COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES

SENATE

Official Hansard

No. 5, 2002
WEDNESDAY, 19 JUNE 2002

FORTIETH PARLIAMENT
FIRST SESSION—SECOND PERIOD

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

Disability Discrimination Amendment Bill 2002

Horticulture Marketing and Research and Development Services (Amendment) Bill 2002

Workplace Relations Amendment (Prohibition of Compulsory Union Fees) Bill 2002

Superannuation Legislation (Commonwealth Employment) Repeal and Amendment Bill 2002

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International Tax Agreements Amendment Bill (No. 1) 2002

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New Business Tax System (Franking Deficit Tax) Bill 2002

Family and Community Services Legislation Amendment ( Australians Working Together and Other 2001 Budget Measures) Bill 2002

Taxation Laws Amendment (Superannuation) Bill (No. 2) 2002

Superannuation Guarantee Charge Amendment Bill 2002

First Reading

Bills received from the House of Representatives.

Senator IAN CAMPBELL (Western Australia—Manager of Government Business in the Senate) (9.31 a.m.)—I indicate to the Senate that those bills which have just been announced are being introduced together. After debate on the motion for the second reading has been adjourned, I will be moving a motion to have the bills listed separately on the Notice Paper. I move:

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

Question agreed to.

Bills read a first time.

Second Reading

Senator IAN CAMPBELL (Western Australia—Manager of Government Business in the Senate) (9.31 a.m.)—I table revised explanatory memoranda relating to the Workplace Relations Amendment (Prohibition of Compulsory Union Fees) Bill 2002, the Superannuation Legislation (Commonwealth Employment) Repeal and Amendment Bill 2002, and corrections to the explanatory memorandum and an additional explanatory memorandum to the New Business Tax System (Consolidation) Bill (No. 1) 2002, and I move:

That these bills be now read a second time.

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

The speeches read as follows—

DISABILITY DISCRIMINATION AMENDMENT BILL 2002

This bill is the same in substance as the Disability Discrimination Amendment Bill 2001 which the Attorney-General introduced on 27 September 2001, and which subsequently lapsed when the Parliament was prorogued.

This bill is an important precursor to the formulation of disability standards for accessible public transportation services and facilities.

It is an essential element in ensuring that the standards, when implemented, operate in a fair, balanced and effective manner, both for people with disabilities and for public transport operators and providers of such services.

Under the Disability Discrimination Act 1992, the Attorney-General may formulate disability standards in a range of areas.

Last September, the Attorney-General released for public information a final draft of the Disability Standards for Accessible Public Transport, together with accompanying draft Guidelines.

When implemented, these disability standards will greatly assist in breaking down social and economic barriers faced by people with a disability or mobility problem, and their carers and friends.

The standards will also benefit many older Australians and parents with infants in pushers or prams, who need or want to use public transport services and facilities.

A lack of accessible transport services and facilities is a significant barrier for people with disabilities.

People with disabilities are much less likely to be able to drive and are often faced with unreliable or expensive modes of transport.

The disability standards for accessible public transport will be the first of their kind and, as such, they represent this Government’s strong commitment to improving the lives of people with disabilities.

The development of the standards has been a major initiative, involving extensive consultation over a long period to ensure that a broad range of views were canvassed across the public transport industry, the disability community, government agencies at all levels and other interest groups.

The Attorney-General proposes to formulate and table these disability standards, in accordance with the Act, when this bill is passed.

Section 55 of the Disability Discrimination Act currently empowers the Human Rights and Equal Opportunity Commission to grant temporary exemptions from the operation of provisions of the Act.

This power does not currently extend to exemptions from disability standards.

The Government is keen to ensure that the disability standards are implemented in a practical and balanced way.

This aim would not be realised if the standards were to give rise to unnecessary uncertainty on the part of transport operators and providers about their compliance obligations.

This is particularly the case where an operator believes that they may not be required to comply with a particular requirement because to do so would cause unjustifiable hardship to the operator.

A mechanism to allow for temporary exemptions from part or all of the standards, where appropriate, will provide the means by which up-front certainty about compliance obligations can be assured.

This bill will therefore amend the Act to allow the Human Rights and Equal Opportunity Commission to grant exemptions from disability standards dealing with public transportation services and facilities.

Extending the Commission’s power to enable it to grant exemptions from these standards is consistent with the Commission’s current power to grant exemptions from provisions of the Disability Discrimination Act.

The bill also provides that, before granting an exemption from the disability standards, the Commission must consult a body prescribed in the Regulations.

The body prescribed for that purpose will be the National Transport Secretariat.

The Secretariat is jointly funded by all jurisdictions and reports to the Australian Transport Council.

The Secretariat will be able to provide the Commission with invaluable technical advice in respect of an application for a temporary exemption from a requirement of the disability standards.

The Australian Transport Council has agreed to the Secretariat taking on this role.

The Commission will also be able to consult with any other body or person it considers appropriate to consult, as is its current practice.

If the Commission decides to grant an exemption to an operator or provider where, for example,
unjustifiable hardship would be imposed in complying with a requirement of the standards, the exemption will provide protection from a complaint about a breach of that requirement.

Like an exemption from the provisions of the Act, an exemption from the disability standards in relation to public transport services can be for a period of up to 5 years, and an application can be made to the Commission for this to be extended.

An exemption may be granted from particular requirements of the disability standards under terms and conditions specified in the exemption instrument.

An exemption might be granted, for example, on condition that an operator meet the targets it has set for itself in an Action Plan.

The Disability Standards for Accessible Public Transport will spell out in greater detail rights and obligations under the Disability Discrimination Act.

They will provide transport operators with information to assist them in complying with their obligations under the Act.

They will also provide a practical means of working towards meeting a key objective of the Act—to eliminate, to the extent possible, discrimination from public transport services, on the ground of a person’s disability.

Already, as we go about our daily business, we are becoming more familiar with signage, facilities and infrastructure which remind us about the requirements of people with disabilities.

They also remind us of how important it is to do what we can to facilitate the participation of people with disabilities in community life so that they may enjoy the many opportunities it has to offer.

We can assist by removing some of the barriers that may prevent them from doing this.

That persons with disabilities have the same fundamental rights as the rest of the community is an important principle enshrined within the Disability Discrimination Act.

The disability standards will help to promote increased recognition and acceptance within the community of that principle.

They will also further our standing within the international community as leaders in taking practical steps to reduce discrimination against people with disabilities.

The bill provides for amendments that will help to set in place effective arrangements which represent a sensible and balanced approach to eliminating, as far as possible, discrimination against people with disabilities, while ensuring that industry is not unduly burdened in the process.

HORTICULTURE MARKETING AND RESEARCH AND DEVELOPMENT SERVICES (AMENDMENT) BILL 2002

The bill seeks to amend the Horticulture Marketing and Research and Development Services Act 2000 (HMRDS Act) to deem Horticulture Australia Limited (HAL) in its capacity as the export control body under the HMRDS Act to be a Commonwealth agency for the purposes of section 16 of the Customs Administration Act 1985 (Customs Act).

Currently HAL has the function of administering export controls on behalf of horticultural industries as the company has been declared the export control body under subsection 9(2) the HMRDS Act.

HAL commenced business on 1 February 2001 taking over the functions previously undertaken by the Horticultural Research & Development Corporation, the Australian Horticultural Corporation and the Australian Dried Fruits Board. HAL is an industry owned company that the Commonwealth has entered into arrangements with for delivery of marketing and research and development services to the horticulture industry.

The AHC previously administered export controls on behalf of horticultural industries. During the period of its operation the AHC could access information from the Australian Customs Service (ACS) EXIT database to enable it to exercise appropriate management over export control powers.

As HAL does not meet the criteria of a Commonwealth Agency under Section 16 of the Customs Act, the ACS has advised HAL that it is no longer able to provide information from its EXIT database to the company. Yet the intention of the HMRDS Act is that the export control body (namely, HAL) should be able to exercise similar (but no greater) powers to those exercised by the former AHC and thus should be able to obtain access to Customs EXIT database information.

The proposed Horticulture Marketing and Research and Development Services Amendment Bill 2002 amends the HMRDS Act to deem HAL, in its capacity as the export control body, to be a Commonwealth agency for the purposes of Section 16 of the Customs Administration Act 1985. This amendment will ensure that HAL can exercise appropriate management over current export control powers in place and any future export controls that may be put in place, by being able to access information in the ACS EXIT database to
show evidence of any breaches that may have occurred in contravention of the export controls. This bill does not create any new administrative burden and has no financial implications for the Commonwealth.

WORKPLACE RELATIONS AMENDMENT (PROHIBITION OF COMPULSORY UNION FEES) BILL 2002

Freedom of association is the cornerstone of the Government’s vision for more productive and more prosperous workplaces. On first coming to office, the Government amended the legislative regime to properly reflect this principle. The Workplace Relations Act 1996 provides, for the first time, broad legislative recognition of the freedom to join or not to join an industrial association. This fundamental freedom has been offended by recent union attempts to impose so-called ‘bargaining agent’s fees’. These require non-union members to bear a cost for union negotiations at their workplace. In many cases the fee demanded has been set at $500 per year, well above the level of annual union dues. This suggests that many compulsory fee demands are being made with premeditated coercive intent.

Clauses purporting to require payment of compulsory union fees by non-unionists have already been included in hundreds of federal certified agreements. Union attempts to justify these fees on a ‘user pays’ basis are a distortion of that principle. Compulsory fees for an unrequested service do not constitute ‘user pays’. User pays involves an exchange that is freely entered into by willing and properly informed parties. The Government believes that industrial associations should be subject to the same standards as ordinary businesses, which are prevented by fair trading legislation from providing unrequested services and then demanding payment for those services.

In May 2001, a bill to address the imposition of compulsory union fees on non-members in a workplace was before the Senate when Parliament was prorogued for the Federal election. In the Coalition’s 2001 workplace relations election policy the Government again committed to introducing legislation to prohibit trade unions involved in workplace bargaining from imposing a compulsory fee on non-union employees. The Workplace Relations Amendment (Prohibition of Compulsory Union Fees) Bill 2002 gives effect to that commitment.

The Bill will amend the certified agreement and freedom of association provisions in the Workplace Relations Act 1996. The amendments address clauses in certified agreements that purport to require payment of bargaining services fees. They also address conduct designed to compel people to pay such fees. In October last year, a Full Bench of the Australian Industrial Relations Commission found bargaining fee clauses in certified agreements, despite their acknowledged coercive intent, do not contradict the strict letter of the freedom of association provisions of the Workplace Relations Act 1996. That application by the Employment Advocate exhausted the legal avenues to have these clauses removed from certified agreements.

A subsequent judgment of the Federal Court in a case involving Electrolux and the AWU suggests that bargaining service fee clauses are not enforceable under the Workplace Relations Act 1996 because they do not deal with a matter pertaining to the relationship between an employer and employees. This is the current state of the law and reinforces the Government’s policy that bargaining services fees are not appropriate matters to include in a certified agreement.

The continued presence of such clauses in certified agreements lends them unwarranted legitimacy. Accordingly, the Workplace Relations Amendment (Prohibition of Compulsory Union Fees) Bill 2002 provides that bargaining fee clauses in certified agreements are void, and will give the Commission the power to remove such clauses on application by the Employment Advocate, or a party to the agreement. In addition, the Bill will prevent the Commission certifying an agreement containing a clause requiring the payment of a fee for bargaining services. There is also a need to prevent unions or employers from using other methods to create an impression that employees are legally obliged to pay compulsory union fees. Hence the Bill will prohibit the making of false or misleading representations about a person’s liability to pay a compulsory union fee.

The Bill will not prevent people making voluntary contributions, provided there is no coercion or misrepresentation. The Bill will also not prevent an industrial association from demanding payment of a bargaining services fee that is payable to the association under a contract for bargaining services that has been entered into without recourse to coercion or misrepresentation. The Bill specifically recognises the possibility of a contract for bargaining services between an industrial association and a person who is not a member of the association.
Compulsory bargaining fees are not a legitimate way for trade unions to attempt to bolster their membership.

Australian laws recognise an important statutory role for registered industrial organisations, and confer upon them significant rights and obligations. But that legal standing cannot be at the expense of the right of individual employers and employees to freedom of association and to protection from coercive or discriminatory conduct.

SUPERANNUATION LEGISLATION (COMMONWEALTH EMPLOYMENT) REPEAL AND AMENDMENT BILL 2002

This Bill proposes amendments to a number of Acts that deal with superannuation arrangements for Commonwealth civilian employees and office holders.

To a large extent the provisions of the Bill were originally included in a package of legislation intended to give choice and flexibility to Commonwealth civilian employees. That package was rejected by the Parliament in the last Sittings. However, included in that package were provisions that gave extra options and greater flexibility to Commonwealth civilian employees in their superannuation arrangements. Because of this the Government has decided to bring forward a new Bill incorporating those provisions.

The Bill includes additional benefit options for employees who leave Commonwealth employment to move to the private sector as a result of sale or outsourcing and flexibility for retiring employees who wish to provide increased benefits for their families after their death.

As a result of this Bill Commonwealth civilian employees who also have other employment will find it easier to consolidate their superannuation.

Most of the Bill relates to the Commonwealth Superannuation Scheme, known as the CSS, which is provided for in the Superannuation Act 1976. The CSS has been closed to new members since 1990 when it was replaced by the Public Sector Superannuation Scheme which is known as the PSS. The PSS is provided for under the Superannuation Act 1990. The majority of the rules for the PSS are included in the Trust Deed made under the Act. An amending Trust Deed will be made to apply many of the CSS changes proposed in this Bill to the PSS.

Currently the Superannuation Act 1976 does not allow for the payment of reversionary benefits from the superannuation schemes under those Acts on the death of a pensioner where a marital relationship which has lasted less than 5 years commenced after age 60 and after the pensioner retired. The Act will be amended to remove the restriction and provide for a pro-rata benefit to be paid where the relationship had existed for less than three years.

The Superannuation Act 1976 will also be amended to provide an option for members on retirement to elect for a lower initial rate of pension so that a higher rate of reversionary pension can subsequently be payable to a surviving eligible spouse or eligible child. That Act will also be amended to allow for additional superannuation amounts to be paid into the CSS Fund on behalf of members in certain circumstances so that members can consolidate their superannuation in the one fund.

The Superannuation Act 1976 and the Superannuation Act 1990 will be amended for a number of other purposes. Currently, there are restrictions on the options available on involuntary retirement under those Acts where membership ceases in the circumstances of the sale of an asset or transfer of a function. The Bill will remove those restrictions and provide for an additional option to become available where a person ceases membership in those circumstances but is not entitled to involuntary retirement benefits.

The Bill also includes amendments to those Acts to simplify the rules of the schemes and the administration of those rules. These changes are not intended to disadvantage scheme members and in many cases with be beneficial or will provide more flexibility or more certainty for members.

The Bill amends the Administrative Appeals Tribunal Act 1975, the Law Officers Act 1964 and the Workplace Relations Act 1996 which provide, among other things, for the terms and conditions of employment for certain persons. The amendments ensure that the superannuation arrangements for persons who leave the CSS or the PSS to join the Judges’ Pension Scheme under the provisions of those Acts will comply with the Superannuation Guarantee arrangements.

Financial Impact

Although the Bill includes provisions that provide for new benefit options there is no financial impact as these benefits are currently being paid under other arrangements, for example, under the act of grace arrangements.

SPACE ACTIVITIES AMENDMENT BILL 2002

The Space Activities Amendment Bill 2002 is a bill to amend the Space Activities Act 1998. This bill implements new arrangements relating to liability, insurance and safety. It will provide
greater protection to the public and industries underlying flight paths, improve the competitiveness of Australia’s space launch industry, and increase opportunities for non-profit, scientific and educational organisations to engage in space science research. The bill also implements a number of minor matters to enhance the operation and efficiency of the Space Activities Act 1998.

The act established a licensing regime to regulate space launch and re-entry activities from Australia, and overseas launches of space objects in which Australian nationals have an ownership interest. It ensures that space launch activities will only be undertaken where the applicant has presented a strong case to demonstrate the safety of the proposed activities. The act also ensures that such activities do not compromise Australia’s foreign policy obligations or national security, that procedures to protect the environment are in place, and that the commonwealth complies with its obligations under United Nations conventions.

