asked the Minister representing the Treasurer, upon notice, on 25 July 2001:

1. Have there been any desktop computers or any other item of computer hardware, other than laptop computers, lost or stolen from the possession of any officer of the department and/or agencies within the portfolio during the 2000-01 financial year; if so (a) what and how many have been lost; (b) what and how many have been stolen; (c) what is the total value of these items; (d) what is the normal replacement value per item; and (e) have these items been recovered or replaced.

2. Have the police been requested to investigate any of these incidents; if so: (a) how many were the subject of police investigation; (b) how many police investigations have been concluded; (c) in how many cases has legal action commenced; and (d) in how many cases has this action been concluded and with what result.

3. How many of these lost or stolen items had departmental documents, content or information other than operating software on their hard disc drives, floppy disc, CD Rom or any other storage device.

4. (a) How many of the documents etc. in (3) were classified for security or any other purpose; and (b) if any, what was the security classification involved.

5. (a) How many of the documents etc. in (3) have been recovered; and (b) how many documents etc. in (4) have been recovered.

6. What departmental disciplinary or other actions have been taken in regard to the items in (1) or in relation to the documents etc. in (3) or (4).

Senator Kemp—The Treasurer has provided the following answer to the honourable senator’s question:

Treasury
(1) – (6) None

Australian Bureau of Statistics
(1) – (6) None

Australian Competition & Consumers Commission

(1) Yes
    (a) None lost
    (b) 2 Data projectors were stolen
    (c) $20,400
    (d) $8,448
    (e) Yes – 1 item replaced

(2) Yes
    (a) 2
    (b) None
    (c) None
    (d) None

(3) Not Applicable

(4) (a & b), Not Applicable
(5) (a & b), Not applicable
(6) None

**Australian Prudential Regulatory Authority**
(1) – (6) None

**Australian Securities & Investments Commission**
(1) – (6) None

**Companies and Securities Advisory Committee**
(1) – (6) None

**National Competition Council**
(1) - (6) None

**Productivity Commission**
(1) – (6) None

**Reconciliation and Aboriginal and Torres Strait Islander Affairs Portfolio: Missing Computer Equipment**
(Question No. 3735)

**Senator Faulkner** asked the Minister for Reconciliation and Aboriginal and Torres Strait Islander Affairs, upon notice, on 25 July 2000:

(1) Have there been any desktop computers or any other item of computer hardware, other than laptop computers, lost or stolen from the possession of any officer of the department and/or agencies within the portfolio during the 2000-01 financial year; if so:
   (a) what and how many have been lost;
   (b) what and how many have been stolen;
   (c) what is the total value of these items;
   (d) what is the normal replacement value per item; and
   (e) have these items been recovered or replaced.

(2) Have the police been requested to investigate any of these incidents; if so:
   (a) how many were the subject of policy investigation;
   (b) how many police investigations have been concluded;
   (c) in how many cases has legal action commenced; and
   (d) in how many cases has this action been concluded and with what result.

(3) How many of these lost or stolen items had departmental documents, content or information other than operating software on their hard disc drives, floppy disc, CD ROM or any other storage device.

(4) (a) How many of the documents etc. in (3) were classified for security or any other purposes; and
    (b) if any, what was the security classification involved.

(5) (a) How many of the documents etc. in (3) have been recovered; and
    (b) how many documents etc. in (4) have been recovered.

(6) What departmental disciplinary or other actions have been taken in regard to the items in (1) or in relation to the documents etc. in (3) or (4).

**Senator Hill**—The Minister for Reconciliation and Aboriginal and Torres Strait Islander Affairs has provided the following answer to the honourable senator’s question:

Department of Reconciliation and Aboriginal and Torres Strait Islander Affairs

(1) No
(2) N/A
(3) N/A
Aboriginal and Torres Strait Islander Commission

(1) There has been one information technology-related theft reported from ATSIC offices during the 2000-01 financial year. The item in question was a random access memory (RAM) module and the total value was about $100. The item in question has been replaced at cost.