This bill will enhance existing liability and insurance arrangements for space launches. In doing this, it will afford greater protection to key economic assets, including Australia’s offshore oil and gas facilities. Proposed amendments will require proponents undertaking launch activities to procure insurance for each launch up to a defined maximum probable loss or $750 million, whichever is the lesser. Beyond this, the Commonwealth will accept liability of a further $3 billion in respect of Australian nationals. The Commonwealth is already liable for damages to foreign nationals under international law.

These amendments bring insurance requirements for launch activities in Australia into line with international standards.

This bill will also apply a stronger test of risk to space launch activities, which is that risk should be ‘as low as reasonably practicable’ or ALARP. Adoption of the ALARP principle will ensure that applicants for authorisations under the act demonstrate that they have achieved the lowest practicable risk within the bounds of reasonable cost.

The bill implements new arrangements to license scientific and educational institutions conducting research-based launch activities. These arrangements will provide for an alternative application process and fee structure, which is less onerous and better suited to the modest scale and limited risks associated with scientific and educational launches and returns.

A number of minor administrative and technical amendments are included in the bill, including defining the point at which the act becomes effective, clarifying the fee regime, and making provision for an annual review of a space licence. These amendments will improve the operation and efficiency of the act.

Passage of this bill will facilitate the development of Australia’s space industry by putting in place the regulatory framework needed to create a competitive environment and encourage space research. Passage of the bill will also ensure that the Australian space safety regime is amongst the most stringent in the world and that our insurance and liability arrangements are appropriate to the needs of space launch activities in Australia.

INTERNATIONAL TAX AGREEMENTS AMENDMENT BILL (No. 1) 2002

This bill will provide legislative authority for the domestic entry into force of a new comprehensive taxation agreement with the Russian Federation and a Protocol amending the Australia-United States double taxation convention. The bill will insert the text of these agreements into the International Tax Agreements Act 1953 as schedules to that Act.

The bill includes consequential amendments following changes to the treatment of equipment royalties paid to US residents arising from the Protocol. The amendments will apply generally to deal with all cases where a domestic law royalty payment is not treated as a royalty for the purposes of a tax treaty.

The Russian Agreement and US Protocol were signed on 7 September 2000 and 27 September 2001 respectively. Details of the agreements were announced and copies made publicly available following the respective date of signature.

The Government believes the conclusion of the Russian Agreement will strengthen trade, investment, and wider relationships between Australia and Russia. The Russian Agreement will enter into force when diplomatic notes are exchanged advising that all of the necessary domestic processes to give them the force of law in each country has been completed.

The US protocol reflects the close economic relations between Australia and the United States and is a first step in building a competitive and up-to-date tax treaty network for Australia. It will significantly assist trade and investment flows between the two countries. The US Protocol will enter into force when both countries have formally ratified it.

The enactment of this bill, and the satisfaction of the other procedures relating to proposed treaty actions, will complete the processes followed in Australia for those purposes.
Full details of the measures in this bill are contained in the presented explanatory memorandum.
I commend the bill.

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**TAXATION LAWS AMENDMENT**
**MEDICARE LEVY AND MEDICARE LEVY SURCHARGE BILL 2002**

This bill amends the Medicare Levy Act 1986 and the A New Tax System (Medicare Levy Surcharge-Fringe Benefits) Act 1999 to increase the Medicare levy low income thresholds for individuals, married couples and sole parents in line with movements in the Consumer Price Index. The individual low income threshold for Medicare levy surcharge purposes is similarly increased. This means that more people will be exempt from the levy and surcharge.

The bill also increases the Medicare levy low income threshold for pensioners below the age pension age to ensure that where those pensioners do not have a tax liability they will also not have a Medicare levy liability.

There are also minor technical amendments to the Medicare Levy Act 1986 and the Income Tax Assessment Act 1936 relating to the Medicare levy.

The increases in the Medicare levy low income thresholds will apply to the 2001-2002 year of income and later years of income. The technical amendment to the Medicare Levy Act 1986 will apply to the 2000-2001 year of income and later years of income. The technical amendment to the Income Tax Assessment Act 1936 will apply to the 1997-1998 year of income and later years of income.

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

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**CUSTOMS TARIFF AMENDMENT BILL (No. 1) 2002**

Customs Tariff Amendment Bill (No. 1) 2002 contains amendments to the Customs Tariff Act 1995.

I will briefly outline the changes of substance.

Item 1 of Schedule 1 of the bill inserts a new subsection 7(3) into the Customs Tariff to specify that a reference in the Interpretation Rules to “Notes” includes a reference to “Additional Notes”. The Interpretation Rules form the basis for the classification of goods in the Customs Tariff. This amendment will ensure that Additional Notes, which are inserted into the Customs Tariff by the Australian Government, have the same legal force as international Section and Chapter Notes.

The second amendment in Schedule 1 inserts a new Additional Note into Chapter 21 of the Customs Tariff to specify that “salsas”, a kind of sauce, are to be classified in heading 2103 with other sauces.

The Customs Tariff Amendment (ACIS Implementation) Act 1999 legislated phasing rates of duty for PMV’s and components but not for second hand vehicles covered by item 59. Without this amendment, new PMV’s would be subject to a duty rate of 10% post 2005, but second hand vehicles to 15%.

The amendments in Schedules 2 and 3 of the bill are made to ensure the correctness of detail in the Customs Tariff. These amendments are of an editorial nature, correcting format and typographical errors. They derive mainly from amendments contained in Customs Tariff Amendment Act (No. 5) 2001. This Act implemented approximately 800 changes to the Customs Tariff following the second review of the Harmonized System by the World Customs Organization.

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**EXPORT MARKET DEVELOPMENT GRANTS AMENDMENT BILL 2002**

The Export Market Development Grants Amendment Bill 2002 delivers on the Government’s election promise to increase the minimum grant available under the EMDG scheme from $2,500 to $5,000, in order to improve small business access to that scheme.

The EMDG scheme supports the export promotion activities of eligible businesses under $50m per annum turnover, by partially reimbursing the expenses that these businesses incur in promoting their exports.

The scheme, administered by Austrade, is a proven success in assisting small business to export, and supports this Government’s goal of doubling the number of Australian firms exporting by 2006.
In financial year 2000-01 the scheme paid grants averaging around $46,000 to some 3000 businesses, 688 of which received a grant for the first time. These businesses generated $4.4 billion in exports and employed over 52,000 Australians to fill their export orders. And 23% of these grants went to businesses in rural and regional Australia, highlighting the fact that the scheme is providing effective assistance to businesses around Australia that are seeking to develop export markets.

As mentioned in the Government’s 2002 Trade Outcomes and Objectives Statement, Australia’s export performance has been excellent over recent years. In 2001, we exported $154 billion worth of goods and services—an 8 per cent increase on the previous year, a 54 per cent increase on 1996.

But the key thing to remember about this result is that it was actually achieved by a very modest number of exporters. Even experienced trade people are surprised to hear that only some 25,000 Australian companies export.

That represents just 4 per cent of the total number of businesses in this country—a proportion that’s pretty low by comparable international standards.

This means that, despite our improved export performance, Australia needs to continue to encourage more firms to export if we’re to remain globally competitive and, therefore, prosperous at home.

Late last year, the Coalition released its trade policy, Australians Exporting to the World—the centrepiece of which was our aim to double the number of Australian exporters by 2006. In April this year, the Government signed an historic agreement with the States and Territories that sets out a comprehensive plan to achieve the doubling target.

Enhancing community understanding of the benefits of trade is the very first element of that plan. We need to create a true and widespread export culture in this country—one in which the achievements of our exporters are acknowledged, rewarded and, most importantly, emulated.

Austrade has been given the lead role in the Government’s commitment to double the number of Australian companies exporting by 2006, working closely with the other tiers of government, industry associations and the private sector.

We will be pursuing a targeted program to help introduce a new breed of Australian exporters, particularly small businesses, to export markets through coaching, mentoring, financial assistance and in-market support.

Ensuring that the EMDG scheme is accessible to these small businesses and new exporters, and is targeted towards their needs, is a key part of this program.

Since 1996, the Government has continually improved the access of the small business sector to the EMDG scheme.

In 1997 the Government:

• reduced from $30,000 to $20,000 the minimum expenditure required to access the scheme, and
• gave the tourism sector access to the full 50% grant rate.

Last year the Government extended the scheme for five years, and following a thorough review, further improved small business access to it by:

• reducing from $20,000 to $15,000 the minimum expenditure required to access the EMDG scheme
• reducing the period that related family members need to be employed in a business before their travel expenses are eligible from five years to one year, and
• removing the current requirement that intending first-time claimants must register with Austrade before applying for a grant and made a number of other changes to make the scheme more flexible and more in line with industry needs.

The Government also took steps to improve the access of rural and regional small business to the scheme, by ensuring that related domestic costs—including those of business people flying from regional destinations to capital city airports on the first leg of an overseas promotional visit—are included in the EMDG Overseas Visits Allowance.

As well, the Government asked Austrade to review and modify Grants Entry requirements with a view to improving small business access. Small business will now find that the paperwork required in applying for a first EMDG grant has been considerably reduced.

The EMDG Amendment Bill 2002 furthers our strategy of making the scheme better targeted towards the needs of small and medium business and new exporters.

This Bill raises the minimum grant under the EMDG scheme from $2,500 to $5,000, to be provided to claimants spending between $15,000 and $25,000 on eligible export promotion expenditure. This will:

• make the EMDG scheme more attractive to small business, increasing the incentive to
apply and thus increasing the scheme’s impact in encouraging smaller businesses to invest in export, and

- ensure that the benefit of the grant received always outweighs the cost of preparing and processing the application.

The increased minimum grant will apply from the 2001-02 grant year onwards.

I commend this Bill improving small business access to the EMDG scheme to the Chamber.

PETROLEUM (SUBMERGED LANDS) AMENDMENT BILL 2002

The proposed amendments in this Bill to the Petroleum (Submerged Lands) Act 1967 will implement recommendations from the review of the Act and its incorporated legislation for compliance with competition policy principles. Completed in 2000, the review was conducted as part of a national review of legislation governing exploration and development of the offshore petroleum resources.

The review accorded with commitments given in the Competition Principles Agreement of the Council of Australian Governments. Under that agreement, all governments agreed to remove restrictions on competition on an ongoing basis unless those restrictions could be shown to be in the public interest and of benefit to the overall community. The terms of reference for the review also required a focus on reducing compliance costs on business, where feasible.

The review concluded that the nation’s offshore petroleum legislation is free of significant anti-competitive elements which would impose net costs on the community. The legislation does embody restrictions on competition, for example in relation to safety, the environment or the manner in which resources are managed. However, these were considered appropriate given the net benefits they provide to the community as a whole.

The review did identify one element of the current legislation where scope exists to enhance competition. This relates to the total period for which the holder of an exploration permit can retain the permit. The holder of an exploration permit that is awarded as of now can hold the permit for anywhere between 6 years (if there is no renewal) to a theoretical maximum of 46 years, or longer if extension provisions are applied. The review concluded that, in the interests of making exploration acreage available to subsequent explorers more quickly, a limit should be placed on the number of times an exploration permittee can renew the title. This Bill proposes that, in the future, exploration permits be able to be renewed no more than twice, establishing a total maximum period of 16 years, ignoring the possibility of extensions in some circumstances. The change will be prospective and will not apply to permits awarded before 1 January 2003.

By preventing unexplored acreage from being tied up for long periods, this reform will encourage increased exploration for petroleum in Australia’s marine jurisdiction. Without such exploration and the discoveries that can flow from it, Australia will not be able to maintain its current high level of liquid fuel self-sufficiency nor meet the growing demand for gas.

On one other element of the current legislation, the review concluded that scope exists to reduce potential compliance costs for industry. This relates to the number of times the holder of a retention lease can be asked to review the commerciality of a discovery held under that retention lease. A retention lease is a holding right available if a petroleum discovery is currently un-economic for exploitation but is likely to become economic within 15 years. Currently the holder of a retention lease can be asked to review the commerciality of a discovery twice within the 5 year term. This was considered excessive. Accordingly, the Bill proposes a maximum of one review per 5 year term. This will be adequate for the titleholder to assess factors material to whether a discovery remains uncommercial, and to demonstrate this to the regulator.

The petroleum industry will welcome the reduction in potential compliance costs that will stem from this change. Together with the limit on exploration permit renewals, this reform shows the Government is determined to ensure that Australia remains one of the most attractive places in the world to explore for and develop petroleum resources.

Moreover, the Government will not be resting on its laurels. Indeed, it is well known in petroleum industry circles that the Government is working on rewriting the entire Petroleum (Submerged Lands) Act 1967 and incorporated Acts. The Government expects to be in a position to present a rewritten Act for consideration by the Senate at a later point in time. Nevertheless, the Government believes it is in the interests of the Australian community and the petroleum industry to bring forward from the rewrite the amendments to the Act that are proposed in this Bill.

I commend the Bill to the Senate.
STATUTE LAW REVISION BILL 2002
The Statute Law Revision Bill 2002 continues the work of repairing the Commonwealth statute book, which began in 1996 with the Statute Law Revision Act 1996 and was continued by the Statute Stocktake Act 1999.
The Bill deals with two aspects of repairing the statute book.
The Bill corrects minor clerical and drafting errors in various current Acts. The kinds of errors being corrected are spelling mistakes, mistakes in punctuation, mistakes in the numbering or lettering of parts of Acts (for example, incorrect numbering of subsections or incorrect lettering of paragraphs) and misdescribed amendments. A misdescribed amendment is one that either incorrectly describes the text to be amended or specifies the wrong location for the insertion of new text. In general, these amendments do not affect the operation of the law. Although the intended effect of the amendments is usually clear, it can be confusing or misleading to leave these errors uncorrected. In particular, misdescribed amendments can affect the accuracy of Government and commercial consolidations of Acts.
For instance, an amendment that purports to require a new provision to be inserted after a nonexistent provision would probably be given some meaning by a court if the general intention of the amendment was clear. However, consolidating the Act may be difficult, because the proper location of the new provision is not clear.
Correcting errors of these kinds does not change the law. However, it ensures that consolidated Acts can be published, and without confusing mistakes. In some cases, this may have a significant impact on the accessibility of legislation.
The Bill also replaces existing references to “the Standards Association of Australia” with reference to “Standards Australia International Limited”, with effect from 1 July 1999, when the name change took effect.
The Bill, while not changing the law, makes many useful improvements to the statute book.

NEW BUSINESS TAX SYSTEM (CONSOLIDATION) BILL (NO. 1) 2002
As part of the Government’s reform of business taxation, this bill introduces an innovative and comprehensive consolidation regime for resident entities that comprise a wholly-owned corporate group. The consolidation regime represents a significant change to the taxation of corporate groups. Because of its magnitude, the measure will be enacted progressively via a series of bills.
The consolidation regime is optional, although a choice to consolidate is irrevocable. Where a group makes such a choice, all its eligible resident wholly-owned companies, trusts and partnerships, including wholly-owned entities acquired in the future, must be included in the consolidated group.
The proposed regime will promote business efficiency, improve the integrity of the Australian tax system and reduce ongoing income tax compliance costs for groups that choose to consolidate.
The proposed amendments will address the efficiency and integrity problems in the current taxation of wholly-owned groups. These include:
• high compliance costs;
• the double taxation of gains which are taxed when realised and taxed again on disposal of the underlying equity;
• tax avoidance through intra-group dealings; and
• value shifting to create artificial losses where there is no actual economic loss.

After extensive consultation, the Ralph Review of Business Taxation recommended, in A Tax System Redesigned, that a consolidated regime for wholly-owned groups be introduced for income tax purposes.
In December 2000 an Exposure Draft was released which contained the general principles for consolidation. In February of this year a further streamlined Exposure Draft was released taking into account submissions on the earlier Exposure Draft. The accompanying Explanatory Memorandum to the 2002 Exposure Draft provided a comprehensive overview of the regime as a whole. It discussed proposed legislative amendments not included in the Exposure Draft at that time. Throughout this period significant private sector contribution was made to the consolidation regime’s development by both submissions and ongoing consultative groups.
The consolidation regime will treat wholly-owned corporate groups as a single entity, rather than on an entity by entity basis, for income tax purposes. This ’single entity rule’ means that, when subsidiary entities join a consolidated group, they lose their separate income tax identities. Instead, each such entity is treated as a part of the head company of the consolidated group for the purposes of determining income tax liability.
As a result of the single entity rule, the group lodges a single income tax return and the assets and liabilities of the subsidiary members are treated as those of the head company. For income tax purposes, during the period an entity is treated
as part of the head company of the group, the actions of that entity are taken to be the actions of the head company and all intra-group transactions are ignored.

This bill contains the core rules necessary to treat a subsidiary entity as a part of the head company of a consolidated group. It also contains the rules dealing with the formation and membership of a consolidated group, including provision for eligible companies, trusts and partnerships to access the benefits of consolidation. It also explains the notification requirements that will apply when an entity becomes, or ceases to be, a member of a consolidated group.

The bill sets out rules to determine the cost, for income tax purposes, of assets, including membership interests, when one or more entities join or leave a consolidated group. Broadly, the head company’s cost for the assets of a joining entity reflects the cost to the head company of acquiring that entity. This alignment between the cost for the membership interests in an entity and the entity’s assets is preserved where a subsidiary member leaves the group. Special transitional rules that will allow groups to retain the subsidiary members’ existing costs for assets, will be included in a later bill.

This bill also deals with the transfer of a joining entity’s losses to the head company of a consolidated group, and how these losses may be subsequently used by the head company. A head company’s use of transferred losses is subject to an annual limit which is intended to approximate the amount of losses that could have been used by the transferor entity outside the group. Concessional rules apply to increase the rate at which the head company can use certain transferred company losses where a group consolidates during the transitional period 1 July 2002 to 30 June 2004.

Another component of the bill allows the transfer of a joining entity’s franking account to the head company of a consolidated group. During the period of consolidation, the head company will maintain a single franking account for the group while the franking accounts of subsidiary members become inoperative.

The head company of the consolidated group retains any losses and franking credits transferred to it by a subsidiary member if that subsidiary should later leave the group.

Foreign owned groups of Australian resident entities currently access existing grouping provisions despite not having a single resident head company. To prevent these groups having to restructure, the bill allows the Australian resident entities to form a Multiple Entry Consolidated group. The bill also determines the membership of the group in those circumstances.

In general, the head company will be liable for the income tax-related liabilities of the consolidated group. However, where a head company fails to satisfy a group income tax-related liability on time, the bill provides rules for the recovery of this group liability directly from other members of the group unless certain exceptions apply.

The bill also contains consequential amendments that ensure that the members of a consolidated group are treated as a single entity for the purposes of PAYG instalments once the head company of a consolidated group is given an instalment rate worked out from its first head company assessment. There are also transitional rules setting how instalments are payable by a consolidated group’s members until that time.

Amendments in this bill generally remove certain existing grouping provisions, including those allowing the transfer of losses between wholly owned groups, from 1 July 2003, subject to special rules applying to consolidated groups that have a substituted accounting period. Consequently, wholly-owned groups that do not choose to consolidate will, in general, no longer have access to grouping rules outside of consolidation. However, loss transfer will continue to be available where the transfer involves an Australian branch of a foreign bank.

The proposed amendments to implement the consolidation regime are necessary to ensure greater consistency in the taxation of wholly-owned groups in Australia. The existing grouping provisions of the Income Tax Assessment Act 1936 and 1997 allow groups of companies to currently obtain benefits of single entity treatment for some purposes. However, for other income tax purposes, the existing income tax law continues to require each entity to account separately for intra-group transactions and intra-group debt and equity interests. The proposed regime will remove such inconsistencies for consolidated groups by permitting intra-group transactions to be ignored for income tax purposes.

Further, the proposed consolidation regime will provide a basis for more robust investment decisions in Australia by improving the consistency and transparency of the taxation of wholly-owned groups, reducing ongoing costs of compliance and providing fairer, more equitable outcomes. For this reason the consolidation measure has wide-spread support among Australian corporate groups.

The consolidation regime will apply from 1 July 2002.
Full details of the measures in this bill are contained in the explanatory memorandum.
I commend this bill.

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**DIESEL FUEL REBATE SCHEME AMENDMENT BILL 2002**

This bill extends the eligibility provisions of the Diesel Fuel Rebate Scheme to retail and hospitality businesses who use diesel and like fuels to generate power for their own use where there is no ready access to a commercial supply of electricity. It gives effect to a policy initiative announced by the Government during the 2001 election campaign and will principally benefit small business operators in remote areas of Australia by providing a rebate of the customs or excise duty paid on diesel and like fuels used by them to generate power for their own use.

The extension of the Diesel Fuel Rebate Scheme will mean that small retail/hospitality businesses will now be able to claim a rebate in relation to their commercial operations. Examples of the types of businesses generating their own power that will benefit from the measure include caravan parks, tourist resorts and road houses.

Businesses will need to use diesel and like fuels in the course of carrying on an enterprise to qualify for the rebate, in the same way as is required in the eligibility provisions for the marine and rail transport categories in the Diesel Fuel Rebate Scheme.

This bill provides that the rate of rebate applicable to diesel fuel for electricity generation by retail and hospitality businesses will be the same as that applying to Primary Production. The rate is currently equal to the full amount of excise paid on the fuel.

The extension to the Diesel Fuel Rebate Scheme will apply only in relation to diesel fuel that is purchased on or after 1 July 2002.

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

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**AUSTRALIAN PROTECTIVE SERVICE AMENDMENT BILL 2002**

This Bill will transfer responsibility for the Australian Protective Service from the Secretary of the Attorney-General’s Department to the Commissioner of the Australian Federal Police.

Last year, the Government initiated a high level review of Australia’s security and counter-terrorism arrangements.

This review identified some significant gaps in Australia’s legislative framework.
In addition to these significant reforms the Government has also reviewed the relationship between Australia’s key counter terrorist agencies to ensure that Australia can best meet the demands of the new terrorist environment.

As a result, the Government proposes that the Australian Protective Service become an operating division of the Australian Federal Police.

The Australian Protective Service is the Commonwealth Government’s specialist protective security provider.

The Service provides counter terrorist first response (CTFR) at major airports and security services at Parliament House, the office of the Prime Minister, the residences of the Governor General, the Prime Minister and high office holders, sensitive Defence establishments, foreign diplomatic missions, and the Australian Nuclear Science and Technology Organisation.

The Service operates under competitive arrangements, where private security agencies may bid against the Service for certain Commonwealth guarding activities.

The proposed amendments will allow the closest possible coordination between two of Australia’s key counter terrorist agencies.

Better coordination between the Australian Federal Police and the Australian Protective Service will strengthen both organisations, and their ability to fulfil their counter-terrorism responsibilities.

This initiative consolidates and enhances the Government’s national security initiatives that are currently being implemented following the terrorist attacks in the United States.

This include the commitment of $14 million for the 2001/2 financial year to the Australian Protective Service to expand and improve airport security, including expansion of the Explosive Detection Canine Program. Ongoing funding will be provided over future years.

The upgrade in airport security will result in the deployment of additional specially trained Commonwealth uniformed protective service officers.

The enhanced security capability expands from Sydney and Melbourne airports to Adelaide, Perth, Canberra, Darwin, Hobart, Cairns, Brisbane, Coolangatta and Alice Springs airports.

This upgrade of security standards and staffing levels at 11 major airports is expected to be completed by 30 June 2002.

Under the new arrangements, which are intended to take effect from 1 July 2002, responsibility for
The Australian Protective Service would transfer from the Secretary of the Attorney-General’s Department to the Commissioner of the Australian Federal Police.

The current relationship of the Secretary of the Attorney-General’s Department with the Australian Protective Service would cease.


The Australian Protective Service would be established as a Statutory Agency and the Commissioner of the Australian Federal Police would be the Agency Head.

The Australian Protective Service would continue to be governed by the Australian Protective Service Act 1987, and the powers and duties of the Australian Protective Service would remain unchanged.

Following the amendments to the legislation it will be business as usual for the Australian Protective Service and its approximate 1000 staff, which include managers, administrative officers, protective service officers and the recently appointed air security officers.

The current competition arrangements applying to the Australian Protective Service would be preserved, including arrangements allowing private security agencies to bid against the Australian Protective Service for the Commonwealth guarding contracts.

Employees of the Australian Protective Service would remain public servants and retain their conditions and entitlements under the Public Service Act 1999 and various industrial awards.

No provisions governing Australian Federal Police employees would apply to Australian Protective Service employees.

Nothing in the proposed arrangements would affect Australian Federal Police employees and their relationship with the Commissioner.

The Government will explore steps to further align the Australian Federal Police and Australian Protective Service, following the passage of this Bill, having regard to current competition and efficiency arrangements applying to the Australian Protective Service.

This will be done in full consultation with the employees of the two organisations.

The legislative changes contained in this Bill are relatively simple.

The Australian Protective Service Act 1987 would be amended to transfer responsibility for administering the Act from the Secretary of the Attorney-General’s Department to the Commissioner of the Federal Police.

This amendment would be made by replacing references to the Secretary and the Attorney-General’s Department with references to the Commissioner and the Australian Protective Service respectively.

The Act would establish the Australian Protective Service as a Statutory Agency and would ensure that the new Agency is consistent with the Public Service Act 1999 and the Workplace Relations Act 1996.

Additional minor amendments would: update obsolete terminology used in the Act in line with the Public Service Act 1999; clarify the distinction between employees of the Australian Protective Service and “protective service officers”; broaden the delegation powers of the Australian Protective Service Director so that the Director can delegate powers to administrative employees as well as protective service officers; and clarify that General Orders are not only subject to the Australian Protective Service Act 1987, other Acts, regulations and section 24 determinations (as per the current provisions), but are also subordinate to the Public Service Commissioner’s Directions, the Prime Minister’s Public Service Directions and the Public Service Classification Rules.

The financial aspects of the alignment of the Australian Protective Service with the Australian Federal Police may be reflected in Appropriation Bills 1 and 2, where the appropriation for the Australian Protective Service will be simply redirected in the Attorney General’s portfolio from the Department to the Australian Federal Police, both of which are prescribed agencies within the portfolio under the Financial Management and Accountability Act 1997.

The Attorney General’s Portfolio Budget Statements will also reflect the necessary movements from the Department to the Australian Federal Police.

In addition, we propose to amend the Financial Management and Accountability Regulations to reflect this change in alignment.

While the control of the Australian Protective Service would be transferred to the Commissioner of the Australian Federal Police by 1 July 2002, the Australian Protective Service would still be a separate agency to the Australian Federal Police, employing separate staff.
As I have noted, any further steps required to implement the decision to make the Australian Protective Service an operating division of the Australian Federal Police will be developed in consultation with relevant parties.

The move of the Australian Protective Service to the Australian Federal Police is a win-win for both agencies and provides for greater operational coordination of Commonwealth law enforcement resources.

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BANKRUPTCY LEGISLATION AMENDMENT BILL 2002

The Bankruptcy Legislation Amendment Bill 2002 largely replicates the Bankruptcy Legislation Amendment Bill 2001 which I introduced on 7 June 2001 and which subsequently lapsed when Parliament was prorogued.

This bill differs in one substantial respect from the 2001 bill, in relation to the provision of a cooling-off period, which I will address later.

Bankruptcy is designed to give people in severe financial difficulty relief, as a measure of last resort, from overwhelming debts.

Bankruptcies trebled in the decade to 1997-98, and have remained at high levels since then.

Almost all of the increase has been in the non-business consumer bankrupt category.

Clearly, greater numbers of consumer debtors are choosing bankruptcy as a way of resolving their financial problems.

The Government is concerned to ensure as far as possible that these people are properly informed when making such an important decision as entering into bankruptcy.

The Bankruptcy Legislation Amendment Bill 2002 will amend Australia’s bankruptcy laws to address concerns that bankruptcy is “too easy” and to better balance the interests of debtors and creditors.

The reforms contained in these bills are designed to encourage people contemplating bankruptcy to consider the seriousness of the step they are about to take and to consider alternatives to bankruptcy.

The abolition of early discharge is consistent with this purpose.

The reforms were developed following more than two years of consultation with various stakeholders in the personal insolvency field.

In particular, there has been consultation with members of the Bankruptcy Reform Consultative Forum, a peak consultative body I established in 1996 to facilitate better consultation between the Insolvency and Trustee Service of Australia (ITSA) and key groups with a stake in the bankruptcy laws.

As I said in this place last year, the Senate Legal and Constitutional Legislation Committee has reported into the 2001 Bankruptcy Bills, and the Government welcomed the Committee’s report.

The Committee recognised that the proposed amendments will achieve the Government’s aim of preventing people using bankruptcy in a mischievous or improper way and encouraging people who can or should avoid bankruptcy to consider other options.

The reforms propose to give the Official Receiver discretion to reject debtors’ petitions that are a blatant abuse of the bankruptcy system, when it is clear that the debtor is solvent and has singled out one creditor for non-payment, or where the debtor is a repeat bankrupt.

The exercise of this discretion will be subject to external administrative review.

The bill will strengthen the trustee’s powers to object to the automatic discharge from bankruptcy of uncooperative bankrupts.

The strengthening of the trustee’s objection to discharge powers is directed at the intentional failure by a bankrupt to cooperate with his or her trustee and at deliberate attempts by the bankrupt to impede the trustee’s administration of the estate.

Reforms relating to objection-to-discharge provisions will overcome a deficiency in the present law which can encourage a bankrupt to cooperate with the trustee only at the last moment, that is, when a review hearing is imminent.

Another reform in the bill will confirm the Court’s power to annul a bankruptcy even if the petitioning debtor technically was insolvent.

The bill makes clear that in such a situation the Court would be able to annul the bankruptcy as an abuse of process, despite the fact that the petitioning debtor technically was insolvent.

This measure is directed at high income earners who have chosen to not pay a particular creditor, for example the Australian Taxation Office, and then petitioned for bankruptcy to extinguish the debt.

The bill makes clear that in such a situation the Court would be able to annul the bankruptcy as an abuse of process, despite the fact that the petitioning debtor technically was insolvent.

The bill proposes to raise by 50%, to about $47,000 after tax, the income threshold for debt agreements to encourage more people to consider the debt agreement option as an alternative to bankruptcy.

The practical utility of debt agreements is restricted at present by the relatively low income threshold which applies: raising it will make the
The 2001 bill proposed to double the threshold but in light of the recent increased take up of debt agreements the Government has decided that a 50% increase will adequately enhance access to the debt agreement alternative to bankruptcy.

Other changes to improve the operation of the Act include further streamlining of meetings procedures, simplifying the mechanism for changing trustees and bringing controlling trustees and debt agreement administrators under the regulatory purview of the Inspector-General.

Amendments will allow creditors to permit a bankrupt to retain ‘sentimental’ property and require trustees to realise property within a six year time period. Finally, other changes will clarify the qualifying requirements to become a registered trustee, allow trustees, rather than the Court, to consent to debtors travelling overseas and impose conditions on that consent, and will allow trustees, rather than the Official Receiver, to determine hardship under the income contribution scheme.

This bill contains one significant change from the 2001 bill, which is the Government’s decision not to proceed with the introduction of a cooling-off period.

This decision was taken after careful consideration of the issue, and followed re-canvassing the views of stakeholders in the personal insolvency industry and, in particular, taking due note of the recent sharp rise in the number of debt agreements.

Debt agreements were introduced in 1996 as a low cost, simple alternative to bankruptcy for debtors with low incomes, few assets and relatively low levels of debt.

The take-up rate was initially slow but the number of agreement proposals has risen sharply since mid 2001 to around 430 per month, well over double the rate of 2000-01.

The Government sees this as clear evidence that, increasingly, people in financial difficulties are considering—and choosing—debt agreements as an alternatives to bankruptcy. Thus, a key purpose of the cooling-off period proposal—to encourage people to consider the consequences of, and alternative to, bankruptcy—is being achieved to a noticeable degree by the debt agreement process.