(2) The above instance was referred to the ATSIC Fraud Awareness Unit, but because of the circumstances of the theft, no suspects were disclosed.

(3) The computer to which the RAM was originally fitted contained departmental documents and information.

(4) None of the documents contained on the computer was of national security or law enforcement classification.

(5) No Commission documents or information was lost as a result of the theft.

(6) No disciplinary action has been taken, as the circumstances of the theft were unclear.

Aboriginal Hostels Limited

(1) No

(2) N/A

(3) N/A

(4) N/A

(5) N/A

(6) N/A

Australian Institute of Aboriginal and Torres Strait Islander Studies

(1) No

(2) N/A

(3) N/A

(4) N/A

(5) N/A

(6) N/A

Indigenous Land Corporation

(1) No

(2) N/A

(3) N/A

(4) N/A

(5) N/A

(6) N/A

Torres Strait Regional Authority

(1) No

(2) N/A

(3) N/A

(4) N/A

(5) N/A

(6) N/A

Indigenous Business Australia

(1) No

(2) N/A
Reconciliation and Aboriginal and Torres Strait Islander Affairs Portfolio: Missing Laptop Computers
(Question No. 3754)

Senator Faulkner asked Minister representing the Minister for Reconciliation and Aboriginal and Torres Strait Islander Affairs, upon notice, on 25 July 2001:

(1) Have there been any laptop computers lost or stolen from the possession of any officer of the department and/or agencies within the portfolio during the 2000-01 financial year; if so:
   (a) how many have been lost;
   (b) how many have been stolen;
   (c) what is the total value of these computers;
   (d) what is the average replacement value per computer; and
   (e) have these computers been recovered or replaced.

(2) Have the police been requested to investigate any of these incidents; if so:
   (a) how many were the subject of police investigation;
   (b) how many police investigations have been concluded;
   (c) in how many cases has legal action commenced; and
   (d) in how many cases has this action been concluded and with what result.

(3) How many of these lost or stolen computers had departmental documents, content or information other than operating software on their hard disc drives, floppy disc, CD ROM or any other storage device.

(4) (a) How many of the documents etc. in (3) were classified for security or any other purposes; and
   (b) if any, what was the security classification involved.

(5) (a) How many of the documents etc. in (3) have been recovered; and
   (b) how many documents etc. in (4) have been recovered.

(6) What departmental disciplinary or other actions have been taken in regard to the items in (1) or in relation to the documents etc. in (3) or (4).

Senator Hill—The Minister for Reconciliation and Aboriginal and Torres Strait Islander Affairs has provided the following answer to the honourable senator’s question:

Department of Reconciliation and Aboriginal and Torres Strait Islander Affairs

(1) No
(2) N/A
(3) N/A
(4) N/A
(5) N/A
(6) N/A

Aboriginal and Torres Strait Islander Commission

(1) Yes
   (a) Nil
   (b) Two reported stolen
   (c) $3,290
   (d) See (e)
   (e) Not replaced
(2) Both instances were reported to the local police.
   (a) Two
   (b) Two
   (c) See (d)
   (d) In one instance, an offender was charged and convicted in connection with the theft. The prop-
       erty was not recovered. In the other instance, the matter was also referred to the ATSIC Fraud
       Awareness Unit, but because of the circumstances of the theft, no suspects were disclosed.

(3) Both computers contained departmental documents and information.
(4)  (a) None
     (b) N/A
(5)  (a) As neither computer was found none of the documents were recovered.
     (b) N/A
(6)  No disciplinary action has been taken in respect of the theft of either computer. In one instance,
     the officer responsible has left the Australian Public Service. In the other instance, the circum-
     stances of the theft were unclear.

Aboriginal Hostels Limited
(1)  No
(2)  N/A
(3)  N/A
(4)  N/A
(5)  N/A
(6)  N/A

Australian Institute of Aboriginal and Torres Strait Islander Studies
(1)  Yes
   (a) One
   (b) None
   (c) $4,300
   (d) $5,500
   (e) No
(2)  No
(3)  One
(4)  None
(5)  None
(6)  None

Indigenous Land Corporation
(1)  Yes
   (a) None
   (b) Two
   (c) $10,148
   (d) $5,719
   (e) Yes, replaced
(2)  Yes
   (a) Both
   (b) None
   (c) None
Security systems within the office from which the thefts occurred have been reviewed and the security provisions have been enhanced through the acquisition of a safe to accommodate all portable and attractive items and greater point of entry monitoring.

Torres Strait Regional Authority

(1) No
(2) N/A
(3) N/A
(4) N/A
(5) N/A
(6) N/A

Indigenous Business Australia

(1) Yes
   (a) None
   (b) One
   (c) $3,350
   (d) $3,000
   (e) This laptop was replaced under insurance.

(2) Yes
   (a) One
   (b) One
   (c) None
   (d) N/A

(3) None
(4) (a) None
   (b) N/A
(5) (a) N/A
   (b) N/A
(6) N/A
CONTENTS

THURSDAY, 23 AUGUST

Petitions—

Occupational Health and Safety Legislation .......................................................... 26439

Notices—

Presentation ............................................................................................................. 26439

Business—

Government Business .......................................................................................... 26440

General Business ................................................................................................. 26440

Leave of Absence ................................................................................................. 26440

Australian Broadcasting Corporation: Broadcasting Of Women’s Sport .......... 26440

Committees—

Employment, Workplace Relations, Small Business and Education
Legislation Committee—Extension of Time ......................................................... 26441

Disability Services Amendment (Improved Quality Assurance) Bill 2001—
First Reading ......................................................................................................... 26441
Second Reading .................................................................................................... 26441

Committees—

Foreign Affairs, Defence and Trade References Committee—
Extension of Time ............................................................................................... 26442

Great Barrier Reef Marine Park Authority ............................................................ 26442

Commonwealth Electoral Amendment Bill 2001—
First Reading ......................................................................................................... 26443
Second Reading .................................................................................................... 26443

Health and Aged Care Legislation Amendment (Application of Criminal Code)
Bill 2001—
First Reading ........................................................................................................ 26443
Second Reading .................................................................................................... 26443

States Grants (Primary and Secondary Education Assistance) Amendment
Bill 2001—
First Reading ........................................................................................................ 26444
Second Reading .................................................................................................... 26444

Reconciliation and Aboriginal and Torres Strait Islander Affairs
Legislation Amendment (Application of Criminal Code) Bill 2001—
First Reading ........................................................................................................ 26445
Second Reading .................................................................................................... 26445

Financial Services Reform Bill 2001,
Financial Services Reform (Consequential Provisions) Bill 2001,
Corporations (Fees) Amendment Bill 2001,
Corporations (National Guarantee Fund Levies) Amendment Bill 2001, and
Corporations (Compensation Arrangements Levies) Bill 2001—
In Committee ....................................................................................................... 26446
Third Reading ...................................................................................................... 26470

States Grants (Primary and Secondary Education Assistance) Amendment
Bill 2001—
Second Reading .................................................................................................. 26470
In Committee ....................................................................................................... 26489
Third Reading ...................................................................................................... 26491

Alcohol Education And Rehabilitation Account Bill 2001—
Consideration of House of Representatives Message ....................................... 26491
Third Reading ...................................................................................................... 26491
CONTENTS—continued