In addition, this process will be accessible to more debtors as a result of the proposed increase in the income threshold.

Stakeholders in the insolvency industry when re-consulted late last year expressed concern about the administrative complexity a cooling off period would introduce into the bankruptcy process.

The majority of them also doubted that many debtors would change their mind during the cooling off period.

Finally, concerns were also expressed from financial counselling organisations that undesirable pressure may be put on debtors by creditors during the cooling-off period.

Accordingly the Government has decided that the cooling-off proposal should not now proceed.

In summary the Bankruptcy Legislation Amendment Bill 2002 will amend Australia’s bankruptcy laws to address concerns that bankruptcy is “too easy” and to better balance the interests of debtors and creditors.

It will encourage people contemplating bankruptcy to consider alternatives to bankruptcy.

By restoring fairness to the bankruptcy system, we will promote confidence in it.

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BANKRUPTCY (ESTATE CHARGES) AMENDMENT BILL 2002

The Bankruptcy (Estate Charges) Amendment Bill 2002 is the second and smaller bill in the Government’s bankruptcy reforms package.

It will address an anomaly in the incidence of the realisations charge and the interest charge.

Registered trustees who are controlling trustees are already subject to those charges.

The bill will impose the charges on solicitors who are controlling trustees.

The bill will provide for the commencement of the Bankruptcy (Estate Charges) Amendment Act 2001.

This Act was enacted last year, but its commencement was linked to the commencement of the Bankruptcy Legislation Amendment Bill 2001, a bill which lapsed when the Parliament prorogued before the 2001 Federal election.

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MIGRATION AGENTS REGISTRATION APPLICATION CHARGE AMENDMENT BILL 2002

This bill amends the Migration Agents Registration Application Charge Act 1997 to increase the amount of the charge limit for registration applications by migration agents.

A migration agent is someone who uses or purports to use his or her knowledge or experience in
migration procedure to give immigration assistance to a visa applicant.

Under the Migration Act 1958, such a person must be registered with the Migration Agents Registration Authority.

The Migration Agents Registration Application Charge Act 1997 imposes a charge on an individual who makes a registration application.

However, the amount of charge that is actually payable is set out in the Migration Agents Registration Application Charge Regulations 1998.

The regulations prescribe different charge amounts depending on whether an individual acts on a commercial or a non-commercial basis and whether the individual is applying for initial or repeat registration.

At present, some of the charges set out in the regulations are close to the maximum charge limit permitted by the act.

The amendments in the bill will not increase the charge payable—this is done by regulation.

The charges in the regulations are set at a level appropriate to provide adequate resources to the Migration Agents Registration Authority to carry out its statutory responsibilities.

The Migration Agents Registration Authority is funded by an appropriation equivalent to the sum of registration application fees that have been collected under the charge act and regulations.

I commend the bill to the chamber.

MIGRATION LEGISLATION AMENDMENT (MIGRATION AGENTS) BILL 2002

This bill amends the Migration Act 1958 to improve arrangements for the regulation of migration agents.

The act provides a scheme for regulating the migration advice industry and those who seek to practice as migration agents.

The regulatory framework requires the registration of people who provide various kinds of assistance to visa applicants.

This process of registration is administered by the Migration Agents Registration Authority, the MARA.

The MARA is given power under the act to refuse registration applications and to caution, cancel or suspend the registration of persons who are not people of integrity or otherwise not fit and proper to provide assistance to visa applicants. These applicants are a particularly vulnerable client group.

These decisions are based on a number of factors set out in the legislation, including amongst other things, the person’s knowledge of migration procedures, whether they have a criminal record and aspects of their professional and financial history.

The primary aims of this bill are to expand the powers of the MARA to take action on integrity issues and to reduce uncertainty in the registration process for agents.

The expansion of the MARA’s powers provided by this bill will allow investigation of complaints against migration agents even if they are no longer registered.

Under the act as it stands the MARA is forced to abandon this kind of disciplinary action when a person who is the subject of a complaint deregisters or does not re-register.

The consequence of this is that migration agents who have acted improperly can leave the industry with an apparently untarnished reputation.

One agent who de-registered in 1999 was the subject of numerous unresolved complaints, a number of them quite serious.

The agent de-registered when the MARA requested to meet with him in the course of investigating these complaints.

As a result, the MARA was unable to make any findings or take action against the agent.

In fact, the MARA cannot presently reveal anything adverse about a former agent in these circumstances.

These new provisions will prevent such agents from avoiding the disciplinary provisions of the scheme simply by deregistering or allowing their registration to expire.

Using these powers the MARA will be able to bar a former agent from re-entering the industry for up to 5 years and to make public the reasons for its decision.

These provisions will operate in a similar way to the MARA’s current disciplinary and publication powers in relation to registered agents.

The provisions ensure that agents are accorded procedural fairness and have the opportunity to make submissions before the MARA makes a decision barring the person from returning to the industry.

The MARA’s decision will also be reviewable on its merits by the Administrative Appeals Tribunal.

Under the regulatory framework, migration agents are required to seek registration each year in order to keep working in the industry.

The MARA currently receives around 2000 repeat registration applications each year.
Under the carry-over provisions of this bill, an agent’s existing registration will be taken to continue until the MARA makes a decision on their repeat registration application.

This provision will give certainty to agents going through the process of re-registration. Currently, if an agent’s registration has expired, they are not able to practice until the MARA has approved their repeat registration application.

The bill also provides that if the MARA has not made a decision within ten months, the migration agent’s registration application will be deemed to have been granted.

These provisions will deal with those situations where some time might elapse before the MARA is able to make a decision on an agent’s repeat registration application. An example of where this might occur is where a previous decision of the MARA to suspend or cancel the agent’s registration is the subject of review proceedings, and that decision has been stayed pending a full hearing of the matter.

The deemed registration at ten months will ensure that the normal cycles of registration and repeat registration are maintained including compliance with obligations to undertake continuing professional development.

The bill also provides a mechanism to end uncertainty over some kinds of activities that were never intended to be captured by the regulatory scheme.

These amendments will allow regulations to be made setting out specific circumstances in which registration as an agent would not be required when providing advice on visa related issues.

For example, it would be possible to use these powers to clarify the status of employers who provide advice to actual or intending employees on immigration matters related to their employment.

Employers who provide this kind of advice to their own employees were never intended to be regulated by this scheme.

In summary, the amendments made by this bill will significantly enhance client protection as well as improve the regulation of the migration industry.

The professionalism of this industry is a subject of some interest to all members of the parliament, and I am confident that these measures will enjoy support from all sides.

I commend the bill to the chamber.

NEW BUSINESS TAX SYSTEM (IMPUTATION) BILL 2002

As part of the Government’s reform of business taxation, this bill introduces a new simplified imputation system which will replace the current imputation system. The measure provides further evidence of the Government’s commitment towards business tax reform.

After extensive consultation, the Ralph Review of Business Taxation, recommended redesigning of the company tax and imputation system to achieve:

- integrity through the entity chain;
- simplification of the franking account;
- refunding excess imputation credits; and
- the reduction of the company tax rate.

This bill introduces the simplification proposals into the tax laws. Measures such as refunding excess imputation credits and the reduction of the company tax rate have already been introduced by the Government and been passed by Parliament.

The simplified imputation system will apply from 1 July 2002.

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

I commend this bill.

NEW BUSINESS TAX SYSTEM (OVER-FRANKING TAX) BILL 2002

This bill forms part of the package of three bills that will give effect to the Government’s reform of business taxation in respect of the imputation system.

The purpose of this bill is to provide for a mechanism that ensures that companies frank distributions that they make in accordance with the benchmark rule.

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

I commend this bill.

NEW BUSINESS TAX SYSTEM (FRANKING DEFICIT TAX) BILL 2002

This bill forms part of the package of three bills that will give effect to the Government’s reform of business taxation in respect of the imputation system.

The purpose of this bill is to ensure that, in essence, a company makes good the over-imputation of franking credits that it makes to its shareholders when making franked distributions
to them. This will be the case where the company attaches more franking credits to shareholder distributions than the tax that it has actually paid. Full details of the measures in this bill are contained in the explanatory memorandum. I commend this bill.

FAMILY AND COMMUNITY SERVICES LEGISLATION AMENDMENT (AUSTRALIANS WORKING TOGETHER AND OTHER 2001 BUDGET MEASURES) BILL 2002

This Bill gives effect to the legislative measures in the Australians Working Together Package of measures announced as part of the 2001-2002 Budget. The measures in this Bill, along with other administrative measures in the package, are a first step towards building a modern and responsive social support system for people of working age.

Australia's welfare system is not adequately meeting the needs of Australian communities. There are a large number of jobless families and jobless households. Many households of working age rely heavily on income support, and there are inadequate incentives and rewards for self-reliance.

Australia is not alone in this need for change—across OECD nations, changes in labour markets and demographics has driven a move away from passive income support systems to more active labour market policies and reform of welfare arrangements.

In 1999, the Government set up a Reference Group, chaired by the CEO of Mission Australia, Patrick McClure, to provide advice on possible approaches to welfare reform. The report of the Reference Group set out a number of recommendations, both short and long term, for reforming the welfare system.

The Australians Working Together—Helping people to move forward (AWT) package announced in the 2001-2002 Budget is a first step in welfare reform.

AWT is a whole-of-government package of measures to be phased in gradually over four years. The package is consistent with the five areas for action identified in the McClure report:

- individualised service delivery;
- a simple and responsive income support structure;
- incentives and financial assistance;
- mutual obligations; and
- social partnerships.

AWT is a balanced package comprising expanded assistance, improved financial incentives and assistance to work and train, and modest changes to requirements.

The Government has undertaken extensive consultations with community representatives, peak organisations and lobby groups on AWT implementation in all state and territory capital cities and in rural and regional locations. There was strong endorsement of the package as a whole and evidence that communities are willing to work with Government to overcome any local barriers to the effectiveness of the package.

While AWT is only the first step in a longer term process of welfare reform that will take a number of years to complete, it is nonetheless a significant step forward that will deliver better outcomes from our social support system.

The working credit will make a real difference to working age customers who are trying to get into the workforce. It will give incentives for them to try out a job, whether it is full-time, part-time or casual, by letting them build up credits at times when they have little or no income, which they can use to let them keep more of their payments.

If payments do eventually stop after they use up their working credit, it will be easier for people to get back on payment if they lose the job in the following 12 weeks. Their work efforts will also be encouraged by letting them keep for 12 weeks certain benefits such as concession cards and supplements that are normally only available to people on payments.

The measurement of earnings for income testing purposes will also be simplified and made consistent across workforce age payments. This will help customers better understand how their payments are worked out and when to tell Centrelink about their earnings. It will also assist in the accurate and efficient operation of the working credit. The new treatment will mean that earnings in a person's entitlement period (usually a fortnight) will be taken into account evenly over that period. It will replace the complex averaging rules currently applied to earnings of pension and parenting payment customers, and the arrangements for allowance customers where their entitlement ceases once they start full-time work.

From 1 July 2003, parenting payment customers with a youngest child aged 13-15 will be subject to a part-time participation requirement. The requirement will be to undertake one or more of a broad range of activities designed to lead to, or overcome barriers to, increased economic participation, for up to a maximum of 150 hours in a 6 month period.
Parents, both partnered and single, who remain out of the workforce and on income support for long periods often face great difficulty in returning to the workforce later on when children are older, due to lack of recent experience, skills, contacts or confidence. This can create a significant risk of poverty and long term welfare dependence for both themselves and their children.

The introduction of a part-time participation requirement will encourage and help parents prepare to return to work as children grow older, the usual situation for most parents with school aged children.

The Government will encourage and support people whilst they undertake approved language, literacy and numeracy training by providing a fortnightly supplement of $20.80 to help with the incidental costs associated with attending that training.

Poor language, literacy or numeracy skills make it more difficult to get a job. Training for people lacking these skills is an important part of helping them to re-enter the workforce. The supplement will be available from 20 September 2002.

The new Personal Support Programme (PSP) commences operation on 1 July 2002.

The PSP will assist people with multiple non-vocational barriers to employment such as homelessness, drug and alcohol problems, domestic violence or mental illness. These are people who, because of their personal circumstances, are generally unready to benefit from the employment assistance currently available.

The new programme will not only focus on employment outcomes but will also help participants to stabilise their lives and enable them to become involved and contribute to the community over time.

Amendments are made to the activity testing provisions for newstart and youth allowance so as to enable people to participate in PSP in order to satisfy their activity test obligations.

Activity testing arrangements for PSP customers will be administered sensitively, having regard to individual circumstances and the multiple barriers faced by these customers.

For many people, the biggest barrier to getting more involved in training and other activities is the cost of child care. By simplifying procedures for accessing child care special fee assistance currently provided under the Job, Education and Training program, a wider range of families will receive much-needed assistance with the cost of child care. More parents will be able to get help to meet the ‘gap’ fee for child care.

The Bill also provides for the closure of access to mature age allowance and partner allowance. Non-activity tested allowees can face a greater risk of long term dependence than activity tested customers as there are currently no measures in place to require, encourage or facilitate participation.

No new claims for mature age allowance or partner allowance will be able to be made from 1 July 2003. Customers who are already receiving those payments at that time will not be affected by these changes.

The Bill introduces more flexible participation requirements for newstart allowees, aged 50 and over. People who would formerly have been eligible for mature age or partner allowance will be able to claim newstart allowance which will have a more flexible approach to the application of the activity test. There will also be access to an expanded range of services and programs.

This measure assists older people on income support to improve their labour market prospects through assessment of barriers, development of a Participation Plan and referrals to programs. The new participation framework maintains the current focus on economic participation for those with the capacity to undertake paid work but provides a broader range of acceptable activities to accommodate those with limited prospects of employment in the short-term. While it is important that penalties still be applicable in situations where people fail to comply with their statutory obligations without a reasonable excuse, the new arrangements provide for any residual part of that penalty to be waived when a failure to comply is rectified.

Customers aged at least 50 who are complying with an activity agreement that does not require the person to undertake job search will have similar portability rules to those that currently apply to recipients of mature age and partner allowance.

This Bill also contains amendments to enable customer information to be used for the purposes of the Family Homelessness Prevention and Early Intervention Pilot. The aim of the Pilot is to identify families at risk of homelessness by using relevant Centrelink data. These families would then be assisted to regain stability in their housing and financial circumstances, and to access community services, labour market programs and employment.
TAXATION LAWS AMENDMENT (SUPERANNUATION) BILL (No. 2) 2002

The Government announced last year in its superannuation policy statement “A Better Superannuation System”, a range of measures designed to enhance the overall attractiveness, accessibility and security of superannuation.

With the introduction of the Taxation Laws Amendment (Superannuation) Bill (No. 2) 2002, and associated amendments through the Superannuation Industry (Supervision) Regulations and Retirement Savings Account Regulations, the Government will have delivered on a significant proportion of these commitments.

Over recent years there has been a growing realisation throughout Australian society of the importance of retirement planning and saving for the years ahead. Superannuation is seen as a vital element in planning for a comfortable and secure retirement.

The Government recognises that it is essential that superannuation is safe, easily understood and fair for every Australian. Amendments in this bill together with the proposed amendments to the Regulations will help achieve the aim of a safer, fairer and less complex superannuation system.

This bill introduces amendments to the superannuation guarantee law to require employers to make specified levels of superannuation contributions on at least a quarterly basis on behalf of their employees to avoid the superannuation guarantee charge.

Currently an employer has until 28 July following a financial year to make the required level of superannuation contributions on behalf of its employees, or be subject to the superannuation guarantee charge. While the majority of employers currently make superannuation contributions quarterly or more often, the law will be amended to require all employers to make contributions at least quarterly.

A number of enhancements to the superannuation guarantee law will also be made by this bill to facilitate the introduction of the new quarterly contribution regime.

Other measures contained in this bill will make superannuation more attractive and support retirement incomes policy including:

- allowing a working person the opportunity to make personal undeducted contributions to a superannuation fund until age 75;
- reducing the superannuation and termination payments surcharge rates from 15% to 10.5% over the next three years;
- allowing contributions to be made (by third parties) on behalf of children who are under the age of 18 and otherwise do not receive superannuation support; and
- increasing the fully deductible amount available to the self-employed for personal superannuation contributions made to complying superannuation funds or retirement savings accounts. Self-employed who claim an income tax deduction for personal superannuation contributions will now have an increased limit where full deductibility is available for the first $5,000 of contributions plus 75% of the excess over $5,000 up to the taxpayer’s age-based deduction limit.

Full details of these measures and some minor technical corrections are contained in the explanatory memorandum.

SUPERANNUATION GUARANTEE CHARGE AMENDMENT BILL 2002

The Superannuation Guarantee Charge Amendment Bill 2002, in conjunction with the Taxation Laws Amendment (Superannuation) Bill (No. 2) 2002, establishes the basis for requiring employers to make at least quarterly superannuation contributions on behalf of their employees. These amendments will enable the superannuation guarantee charge, which underpins the compulsory superannuation arrangements, to be imposed on a quarterly basis.

Full details of the measures in this bill are included in the explanatory memorandum for the Taxation Law Amendment (Superannuation) Bill (No. 2) 2002.

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

- Disability Discrimination Amendment Bill 2002
- Horticulture Marketing and Research and Development Services (Amendment) Bill 2002
- Workplace Relations Amendment (Prohibition of Compulsory Union Fees) Bill 2002
- Superannuation Legislation (Commonwealth Employment) Repeal and Amendment Bill 2002
- Space Activities Amendment Bill 2002
- International Tax Agreements Amendment Bill (No. 1) 2002
- Taxation Laws Amendment (Medicare Levy and Medicare Levy Surcharge) Bill 2002
COMMITTEES

Joint Standing Committee on Treaties
Membership
Message received from the House of Representatives notifying the Senate of the appointment of Mr Hunt to the Joint Standing Committee on Treaties in place of Mr Baldwin.

TORRES STRAIT FISHERIES AMENDMENT BILL 2002
First Reading

Senator IAN CAMPBELL (Western Australia—Manager of Government Business in the Senate) (9.36 a.m.)—I move:

That the following bill be introduced: A Bill for an Act to amend the Torres Strait Fisheries Act 1984, and for related purposes.

Question agreed to.

Senator IAN CAMPBELL (Western Australia—Manager of Government Business in the Senate) (9.36 a.m.)—I move:

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

Question agreed to.

Bill read a first time.

Second Reading

Senator IAN CAMPBELL (Western Australia—Manager of Government Business in the Senate) (9.36 a.m.)—I table the explanatory memorandum and move:

That this bill be now read a second time.

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

Leave granted.

The speech read as follows—

The purpose of this bill is to amend the Torres Strait Fisheries Act 1984 so as to allow for the Chairperson of the Torres Strait Regional Authority (TSRA) to be appointed as a full member of the Protected Zone Joint Authority (PZJA).

The PZJA is the joint Commonwealth and Queensland body responsible for the management of traditional and commercial fishing in the Australian waters of the Torres Strait Protected Zone. Under current arrangements, the PZJA is made up of myself, in my role as Chair, and my Queensland counterpart, the Minister for Primary Industries and Rural Communities.
As recognised in the Treaty ratified between Australia and Papua New Guinea in 1985, the people of the Torres Strait have a unique relationship with the aquatic resources of their region. For thousands of years, members of their community have lived from the sea and their contemporary culture remains firmly rooted in these strong maritime traditions.

These cultural, social and economic ties are also recognised in the existing Torres Strait Fisheries Act, which under Section 8 specifically requires the PZJA to administer the Act with regard to the “traditional way of life and livelihood of traditional inhabitants”.

In light of these strong connections and the unique legislative framework for fisheries management in the Torres Strait, the Commonwealth and Queensland Governments have agreed to strengthen the involvement of Torres Strait Islanders in the management of the area's fisheries resources by appointing the TSRA Chair to the PZJA as a full member.

As a full member, the TSRA Chair will be involved in all future decisions on the management of the Torres Strait Protected Zone fisheries and will enjoy similar powers to those of the other PZJA members.

This bill contains the necessary administrative amendments to give effect to this appointment.

It should be noted that as Chair of the PZJA, the Commonwealth Minister will retain certain select roles and responsibilities that will be distinct from the other two members. Additionally, as the joint authority is established by an arrangement entered into by the Commonwealth and Queensland Governments, the TSRA Chairperson will not be empowered by the Act to terminate the PZJA arrangement.

I consider that this appointment will be a significant step in realising the long term aspirations of the islander people to have a greater role in the management of the region's aquatic resources.

Ordered that further consideration of the second reading of this bill be adjourned to the first day of the next period of sittings, in accordance with standing order 111.

NATIONAL HEALTH AMENDMENT (PHARMACEUTICAL BENEFITS—BUDGET MEASURES) BILL 2002

First Reading

Bill received from the House of Representatives.

Senator IAN CAMPBELL (Western Australia—Manager of Government Business in the Senate) (9.36 a.m.)—I move:

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

Question agreed to.

Bill read a first time.

Second Reading

Senator IAN CAMPBELL (Western Australia—Manager of Government Business in the Senate) (9.37 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 implements the decision announced in the 2002-03 Budget to increase patient co-payments and safety net thresholds under the Pharmaceutical Benefits Scheme (PBS).

Current expenditure on the Pharmaceutical Benefits Scheme has grown at an average annual rate of 14 per cent for the last ten years.

In that time it has grown from just over $1 billion ($1.1 billion in 1990/91) to almost $5 billion this year ($4.8 billion in 2001/02).

No responsible Government can allow this to continue if Australians are to continue to enjoy universal access to medicines into the future.

Since 1996, the Howard Government has added many new items to the PBS at a gross cost in excess of $1.5 billion. Each and every one was recommended by a committee of experts, the Pharmaceutical Benefits Advisory Committee (PBAC), and represents a sound investment in the health care of all Australians.

In the not too distant future it is quite possible that a single medicine for the treatment of a common condition such as arthritis or diabetes will cost taxpayers $1 billion in a single year.

Right now, the PBAC is grappling with a potentially life-saving medicine that costs as much as $50,000 per patient per year.

The Howard Government is committed to ensuring Australians can continue to have access to subsidised medicines under the PBS. However, if the PBS is to continue to provide access to subsidised medicines, just as it has for the last fifty years, we must now put in place measures that will keep it affordable.
Even with the announced increases in co-payments consumers will be contributing just one-fifth of the total cost of the PBS, or around $1 billion a year.

The Inter-Generational Report shows that if growth continues as it has, in forty years the PBS could cost taxpayers as much as $60 billion a year.

Securing the future of the PBS requires a whole of community approach.

We are asking consumers to make a small contribution. For a concession card holder, such as a pensioner, self-funded retiree or low-income family, it will mean a maximum additional contribution of $52 per year.

For general consumers the co-payment will increase to $28.60. However, almost one in five of all prescriptions for medicines listed on the PBS are priced below the current general co-payment. Consequently, general consumers will pay no more for these medicines as a direct result of the changes to take effect from 1 August.

Many of these are common medicines such as Ventolin for Asthma, the contraceptive pill for birth control, Panadeine Forte for pain control, Voltaren and Feldene for arthritis, Augmentin for infection and Tenormin for high blood pressure.

The safety net is also in place to protect people who use a lot of medicines. Every Australian can qualify for the safety net.

Once a concession card holder reaches 52 prescriptions in a calendar year they pay nothing for their medicines for the rest of that year. Importantly, this same threshold applies to families so, for example, a low-income family of two adults and three children with a concession card enjoy a very significant benefit.

Importantly, the safety net does not just apply to people with a concession card, which means for general users from 1 January next year once they spend $874.90 on their PBS medicines in a calendar year they will pay the concessional co-payment for the rest of that year.

The PBS is a world-class scheme and very generous but securing its future requires a whole of community approach, and we will be working together with doctors, pharmacists, pharmaceutical manufacturers and patients to ensure Australians continue to have access to the medicines they need.

Senator CHRIS EVANS (Western Australia) (9.37 a.m.)—I rise to speak on the National Health Amendment (Pharmaceutical Benefits—Budget Measures) Bill 2002 and to indicate on behalf of the Australian Labor Party that we will be opposing this bill and opposing it on the second reading. Hopefully, as a result, the Senate will make the decision to defeat this bill. I want to be very clear about this: the government’s rationale for this bill bears no relationship to the content of the bill. The Labor Party has been and remains committed to reform of the Pharmaceutical Benefits Scheme and to improvements in how that scheme operates so it can continue to deliver positive support for Australians in managing their illnesses. It has been a tremendous scheme, it is the envy of many comparable schemes across the world, and we are committed to maintaining the PBS and the support it provides for the health needs of Australian citizens.

This bill does nothing to support the PBS and it does nothing to reform the PBS. This bill is about the government’s budget bottom line. This bill is about the government taking back $1.1 billion in savings by making Australian families and pensioners pay more for their prescriptions. That is what this bill is about and that is why the Labor Party opposes it. This is not about reform of the PBS; this is not about making more drugs available to Australian citizens at reduced costs. This is a measure determined in the budget settings to add $1.1 billion to the government’s bottom line. As a result of this measure, Australian citizens will pay $1.1 billion more in contributions to prescriptions next financial year than they otherwise would have. I will outline that there is no mandate for such changes, there was no discussion prior to the election and there is no rational justification for those measures. They will do nothing to reform the PBS.

The government’s contention is that somehow, by increasing the price that a consumer pays—the price of the copayment paid by Australian families and pensions—the PBS will be more efficient. That defies logic. There is no justification for that argument. All this measure does is increase the price to Australian families and pensioners and increase the size of their contribution to the cost of the scheme, and in the long term it does nothing for the greater efficiency of the PBS. Government officials admitted as much
at Senate estimates, and I will go to some of those arguments later.

We also have to see this measure in the light of the GST. We were told as part of the GST debate that the cost of pharmaceuticals would be reduced, that pharmaceutical companies would pass on to the Australian public—to the families and pensioners who pay for their scripts—a reduction in the cost of pharmaceuticals when the GST was introduced. If you like, that price reduction in pharmaceuticals was built into the compensation package. The government calculated the savings that would flow to Australian families and pensioners as part of its GST package. We learnt a couple of months ago that those savings have not been passed on. The government estimated that, over a four-year period, it would recover $288 million in savings from the GST from pharmaceutical companies, but we now know that those savings will only be in the order of $40 million over four years. That is $250 million more in costs to the scheme and to Australian families and pensioners that it was promised would not be there.

These savings were to be passed on; the savings in the costs to the PBS were to be factored in to the scheme and deliver the benefits to Australian families that were promised as part of the GST package. We now find that, on the one hand, those savings are not to be delivered—the government has done nothing to adequately follow up and deliver on its promises to Australian families and pensioners about those savings—and, on the other hand, in the budget suddenly they are to be slugged $1.1 billion to pay these extra pharmaceutical costs. The duplicity is doubled, if you like: the savings are not delivered, and there are increased costs that were never spoken about in the election campaign and were never part of the government’s mandate.

This bill seeks to increase the general patients copayment by 28 per cent, from $22.40 to $28.60 per prescription, effective from August, and the safety net threshold payments are to increase from $686.40 to $874.90, effective from January 2003. This represents an extra $190 per year for the cost of essential medicines and an extra $6.20 per script. That is $6.20 per script for families with young children, who often have to get a number of scripts at once. That is quite a large increase—almost a 30 per cent increase—in the cost of the copayment, a burden families will find very hard to bear and which, over a year, will work out to a maximum of $190. Concessional copayments are also set to rise by about 28 per cent, from $3.60 to $4.60, and the safety net threshold payments are to rise from $187 to $239. That is a rise of $1, which will have an impact of $52 per year for up to one million card holders and pensioners.

The government has been quick to say, ‘Well, it is only $1 a script and that is not much,’ but I took the liberty of checking the age pension rates before coming in today to confirm the latest levels. We have to remember that, when we are talking about concessional copayments, a lot of the people affected are on incomes of $210 per week. So, when we talk about $1 per script or a maximum of $52 a year, we have to put it in the context of about 25 per cent of one week’s income. While for members of the Senate and people on higher incomes $1 per prescription may not sound a lot, for pensioners who have to budget very closely, who have to watch every dollar they spend, that is clearly a substantial increase and it will affect their standard of living and their decision making. One of the things we learnt during the GST debate and the inquiries that followed is that many pensioners measure every dollar they spend, calculate quite carefully and make what they see as rational decisions with the very limited funds they have. I will speak later about my concern that some pensioners may make decisions not to seek medication because of the costs involved, and the impact that will have on our health system.

These are important and large increases. We calculate that over 300,000 Australians and families in the general category will pay the extra $190 per year. We have calculated that the copayments have increased 70 per cent since this government took office. When Labor left office, pensioners were fully compensated for their pharmaceutical costs through the pensioner pharmaceutical allow-
ance. From August, under this measure, they will be $1.70 worse off each time they fill a prescription, or $88.40 per year worse off, compared with in 1996. So this government has a record of increasing the burden, particularly on those least able to pay—on the poorest, the sickest and those in the most difficult financial circumstances. This is another whack. It is another whack that they cannot afford, it is another whack they were not told about and it is another whack that I believe the Senate should protect them from. This is unjustified violence on those people. It is going to affect their health, it is going to affect their standard of living and it is not justified by the arguments the government puts regarding reform of the PBS.

We agree that it is sensible to have a proper public policy debate on the merits of growth in the PBS. We have to have an intelligent debate about how we manage those costs, how we prioritise how we spend the money. We do support a number of the budget measures that go to trying to provide more efficiency in the PBS, and we welcome those. We have also made a range of suggestions to go further. A couple of things in the budget picked up Labor policy that we have been arguing for some time would reform and improve the PBS. We ought to be having the debate about those measures; we ought to be having the debate about how we make the PBS deliver most efficiently for Australians. But, as I said, that is not what this bill is about.

On the key arguments for opposing the bill, the first thing to say is that the government are asking us to vote for a 30 per cent increase in the cost of essential medicines—a 30 per cent increase in the cost to pensioners and families. We think that is an unjustifiable increase, that it is beyond what is reasonable and that it is certainly not in accordance with anything the government had said prior to the election about their policies. It is also true that this increase is not supported by the best evidence about best medicine or best health outcomes. It is purely about the budget bottom line and how the government could raise some extra money to deal with their problems in maintaining a surplus because of the waste that occurred in the last year of their last term, including the enormous expenditure on advertising. If they had been a bit more responsible then, the pensioners and families of Australia would not be getting belted now.

The true rationale for this bill is to restore the budget bottom line. At Senate estimates the other week we got the evidence that, in fact, 50 per cent of the $1.1 billion to be realised over four years will come from pensioners. Half the revenue saved from this measure will come from those people who are concession card holders. We support a $550 million of the savings will come out of the pockets of Australia’s pensioners: a $550 million slug on Australia’s pensioners, who were promised a drop in the cost of medicine as a result of the GST. The government did not deliver on that $250 million in savings, but now, in addition, there is a $550 million increase in the costs. Quite frankly, that is unjustifiable. It is not supported by argument and we believe it is a very unfair measure.

The other thing I want to refer to is a recent study by the Columbia School of Business, which found that each dollar spent on pharmaceuticals saves $3.65 down the track. That is, there is an argument that money spent on pharmaceuticals has a net health benefit, that encouraging people to attend their GP and to take prescribed medicines actually saves money further down the track. I think that is starting to become better established as an argument. So when the government points to a saving in pharmaceutical cost, it has got to be put in the context of what the impact on total health costs might be.

It would also be remiss of me not to point to the impact on the PBS of a couple of celebrated listings of new drugs which occurred in the last days of former Minister Wooldridge: Celebrex and the antismoking drug Zyban. I do not want to go through all the history today—I do not have the time—but clearly those two decisions added considerable cost to the PBS. Better management of those decisions, taking proper advice without meddling in the PBS authorities, as
the former minister did, might well have seen the costs of those drugs not blow out in the way they did. The surge in costs last year was largely driven by those two drugs, in particular by Celebrex, which former Minister Wooldridge at the time said was sustainable and offered real public benefit, but which is now a problem. Better management of the processes for listing of new drugs could, I think, have saved us from a lot of that blow-out and indicates that we ought to be dealing with those issues and those problems by controlling those costs rather than whacking pensioners and families with extra charges, which will do nothing, in the long term, to deal with those problems.