Finance and Administration Legislation Amendment (Application of Criminal Code) Bill 2001—
   Second Reading................................................................................................ 26491
Financial Sector (Collection of Data) Bill 2001................................................. 26491
Financial Sector (Collection of Data—Consequential and Transitional Provisions) Bill 2001—
   Second Reading................................................................................................ 26491
International Maritime Conventions Legislation Amendment Bill 2001—
   Second Reading................................................................................................ 26492
   In Committee................................................................................................... 26497
   Third Reading.................................................................................................. 26497
Questions Without Notice—
   Groom Federal Electorate Council of the Liberal Party............................. 26497
   Hospitals: Funding......................................................................................... 26498
   Groom Federal Electorate Council of the Liberal Party............................... 26500
   Economic Policy............................................................................................. 26501
   Groom Federal Electorate Council of the Liberal Party............................... 26502
   Foreign Investment Review Board: Accountability .................................... 26503
   Groom Federal Electorate Council of the Liberal Party............................... 26504
   Environment: Great Barrier Reef ................................................................. 26505
   Groom Federal Electorate Council of the Liberal Party............................... 26506
Distinguished Visitors......................................................................................... 26506
Questions Without Notice—
   Coastwatch ..................................................................................................... 26506
   Goods and Services Tax: Insolvencies......................................................... 26507
   Environment: Management of Radioactive Waste from Oil Sludge......... 26509
Questions to The President—
   Information Service Cuttings.................................................................... 26509
Answers to Questions Without Notice—
   Pensioners: Centrelink Questionnaire......................................................... 26510
   Child Care: Centrelink Payments................................................................. 26510
   In-vitro Fertilisation....................................................................................... 26510
   Medicare: Bulk-billing.................................................................................. 26510
   Pharmaceuticals: Pricing................................................................................ 26510
Answers to Questions On Notice—
   Question No. 3667....................................................................................... 26514
Answers to Questions Without Notice—
   Groom Federal Electorate Council of the Liberal Party............................. 26515
Federal Office of Road Safety—
   Return to Order............................................................................................. 26520
Committees—
   Reports: Government Responses............................................................... 26523
Documents—
   31st Conference of Presiding Officers and Clerks, Norfolk Island......... 26575
Committees—
   Public Works Committee—Report.............................................................. 26575
   Public Accounts and Audit Committee—
      Report No. 382.......................................................................................... 26576
CONTENTS—continued

Report No. 384 ........................................................................................................... 26578
Membership ............................................................................................................. 26581
Banking: Services and Fees ..................................................................................... 26581
Documents—
  Cooperation on the Application of Non-Proliferation Assurances:
    Exchange of Notes ............................................................................................ 26605
    Consideration .................................................................................................... 26606
Committees—
  Consideration ....................................................................................................... 26607
Documents—
  Auditor-General’s Reports—Report No. 6 of 2001-02 ..................................... 26607
Adjournment—
  Health: HIV-AIDS ............................................................................................... 26608
  Goods and Services Tax: Caravan Park Rentals ............................................. 26610
  Social Welfare ...................................................................................................... 26612
  Australian Defence Force Parliamentary Exchange Program:
    RAAF Edinburgh ............................................................................................... 26613
Documents—
  Tabling ................................................................................................................ 26615
  Indexed Lists of Files .......................................................................................... 26615
Questions on Notice—
  Health and Aged Care Portfolio: Value of Market Research—
    (Question No. 3391) ......................................................................................... 26616
  Royal Australian Navy: Vietnam War—(Question No. 3471) ....................... 26616
  Child-Care Benefit: Family Debt—(Question No. 3631) .............................. 26617
  Atomic Tests: Ambulances—(Question No. 3719) ........................................ 26618
  Treasury Portfolio: Missing Computer Equipment—(Question No. 3723) ...... 26619
  Reconciliation and Aboriginal and Torres Strait Islander Affairs Portfolio:
    Missing Computer Equipment—(Question No. 3735) ................................. 26620
  Reconciliation and Aboriginal and Torres Strait Islander Affairs Portfolio:
    Missing Laptop Computers—(Question No. 3754) ........................................ 26622