There is real evidence that increasing the cost of the PBS will lead to larger health costs down the track. There is evidence that it will affect people’s behaviour in the short term. One of the issues I want to turn to in the time left to me is the evidence of the health department officials at Senate estimates and the evidence from around the world that a price hike in the PBS will have a short-term impact on the level of usage. People will respond to the change in price. I seem to remember that from my dark days of studying economic theory many years ago. We all understand that, if you make the drugs more expensive, people will have to pay more and it will affect their behaviour. The cost impact will particularly affect those on pensions et cetera, those low-income earners, from taking their drugs or filling their prescriptions. It will affect their behaviour. As we know, 80 per cent of prescriptions are for people on concession cards.

What we are saying, if the government’s logic is followed, is that we will take a decision which will stop those people using as many drugs—drugs that are prescribed for them by their doctor under strict conditions on the basis of medical need. In other words, we are encouraging them not to do what is in their best health interests. We are taking a measure which will force them or encourage them not to act in their best long-term health interests and to stop filling prescriptions and taking the drugs prescribed for them. This will, of course, lead to deterioration in their health and result in further costs to the health system down the track as they let their illnesses go too far and require hospitalisation or more expensive drugs when their conditions get more serious. So there are those dangers to the health of low-income earners that flow from these decisions, which will see a short-term impact in consumer behaviour.

The one thing we know from previous price increases is that—and the government admitted it at the health estimates—in the long term it will not change behaviour. After a short plateauing of the impact of a price increase, the growth in the PBS will continue unabated. These measures will do nothing to stop the long-term growth in the PBS. They will have a short-term impact on people’s behaviour which will have poor health outcomes and will put people who are least able to afford it under enormous financial strain.

In the long term, the growth in the PBS, which is what the government says it is trying to tackle, will not be tackled by these measures. We have been asked to support the idea of pain for those least able to afford it in our community while acknowledging that the measure will have no long-term impact. You have to ask: why should we do that? Why should the lowest income earners in Australia suffer pain and have their health outcomes adversely affected in order to give the government an extra billion dollars in revenue when in the long term it will not contribute at all to the reform of the PBS? Life will go on as normal after a short lull, and the rises in costs and the pressure on the PBS will continue.

As I said, Labor are more than happy to tackle the issue of the reform of the PBS. We have made a range of suggestions and we have supported a range of government initiatives. We have to start tackling a range of those issues. Putting the real cost of drugs on the packets is an important initiative. Dealing with the abuse of advertising and the schmoozing of doctors by pharmaceutical companies to use their drugs is one of the issues that we really have to deal with as well. I am not sure whether ‘schmoozing’ is a parliamentary term; I hope it is. I am trying to think of something appropriate. We have seen real abuses of the power of pharmaceu-
tical companies when dealing with doctors that lead to costs to the taxpayer. Some of the practices of giving golfing holidays and other inducements to use drugs have no place in our health system. They have no place in a rational debate about proper allocation of resources in our health system. We have to deal with some of those issues. I am pleased to say that some of them have been picked up in the other budget measures—Labor have endorsed those. More needs to be done. We have put up some suggestions which would help to that end. It is disingenuous to suggest that this measure helps with the reform of the PBS, because it does not.

I also want to make it very clear that there was no mention of this in the coalition’s health policy at the last election. For the Treasurer and the Prime Minister to be out there saying that they have a mandate for these measures is complete nonsense. The theory of having a mandate is pretty tenuous at the best of times, but when you do not actually mention it in your policy during the election and then claim a mandate for it I think it is the height of gall.

Labor are dead opposed to this bill. We will oppose it at the second reading stage. We do not think it offers anything constructive in the reform of the PBS. It is a slug on those least able to afford it in our community: families who are under financial pressure, and pensioners. It is really just an attempt to improve the government’s bottom line. We think there are other ways of gaining revenue that are far fairer and far more just and which would not result in an unfair slug on those least able to afford it. (Time expired)

Senator LEES (South Australia) (9.57 a.m.)—I want to begin by stressing that we should not be looking at the PBS as a separate silo out there in the health system with the doctors stacked beside it, then the specialists, hospitals, specific services and then, maybe, Aboriginal health services et cetera. They are all part of the one health picture. So for Treasury to step back from the health portfolio and see over there a silo with PBS written on the side of it and say, ‘That looks quite large. We’ll just lop the top off that and get people to pay more so our costs are reduced,’ shows that there has not been any real thought or any real priority given to the health of Australians. If we just tackle the PBS in this way, costs are going to blow out elsewhere.

The evidence is quite clear that higher and higher copayments that start putting drugs out of the reach of those who are chronically ill and have a number of scripts to fill at any one time will result in them avoiding the doctor altogether, putting off their visits to the doctor or not filling all or some of their scripts. The most likely area that will be affected will be our public hospital system, where people with chronic illness end up and where they may decide to go because there is a better opportunity to get lower cost medications. This is basically another example of cost shifting from the Commonwealth to the states because, by and large, it is the states that pay for the public hospital system. I guess for the federal treasury that really is not too much of a worry as that silo is over there under the heading ‘state and territory governments’.

As for the issue of mandate, I want to argue very strongly that the mandate that this government has is to get a high-quality health service. That is what Australians expect. There is certainly no mandate to simply increase, at this rate, the cost of pharmaceuticals. Indeed, the government has a responsibility to see that the Pharmaceutical Benefits Scheme is sustainable into the future, but to do this in such a cold and irresponsible way is something that I think most Australians find unpalatable.

The particularly large increase in the general copayment of $6.20 is going to impact on people on the margins of eligibility for a health care card: low- to middle-income families, particularly those with children, some of whom may have a chronic illness or disability. It is most unreasonable to ask them to put their hands in their pockets, probably for over $100, for a couple of scripts if a couple of kids are sick.

Over the last 10 years, outlays on the PBS have certainly grown—by around 13 per cent on average. We had a much higher than expected jump last year—over 17 per cent—and that needs to be analysed and taken
apart. We need to look at the particular drugs involved and what happened there, and I am going to talk a little more about this in a moment. We need to talk about information access as far as doctors are concerned, we need to look at marketing practices by the drug companies and we need to acknowledge that at least 50,000 retirees were added to the system by this government. I am not complaining about that. I think it is a very positive initiative that retirees who look after their own retirement are given access to health care cards. But it has to be acknowledged in the budget processes and it has to be expected by the government that, in areas such as the Pharmaceutical Benefits Scheme—we know that older Australians are quite heavy users of the scheme—this will have an impact.

It is nonsense to say that there is a crisis. It is not a crisis. If you look around the world, international comparisons show that the percentage of our whole health spending on medications and the prices at which we can purchase those medications from the drug companies are below the world average. In other words, the PBS is doing a good job of keeping prices down. The Democrats have a strong commitment to the PBS and a strong desire to see it fulfil its objectives—not just be used as a means of removing some of the cost burdens from other decisions in the budget. The increasing copayments and the magnitude of these proposed increases are likely to move the PBS away from its key goal—that is, ensuring affordable, equitable and timely access to medications for all Australians who need them. I believe that the budget decision was not based on evidence. I can find no evidence at all—certainly no consultation with consumers or those involved in the health care system, from pharmacists to doctors and other stakeholders—of any real discussion of this measure. It is simply a Treasury measure rather than a Health measure.

It must be stressed that copayments are not a means of funding the PBS. They are there to provide a price signal to consumers to encourage appropriate use and the understanding that the drugs are valuable. If the PBS needs more money to improve health outcomes, we need to look at alternative sources. We need to have a debate. Do we look at the taxation system? Do we look at an increase in the Medicare levy? Do we look at capping or means testing? It all needs to be discussed and debated at a community level. The priority in making any changes to the PBS must be the health of Australians. I think we have to have that independent evidence in order to understand what is best practice. There is too much focus in the recent budget on short-term savings for the Commonwealth rather than health outcomes or savings in other areas if the medications are used appropriately. Treasury has totally overlooked the benefits and the value of the PBS, choosing instead economic outcomes.

We can look through the rest of the budget, specifically on PBS issues, we can see what is already being done to improve prescribing, we can look at other measures that are yet to be done, and we can see that there are some real alternatives. None of these is going to produce the magic, huge amount of money that the government seems to be looking for, but each in its own way will make small savings, and the total amount of savings is potentially considerable. Let us look at one of the positive moves that has already been made by this government: the establishment of the National Prescribing Service in 1998. Its basic aim is to ensure the quality use of medicines. It works with general practitioners, hospital based doctors, pharmacists and drug companies to keep them in the loop. However, the National Prescribing Service needs some additional support. There is $20 million in this budget to give it additional resources to get more timely information out to doctors. Doctors need far better information more quickly about drugs that are about to come on to the Pharmaceutical Benefits Scheme.

With Celebrex, we saw that it took some six months to get information onto doctors’ desks about why it was being listed, what specific illnesses or indications were needed in order for patients to benefit from this drug and who were the most suitable patients. A huge amount was prescribed in that lag, but that was because doctors did not have all the information about who this drug was specifi-
ally going to benefit. So we need better links between the National Prescribing Service, the Pharmaceutical Benefits Advisory Committee and the state health ministers relating to the quality use of medicines.

We need to look again at the process of discharge from hospitals and proper discharge planning as far as pharmacy is concerned. That is something I will be taking up further with the health minister. We should also be looking at how the hospitals have very successfully shifted large slabs of their pharmaceutical costs over to the Commonwealth by giving patients only a couple of days medication when they leave hospital. The states have made substantial savings. I know that the Commonwealth has already been discussing this issue with them, but it all seems to have ground to a halt. There was no acknowledgment by Treasury when they lopped an amount of money off the PBS that some of the growth of the PBS was a result of cost shifting from the states. Another positive the National Prescribing Service is involved in is with medical students, where they are working with the universities and making sure that the doctors in training have adequate training about quality use of medicines and the place for medicines in the process of working with patients.

We see some positives in the budget. Some things are already being done—for example, the swiping of the Medicare card. All of us now, when we appear at the chemist with a script, have to produce our Medicare cards. Apparently that has been reasonably successful but it is too early to assess exactly what that is telling us—I mean, has that really saved money? Are we making sure that only those Australians entitled to medication are receiving it, that we do not have leakage whereby those who are visiting us for some time and making use of what is one of the best systems in the world to stock up on medications to take home with them? Some work has been done on that but there is still more time needed to assess how successful some of these later measures have been. Doctors need extra support when looking for targets or outcomes from particular medications so that they can assess whether or not patients are benefiting, whether there is anything else that can be done or whether other medications can be used rather than just writing out the script.

The Pharmaceutical Benefits Advisory Committee is a body that has been working very effectively in ensuring that those drugs coming onto the PBS are cost effective. I stress this point because the Treasurer has basically suggested that, if we all vote against this at the second reading—which we certainly plan to do and apparently the Labor Party plans to do, which therefore means it will not even get into the committee stages—the government will decide not to list new drugs. He is saying to the community that the government will not list new drugs but in fact new drugs can only come on if the drug company can prove that they are cost effective. This could mean there are savings in other parts of the health system—perhaps in public hospitals in terms of the number of bed days needed, or savings by way of reduced need for other medications or other forms of treatment, or perhaps reductions in the number of visits to GPs and specialists. Drugs are already evaluated very thoroughly by the PBAC.

Drug companies will tell you that, while they are involved and there is some transparency, they some times get quite grumpy with the PBAC. They do not believe that everything is considered before their drug is rejected. I know there is going to be more work done to make things even more transparent. Drug companies know they are under an enormous amount of pressure. They are kept in the loop and they are allowed to comment but, ultimately, the PBAC makes a decision about whether or not that drug is worth listing. For the government to suggest that it is going to step in over the top and make political decisions about whether or not a drug can be listed, when all the work about cost effectiveness and value has been done, I think is absolutely irresponsible.

As we look through some of the measures yet to come, I want to talk about the lifestyle script. It is a process that I had hoped would be in place by now. I have talked with previous health ministers about this issue. There are various forms of paperwork and various pieces of information people can take home
from their GP, but I think we can do some more work on pulling all of this together. The lifestyle script means that the doctor would have on his or her desk a second script that looks very much the same as the one you now take to the pharmacist but the second one will give you a raft of other alternatives. It may direct you to a video.

The health minister herself had some excellent ideas regarding some of the additional information patients might need. This will actually save the doctor time. It means that rather than him or her sitting with a patient going through the implications of a diagnosis—say, for someone who has been diagnosed with diabetes—they can be referred to other material. In a subsequent visit—when they come in for their medication or for support—the doctor can ask questions about what they got out of the material they read or viewed. There is material available now—for example, the recent campaign relating to the use or not of antibiotics for people who have the flu or a virus, where they are proven not to be effective—on alternatives to drug treatment for people. Already, with some drugs, people are required to do other things such as undertake antismoking courses. Those lifestyle scripts can also be used to instruct people to go through that process.

I think it is very important that a lot of what the doctor says in a consultation has some specific directives in writing to other material. A lot of us, I am sure, do not remember everything our doctor tells us, particularly when it comes to children. I think it is very valuable that people have a piece of paper that they can take home with them that directs them to specific lifestyle issues. I know as a former physical education teacher, I would have liked to have written some of those for my students, guiding them to exercise rather than to spending their afternoons in front of television sets.

There is a lot more to be done, and there is community debate to be had especially if, at the end of the day, with all these measures we are undertaking, with all the additional supports for doctors and with all the additional improvements to prescribing we still see an exponential growth in the cost of drugs. Remember, the drugs coming on now that are getting more and more expensive are often the ones for people who had illnesses that they just had to live with in past times, whereas now they can get back into the workforce and off their disability support pensions. These drugs are expensive and the cost of them will steadily increase so now is the time to have the community debate.

Firstly, we ask the community the simple question, ‘Do you want to pay more for drugs or not?’ If the answer is no, then we are going to have to see some constraints, and we are going to have a look at how many drugs we list. New Zealand has already done that. They have decided on a two per cent maximum increase in the cost of their scheme, and that is leading to many New Zealanders now not being able to access the newest range of drugs for things such as Alzheimers and, I understand, the latest round of drugs dealing with heart congestion and some of the newer medications for arthritis. But that is a community debate that the community needs to have. If the answer is, ‘Yes, we are prepared to pay more for drugs,’ then I think we need to look at what is the fairest way of doing that. Simply hitting the sickest members of the community is not the way to do that. I believe that given an opportunity to, for example, discuss taxation increases—perhaps looking specifically at the Medicare levy where there is an additional one or two per cent directly put back into the PBS—people could see it was there and why it was there. It is a debate the community has to have, but it has to have it further down the line.

Australia’s health outcomes are generally very good. We all know of specific groups within our communities who do not have good health outcomes, but if you generalise and look at averages you see that our health outcomes are very good. In fact, they are better than most other countries, even countries like the US, that spend a lot more—probably double what we spend—on health. If we then look at why, one of the key answers will be equity—equity of access to the system, and that includes equity of access to medications. This is a major factor in the general good health of Australians and it
needs to be sustained. We cannot have Treasury stepping in, looking for a quick financial fix and setting their sights on an area of health that we know is growing in cost thanks to all the things that I have talked about and that have already been discussed. Treasury cannot just step in and say, ‘Okay, we are going to lop the top off this silo.’ We have to look at what impact that is going to have on health outcomes for all Australians. I want to close by saying very strongly that the Democrats will be opposing this legislation at the second reading.

Senator KNOWLES (Western Australia) (10.16 a.m.)—Today in debating the National Health Amendment (Pharmaceutical Benefits—Budget Measures) Bill 2002 we are talking about the government’s position on increasing the copayment for the Pharmaceutical Benefits Scheme. I have listened to both the speakers who spoke before me and I am absolutely astounded. I am astounded, firstly, because I just heard Senator Lees advocating the possibility of a one to two per cent increase in the Medicare levy and, secondly, because Senator Evans consistently referred to a 30 per cent increase, or a $190 increase, in this measure for people who are non-health care card holders. That is not necessarily so and he should know that. He has been dealing with this area for quite some time and he should know that there are many drugs that do not attract the highest dollar value on the PBS. There are many drugs that are still below the PBS level. There are many drugs for asthma, the birth control pill, drugs for arthritis such as Voltaren and Feldine and drugs for high blood pressure—and there are many more—still below the PBS level, yet we have the Labor Party going out and telling people that they are all going to be paying the highest value. That is just a deliberate misrepresentation of the truth. That is not so.

It was equally interesting to note that Senator Evans actually referred to the fact that 80 per cent of prescriptions are written for health care card holders. He never drew the sequel to that: that the maximum amount that 80 per cent of people can pay is $1 a week. He does not seem to care about watching what is happening with the truth in this debate. Unfortunately, and sadly, nor do the Australian Democrats, because they are on the same little bandwagon. We must remember that it was the Labor Party, when they were in government, who first introduced the PBS copayment and when in government increased that copayment. Now they are somehow saying that this should not happen. The one thing I have noticed in this whole debate that has been lacking from those opportunistic people across the chamber is any mention whatsoever of the true value of a lot of the drugs that we are talking about.

I would like to mention a few of those drugs for which people are going to be asked to pay the princely sum of $28.60. This is just extraordinary. We are talking about high cholesterol drugs for which the true cost is over $60. We are talking about drugs for schizophrenia whose true cost is nearly $220. The true cost of Zyban, a drug to help people stop smoking, is actually $249.51. Health care card holders are being asked to pay $4.60. We also know that it is low-income earners, and invariably those who do qualify for a health care card, who are among the highest smokers in the community. I would have thought that it is in our interest to try and encourage as many of those people as possible to stop smoking; and giving them Zyban for $4.60, when its true cost is nearly $250, I do not think is a particularly bad deal. Some of the drugs for diabetics are at nearly $190 and we are talking about charging $4.60. This is just extraordinary stuff. Then we have drugs for peptic ulcers that are $22.20; they will not go up. We have drugs for asthma that will not go up. Yet the Labor Party and the Australian Democrats keep misrepresenting this by saying that every single drug is going up. I would like to put on the record the cost of some other drugs. Some of the drugs which are used for ovarian cancer—drugs for which we are asking people to pay $4.60 or $28.60—actually cost $2,488. Prostate cancer drugs cost $1,214 and we are asking people to pay $4.60 and $28.60 for these drugs. The true cost of a drug for multiple sclerosis is $1,248. I look at this and I think it is extraordinary that the minor parties think they are going to get
some cheap political points when there have to be measures taken to curb the increase.

The other thing that alarmed me about Senator Evans’s contribution—and I speak, I confess, with a vested interest in this as Vice-President of the Arthritis Foundation of Australia—is that he, and everyone else in the Labor Party, has constantly been critical of the listing of Celebrex. They have spent every estimates quizzing the department and successive ministers about the use of Celebrex. I can only imagine, because of their high level of criticism of both Celebrex and Zyban, that if ever they were to be re-elected to government—God forbid!—they would actually take Celebrex and Zyban off the PBS, because the inference in every contribution that they have made is that it is somehow how the government that has prescribed Celebrex and Zyban. Governments do not write prescriptions; it is doctors who write prescriptions.

I am very mindful as well that, unless there is a capacity for the PBS to be contained, there are people on various drugs for arthritis who will get no relief at all. There is a drug, for example, called Embril. Embril costs thousands of dollars. What the Labor Party and the Democrats want to do is draw a line through Embril forever so that it will never be listed on the PBS because, for cheap political purposes, we are going to let the PBS just run out of control. To have the Labor Party, year after year, estimates after estimates and again today, complain about the extraordinary cost to the PBS of Celebrex and Zyban really flags for me and should flag for the Australian community a very severe warning that this drug and presumably Vioxx—Vioxx is the other drug that is considered to be parallel to Celebrex—will be taken off the PBS by a future Labor government. That is a warning that has to be as clear as a bell. I am quite happy to substantiate my remarks by drawing upon pages upon pages of Hansard where the Labor Party has levelled criticism at the government for the listing of Celebrex. That is a fact that nobody can deny. It is a very disturbing progression for the Labor Party to now be advocating that type of measure.

We have to look at measures that are going to ensure that people do have access to higher quality medicines. I personally think, as do many others, that there should be a question raised with the drug companies about the true cost of medicines. There are too many governments around the world who simply accept what the drug companies say is the true cost of medications and therefore have to pay that cost. I do not know what the true cost of a lot of these medications is, but we are told that they are a certain value and that is what is being paid for. Even with the proposed increases that we are debating today—which are clearly going to be hit on the head just for short-term political gain by the Labor Party and the Democrats—the copayments consumers will be contributing are only one-fifth of the total PBS. It is such a small amount. We have to remember also that, if perchance an individual or a family is on medication that all attract the full rate of the PBS and not on a mixture of some that do and some that are well below it, it is less than one prescription per week before they hit the safety net. Is this particularly unreasonable? I just do not find any of this particularly unreasonable, because I am more concerned about the new drugs that are coming down the track that are going to be better and more efficient for people with serious disease.

We have heard today and in the weeks between the budget and today that there are going to be more people who are not going to take their medication because of the dollar increase per prescription. There are going to be more people who are going to go into the hospitals, there are more people who are going to be costing the states more and that this is just another way of cost shifting. What rubbish! What we will see is more people going into hospitals and needing higher care if we as a country do not take on board the new drugs that are coming down the track. That is something that we have to look at for the future.

We have an opposition group of parties that will simply oppose for the sake of opposing as opposed to looking at it for the future benefit of this country. It has nothing to do with what is best for the country, and
they need to recognise that the PBAC is currently grappling with a potentially life saving medicine that can cost as much as $50,000 per patient per year. The Labor Party and the Democrats have been particularly critical of the PBAC—

Senator McLucas—For good reason.

Senator KNOWLES—and the Pharmaceutical Benefits Pricing Authority really does have to look at the way in which they give PBS approval to drugs. I hear Senator McLucas say that the Labor Party is being critical for good reason. Let us have examples of where PBS listing has been given to a drug that should not be there. Is it Celebrex? Is it Zyban?

Senator Ferris—It is definitely Celebrex!

Senator KNOWLES—It is certainly Celebrex and Zyban where the Labor Party is concerned. There is absolutely no doubt in my mind now that, because they are highly used drugs, they are the two drugs that will come off the PBS under a future Labor government.

Senator McLucas—That is ridiculous.

Senator KNOWLES—It is not ridiculous, Senator McLucas. I have had the displeasure of sitting through all the debates and I can honestly say that I am now exceptionally fearful for those sufferers of arthritis and those who really seriously want to give up smoking.

We must look at this in the context of these expensive drugs. When the PBAC has to look at drugs that potentially cost $50,000 per patient per year, we have two groups of opposition parties who say, ‘Not interested.’ That is a pretty sad indictment, I believe, of where the Labor Party and the Democrats are coming from. Of course, since Senator Stott Despoja took over the leadership of the Labor Party—isn’t that just a Freudian slip!

The ACTING DEPUTY PRESIDENT (Senator McKiernan)—Order!

Senator KNOWLES—Sorry, Mr Acting Deputy President, I know that you will not allow that.

The ACTING DEPUTY PRESIDENT—I know I should not be partisan in the chair.

Senator Ferris—There is a new coalition!

Senator KNOWLES—But there is a new coalition, Senator Ferris. There is undoubtedly a new coalition because what we are now seeing is the Democrats and the Labor Party joining together on everything to knock, knock and knock. And that is an interesting development because this is a measure, I would have thought, the Democrats and the Labor Party—who would one day aspire to government—would have treated particularly seriously.

What we need to also look at is that the general users of the PBS do have the safety net that they can reach with less than one prescription per week. That is an essential part that is being overlooked by all this opposition to this particular measure. It is important for people to be able to look down the track and know that the government of Australia, whatever its colour, is going to be acting in their best interests for their health, not just looking at cheap political point scoring.

People have not got the faintest idea of what they are really getting—I mean, we have the situation where the true cost for drugs for diabetes is $391, the true cost for some asthma drugs is between $52 and $85 and for some other cholesterol drugs that I have not mentioned the true cost is $36 to $125. There is merit in making sure that, where possible, people are given the true cost of the prescriptions they are being given. I do not deny that that may well be Labor Party policy—it would be a stroke of genius, if ever there was one policy that was ever written by them in the last six years that has any relevancy. I think that is a desirable thing.

Opposition senators interjecting—

Senator KNOWLES—Isn’t it amazing?

It is like living in a canary cage here, isn’t it, with so many interjections? They are trying desperately to get themselves off the hook for wanting to axe Celebrex and Zyban from the PBS and also to make sure that people are not going to have access to the expensive drugs of the future. They will do anything to deflect attention from that.
Senator Kemp—It will be one of their rollbacks.

Senator KNOWLES—That is right. It will be very interesting to see the contributions that follow to see what sorts of commitments they can get out of everyone in the Labor Party from Mr Crean down that they will not be axing Celebrex and Zyban and that they will actually come up with a measure for the PBS that is workable and that will allow the future of the PBS to remain sound for future drugs coming down the track. I really believe that this is a measure that the opposition parties should seriously consider. We want a world-class scheme; they want one that lives in the past. We want one that is generous to everybody—

Senator Ferris—And responsive.

Senator KNOWLES—And responsible. Senator Ferris is quite right.

Opposition senators interjecting—

Senator KNOWLES—Hardly. Gee whiz. You would prefer to read Dick and Dora than read Mr Crean’s speeches, I have to say.

Senator Ferris—There is not much difference.

Senator KNOWLES—That is probably true too—there isn’t much difference. But the other thing that the government is very keen to do is to secure its future requirements for a whole of community approach. This is not something that is selective. It is a whole of community approach, and the government is committed to working together with doctors, and pharmacists, and the manufacturers of the pharmaceuticals and patients to ensure that all Australians continue to have access to the medicines that they need. But the cost of some of these drugs that are popularly used is much lower than is being portrayed by the Labor Party. I will be watching this debate with interest to see whether anyone in the Labor Party is prepared to admit that many of the prescriptions that are written today are not for the full cost of the PBS as it stands now, let alone be the full cost for the PBS as it would stand under this measure. The cost of those drugs is not rising so why would anyone say otherwise?

Senator McLUCAS (Queensland) (10.34 a.m.)—I rise today to speak against this unfair legislation. This legislation, if passed, will punish ordinary Australians for the Howard government’s mismanagement of the budget and the health system. This legislation continues the Howard government’s attack on the fundamental principle that every Australian should have access to health care. The government has demonstrated, through its support for private health insurance and the corporatisation of the health care system, that it is actively pursuing a two-tiered health system—in effect, an American-style system, a system that does not care about what your health care needs are but rather the size of your wallet: an un-Australian health care system.

This legislation is not only unfair but also unhealthy. It places at risk the future health of many Australians and, in doing so, it will increase costs to the health system in the long term. John Howard, Peter Costello and Senator Patterson would have us believe that the PBS is at risk from an ageing population. An examination of the facts finds this to be another Liberal myth. Certainly, the population is ageing but the growth in the PBS has been due not to an ageing population but to a blow-out in the prices of medicines, largely due to the mismanagement of this government.

A simulation by the National Centre for Social and Economic Modelling, NATSEM, of PBS expenditure in the year 2020, found price increases to have a much more significant impact on the PBS growth than the ageing population. In fact, management of the spiralling costs of new technology is a much more significant issue in ensuring the sustainability of the PBS than an ageing population.

The PBS is largely a preventative health initiative. Medications provided through the PBS keep people healthy, out of hospital and more productive. Increasing the copayment and safety net, which this legislation provides, will undermine the PBS by undermining the principles that underpin it. They are: firstly, universal access—that is, that it is only fair that every Australian should have access to essential medication; secondly, comprehensiveness—that is, access to a wide range of medications to meet the variety of
needs in the community; and, thirdly, responsible costs to the community—that is, that a drug is not listed unless its benefits outweigh its costs to the community.

A PBS administered effectively and efficiently operating under these guiding principles, is not a burden to the community. In fact, as we all know, it produces benefits to the community and that is why we are increasingly living longer and healthier lives. When the PBS began in 1948, life expectancy for men and women was 66 years and 70 years respectively. Life expectancy for men in 2000 was 77 years and for women 82 years. In 2050, we may well be living for 100 years.

The Australian government, with an ageing population and a declining birth rate, should be doing all it can to keep people healthy and actively making a productive contribution to society for as long as they can. Sustaining the PBS is essential to ensuring a secure future for all Australians into the future. This legislation, however, attacks the universality of the PBS by making medicines too expensive for many in the community and it whacks the consumer for the failure of the Howard government to effectively administer the cost effectiveness of the PBS. And now we have the health minister threatening to not list medicines or to delist medicines if Labor does not pass this unfair legislation. This will effectively undermine the comprehensiveness of the system. We have a government attacking every principle that underpins the PBS.

This legislation will increase PBS copayments by 28 per cent to $28.60 for general patients and $4.60 for concessional patients. The safety nets will also increase to $874.90 for general patients and $239.20 for concessional patients. If you add this together with the cost of this government’s 1996 increases, you have a 70 per cent increase in the cost of essential medicines to families and pensioners. Under these PBS price increases, we risk people self-prescribing. Anyone with children knows that they often get sick together. A working family with, say, three children with ordinary common illnesses is now going to pay up to $85.80 to get the appropriate medication to help those children. That is a lot of money in one hit from the family budget.

I am concerned that families with three or four prescriptions in their hands will stand at the chemist’s counter making decisions about what they can and cannot afford. They will start taking over the role, surely within the province of the doctor, of making decisions about which child’s ailment is more demanding and which medication in fact will be purchased. It is not too hard to see the situation where the prescription for mum or dad will not be filled as the dollars have not quite stretched that far this week—further placing at risk the whole family.

No doubt the government will argue that it is an increase of only a few dollars. But families, the aged and those with chronic illnesses are already struggling to make ends meet. A May 2002 report by Dr Leonie Segal and Dr Iain Robertson from Monash University, commissioned by the Department of Health and Ageing, examined out-of-pocket expenses and copayments for a range of chronic illnesses. Participants in the trial kept diary records of their health spending. Out-of-pocket expenses included non-prescription medications, health equipment, alternative therapeutic products, and the like. They found that the average client in the study of people with significant but not unusual illnesses, like cardiac disease or arthritis, spent an average of $754 a year on out-of-pocket expenses, with many groups spending significantly more.

A sample of out-of-pocket expenditure for those with chronic illnesses found that people with diabetes spent $1,167 a year, people with cardiac disease $775, people with arthritis $768 and, surprisingly for me, people with major psychiatric diseases spent $899 a year for out-of-pocket expenses to do with their health situation. These are not uncommon illnesses. We all know people with these complaints; however, we may not realise how much each of them is already spending on their illness.

Commonsense tells us that those on low incomes will be the most disadvantaged by the government’s copayment increases as they add to these out-of-pocket expenses. But research does quantify these impacts.
The Monash University study, discussed earlier, found that where high copayments must be incurred to access services those on low incomes will tend to underutilise needed care, both reducing their health status and potentially creating more costly needs downstream. There are both efficiency and equity implications of the copayment policy.

Similarly, a 1998 study by Agnes Walker of NATSEM found that those on low incomes were the most disadvantaged when she modelled a 25 per cent increase in the PBS copayment and safety net. She found that general patients—that is, those who are not on health care cards—would spend 8.6 per cent of their disposable income on essential medicines. Given the government is seeking a 30 per cent increase, we could expect prescribed drugs to be costing this group up to 10 per cent of their disposable income.

These people are the people that have been described as Howard’s battlers. These are the working poor with small children at home. No wonder they are battling when they are spending almost $30 a week on essential medicines under this government’s health policies. This legislation clearly undermines the universality principle of the PBS. Under this legislation not everyone will have access to affordable medication. It is not cost effective and it is not healthy.

I do not contest that there are problems facing the health care system and that there is need for reform. To a large extent, though, these problems, particularly as they relate to the Pharmaceutical Benefits Scheme, are due to the actions of the government. Government decisions have systematically undermined the cost-benefit principle underpinning the PBS. This principle requires that when a drug is listed on the PBS, the benefits it delivers in terms of longer term savings to the health system outweigh the costs to the PBS of that medication.

The Pharmaceutical Benefits Advisory Committee, representing independent expertise, has traditionally assessed drugs prior to their listing on the PBS to ensure they meet the community benefit criteria. Under Dr Wooldridge, as we all know, we saw the independence of this committee undermined by the appointment of a pharmaceutical lobbyist to the committee, which led to the subsequent resignation of a number of long-serving committee members.

Last weekend’s Channel 9 Sunday program on pills, profit and public health highlighted the unscrupulous behaviour of pharmaceutical companies when it comes to drug listing. The program questioned claims by pharmaceutical companies that it costs more than $US800 million to bring a drug to the market. The program could find no clear evidence to support these claims. In fact, it showed that 80 per cent of the drugs being listed by the Federal Drug Agency in the United States were clinically no better than drugs that had been previously listed. The program found that drug companies manipulated patent law to keep cheaper generic drugs off the market and used advertising campaigns to manipulate patients and doctors to achieve record profits.

Anybody watching the Sunday program last weekend would have to agree that pharmaceutical companies are not focused on public health outcomes but rather on private profit, yet these are the sorts of people that formerly Dr Wooldridge and now seemingly the Prime Minister, Mr Howard, and Senator Patterson are seeking advice from in making decisions about the PBS. This has resulted in so-called leakage becoming a major cause of the rapid growth in the PBS. It has been estimated that leakage—that is, the prescribing of new and expensive medicines to patients with conditions that are not subsidised under the PBS restrictions for those drugs—costs the government up to $1 billion every year.

Celebrex is a good example. It was listed for chronic arthritis but is being extensively prescribed for injuries not listed on the PBS. This is simply not cost effective. The Howard government does not have any serious policies to combat leakage and the huge impact it is having on the growth in the PBS. In fact, government policy has actively encouraged this leakage. Drug companies know that once they get a drug listed on the PBS they can promote much wider use of that drug than the PBS listing allows. We have seen Pfizer doing this with Celebrex. It was supposed to cost $40 million in its first year of listing. However, Pfizer—the company that
manufactures it—went on a promotion blitz with the drug, costing the taxpayer $170 million in the first year. That is $130 million of taxpayer money going to one of the most profitable companies in the world. Consumers have every right to be angry about this waste of public money, and they should direct that anger at the Howard government.

Dr Wooldridge ignored the advice of the PBAC and listed this drug at a price well above what was recommended and attached no price volume agreement to the listing of Celebrex. Price volume agreements enable the government to control the cost of listing a drug on the PBS, because the agreements discourage manufacturers from promoting drugs beyond the PBS prescription restrictions. It makes sense that, if you sell more of a product, you should receive less for it. In the case of Celebrex, the PBAC estimated the market to be $40 million, so sales beyond this level should have been at a significantly reduced price. In the case of Celebrex, however, Pfizer receives exactly the same amount per packet for every single packet of Celebrex that they sell. This is just one example of the government bungling the PBS. It is a $130 million bungle in just one year.

If the government is serious about controlling the growth of the PBS, surely it should start with the pharmaceutical companies—the most profitable companies in the world—and not the most disadvantaged in the community: the elderly, the sick and those with families. However, previous budget measures to recoup moneys from pharmaceutical companies have been failures. The government estimated that it should have been able to recoup over $200 million in savings from the pharmaceutical companies following the introduction of the GST, as medicines were GST free and therefore supposed to be cheaper. However, the companies failed to pass on these tax savings in terms of lower prices for medicines, costing the government an estimated $280 million in lost revenue.

Unfortunately, we find that the current health minister does not seem to have learned the lessons of the past. In the portfolio budget statements we see initiatives like increased information provision by industry to doctors’. We find out that, in fact, this measure is designed to encourage pharmaceutical representatives travelling door to door, marketing their company’s drugs to doctors, to at the same time tell those doctors what the PBS prescription rules are. This has to be a joke. This is the fox in the henhouse story happening in real life in your own doctor’s surgery. We are to believe that the savings to government are going to be $147 million over four years delivered by the industry providing better advice to doctors. We wait with bated breath. We could not get $280 million out of them in GST savings, so why do we believe these companies will give up one extra cent of revenue through this measure? I say to the government: if you are serious about cost control in the PBS then you need to get serious with the pharmaceutical companies.

The government has tried to imply that we are opposing all their PBS budget-saving measures. This is simply not true. There are approximately $800 million in savings in the portfolio budget statements that we will support. We support those measures at face value, though. We would like to have a look at the detail to ensure that it stacks up, but in general terms we are supportive of those measures. Why is that? It is because these things go to the long-term sustainability of the scheme.

Indeed, at the last election we had a range of policies in this area, some of which the government have taken up in the budget, in whole or in part, and some of which they have not. Some of the suggestions that are in the budget papers include the use of generic drugs where appropriate, stopping pharmaceutical fraud, improving the listing process for new medicines, providing better information and guidance to prescribing doctors and increasing the focus on evidence based medicine. All these things are sensible; all these things we support. We are not opposed to sensible reform of the PBS. In fact, we actively promote it. This reform, however, needs to build on the foundations of the PBS—its three underlying principles of universality, comprehensiveness and cost effectiveness—and not undermine these principles as this legislation would do and as pre-
vious decisions of the Howard government have done.

Senator BARNETT (Tasmania) (10.52 a.m.)—I rise to speak on the National Health Amendment (Pharmaceutical Benefits—Budget Measures) Bill 2002 and to make a number of points in support of the government’s position. I believe that the Labor Party, the Democrats and the opposition parties have made a tragic and unfortunate error in opposing this particular measure. Last year Australia paid $770 million across the pharmacy counter for prescription drugs, while taxpayers chipped in a hidden $4 billion, or 80 per cent of the total cost of drugs. In my home state of Tasmania, I have done some figures and I found that last year Tasmanian patients paid $19.2 million across the pharmacy counter, while taxpayers in the state of Tasmania chipped in $129.6 million. One of the tragic concerns that I have regarding this is the lack of full disclosure. The fact is, when patients come in and pay their $3.60 or $22.40 at the moment, they are not aware of exactly what the cost is. The cost is, on average, $80 per prescription. If the public were more fully informed of that fact, the arguments put by the government would be more strongly applauded and the arguments put by the opposition more roundly and strongly condemned.

The increase in the copayments for prescriptions restores a balance between what the government pays and the contribution made by the patients, to make the cost of their medicines affordable. That is really the key ingredient of what we are talking about here: affordability. We want an affordable outcome for all Australians. The proposal is that, from 1 August this year, concessional cardholders will pay, yes, $1 extra per script—from $3.60 to $4.60—and general patients will pay up to an additional $6.20 per script, which is an increase from $22.40 to $28.60. From 1 January 2003, the safety net for concessional cardholders will increase to $239.20, equal to 52 prescriptions per year at the new copayment rate. This equates to a maximum increase of $52 for a concessional cardholder. That is no more than $1 per week over the whole year for these very expensive drugs, when the average cost, as I say, is $80—a very significant amount. As I say, the Australian public are largely unaware of this. The safety net threshold for general patients will increase from $686.40 per annum to $874.90. Once the concessional patients reach the safety net, further prescriptions are fully paid by the PBS. That is a very good decision. For general patients, once the safety net has been reached, the cost of prescriptions will be $4.60. So that extra rate goes down to $4.60.

This bill aims to improve the quality use of medicines through a range of initiatives to ensure that medicines are prescribed effectively. It improves the rules to ensure that doctors prescribe within those rules. A key ingredient to success is making sure that doctors, the GPs themselves, who issue the prescriptions, actually prescribe within the rules. I think there would perhaps be common ground to support that and to ensure that that is implemented in a proper and fervent manner.

There are some important points to note. The same safety net limit applies to singles and to families. This means that all prescriptions for a family are added together to reach the limit. That is good news. Eighty-five per cent of prescriptions that are issued within Australia are for concessional cardholders. That figure certainly surprised me when I first became aware of it. So let us not hear too much whingeing from the opposition side just to score a cheap political point. The most frequently prescribed medicine, cholesterol lowering medicine, costs the government an average of $80 per script for one month’s supply. That is also quite an amazing point. I will come to some of the figures shortly to explain how amazing and significant the payments by the taxpayer are.

Sadly, there has been persistent misinformation put out in the media by the Labor Party and others about the increases in the patient copayment for PBS listed medicines. The aim of Australia’s national medicine’s policy is to continue to ensure timely access to medicines that Australians need at a cost individuals and the community in general can afford. They are key principles that we as a government support 100 per cent. In the last decade the annual growth of the PBS,
however, has been in excess of 14 per cent. In the last 12 months, it has been around 18 or 19 per cent. This is simply unsustainable. In the last few days and since the budget was brought down, the Treasurer has made that very clear, as have many members of the coalition government. It is simply unsustainable. The report on the future of Australia in 40 years time, which was provided at the time of the release of the budget, also made it very clear that it is simply unsustainable. The cheap political point scoring from the other side is most unfortunate and is providing a tragic outcome for the Australian community. It is important to be aware of the facts, and I will be coming to those very shortly.

The continuing high levels of growth affect the capacity of taxpayers to subsidise new and more expensive medicines. This is something that needs to be stressed. Last year, patient copayments contributed 16 per cent of the total PBS cost of $4.8 billion. After doing a little bit of research to remind ourselves and the public, the interesting facts are that in 1990-91, under a Labor government, the patient copayment was actually 20 per cent of the total PBS cost. So here we have it: now we are paying 16 per cent, and when they were in government in 1991 it was 20 per cent. And they are crying blue murder today. What hypocrisy! What a tragic outcome from their point of view. What lack of consistency in policy development. It is a very sad outcome indeed that they are admitting that, and that is a fact that should make them hang their heads in shame. In summary, from 1 August the cost of prescriptions for concessional patients increases by $1 to $4.60, and for general patients the cost increases from $22.40 to $28.60. Those are the key points.

I would now like to turn to some of the facts in terms of the costs of the drugs, and I declare an interest as a person with type 1 diabetes—insulin dependent—and as a director of Diabetes Australia. First, I would like to commend Senator Sue Knowles, who spoke earlier this morning, for her emphatic and comprehensive professional approach to supporting the government’s position. She is Vice-President of the Arthritis Foundation. She declared that interest, and she stood up for the people with arthritis in this country. She made it clear that the average price of Celebrex, the drug that supports people with arthritis, is $46.92. Of course, concession cardholders will be paying only $4.60. What an amazing outcome. How thankful we should be that we have a health system that can afford that type of outcome. I commend and congratulate Senator Sue Knowles for her great support for people with arthritis in this country and for her constituents in the west and throughout this nation.

Zyban is used for nicotine addiction, and the average price for that is $249.51. Of course it is expensive, and that is one of the reasons for the 19 per cent increase we have seen in the PBS in the last 12 months. What the Labor Party are saying, in determining to oppose these measures, is effectively that those drugs should be pulled off the market and made unavailable to Australian citizens because they are too expensive. You have got a budget and you have got to live within the budget. They should take full responsibility for those people who benefit from the nicotine addiction drug Zyban and for those who benefit from the arthritis drug Celebrex. They stand condemned because of the position that they hold.

I come to diabetes. Let us look at the drugs that are relevant to people with diabetes. There are a range of drugs for people with type 1 and type 2 diabetes. First of all, there are some commonly prescribed medications for people with type 2, at around $42. There is commonly prescribed medication for people with type 2 at $391—I repeat that figure: $391—and yet they are obtaining that for $4.60 or $28.60 under these new arrangements. The sad thing is that they are not fully aware of the cost benefits that are flowing through to them and the sacrifices that the taxpayers of this nation are making. For type 1 diabetes, there is Humilin and also Mixtard, which is the insulin that people with type 1 use; there are other types of insulin as well. This is relevant to me, so I am sharing this information with the Senate. Humilin costs $189.19, so effectively I am paying $28.60 for a benefit of $189.19.
I have recently been in the United States and I can tell you that living with diabetes in that nation is somewhere between 12 and 14 times more expensive than it is in Australia. I am thankful to live in a country such as Australia that has a strong health system. But unless we maintain its sustainability and its affordability, it simply will not remain strong. This is where the Labor Party need to rethink their position, and I really do recommend that they have a rethink. They should reconsider their position and say, ‘We want to stand up for the people with chronic disease and medical conditions and to help them,’ because you know what is going to happen. The trend in health care in this country and around the world is that we have new technology. That is the first thing, and the second thing is that we have an ageing population.

With regard to new technology, do you know what it does? It allows us to invent new medicines and to deliver better health outcomes for Australians and others around the world. That is the good news. The challenge for us is: how do we afford it? The best example that I can think of is again people with diabetes. There are a million Australians with diabetes. It is an epidemic and it is growing fast. Sadly, one out of every two people with diabetes is not fully aware of it. For those with type 2, and that is about 90 per cent, or around 900,000 of those one million people, they can benefit in many ways in terms of new technology. Specifically, there is a condition related to a new drug regarding glitazones. There is a new drug that is being considered that can benefit people with type 2 diabetes. My understanding is based on what Diabetes Australia have advised me, and that is that there are some 100,000 Australians who could benefit from that new drug. That new drug has great difficulty being supported by the PBAC or by the government in terms of being listed on the PBS and available for the general public, because of the cost. The Labor Party, the Democrats, the Greens and those who might be opposing this measure need to think again, because how can we afford these new drugs? We have new technology which allows us to have new drugs, but it comes at a cost. You cannot keep bringing on the new drugs and simply think that you can pull the money out of thin air. Sadly, this is the Labor Party philosophy. They think that the money comes off the trees or out of thin air, whereas we understand that it comes from real people, it comes from taxpayers.

That point was so well made in the last few days by the Treasurer, the honourable Peter Costello. He made the point very clearly and very well that it is simply not sustainable. The 40-year report that was released said that the cost of the PBS over the next 40 years could end up being some $60 billion. In the last 10 years, it has gone from $1.2 billion up to in excess of $4 billion. The figures are just frightening, and I am very concerned that the Labor Party seem to have this head-in-the-sand approach with regard to the cost and affordability of the PBS and how we can maintain it well into the future. I make those points for people with diabetes, but I can assure you that there are Australians—

Senator Ludwig—Make poor people pay.

Senator BARNETT—I did not hear that interjection, but I am happy to take it, because I can tell you that all the arguments on your side are flawed and that you need to do a lot better. The two key trends that we are looking at are new technology and bringing on new drugs. You are saying, ‘We are not going to have those new drugs.’ You will be accountable to those people with chronic conditions that these new drugs could fix or help, or alleviate the pain and suffering for, and yet you say, ‘No, we are not going to have those new drugs on board because there is a budget and we simply can’t afford it.’

I have made the point regarding Celebrex for arthritis and Zyban for smoking. They have been very expensive for the taxpayer in the last 12 months but, if you want those new drugs, if you want a good, strong health system and if you want a system which encourages people to live in a healthier fashion, they go to the PBAC and, if the PBAC ticks them off, they come on board. But we need to be able to afford it, and this is where the Labor Party simply do not follow. These increases are simply unsustainable. Diabetes, for example, afflicts 8.5 per cent of the adult population in Tasmania, we have the highest
proportion of any state in Australia with 8.75 per cent of the population with diabetes—that is an estimated 25,000 Tasmanians. I am standing up for those people, because I know that that chronic condition is still on the increase. Obesity levels are increasing. It is an epidemic already and it is increasing. There is a new drug coming on—and I used a good example regarding glitazones—but we will not be able to afford it because the Labor Party say, ‘No, we can’t allow for these proposals in the budget.’

I would like to speak about a couple of other examples regarding cost. I have said the average cost is $80 per prescription, but there are others. I mentioned that, for diabetes type 2, the cost is $391; for prostate cancer, the cost per private prescription is $1,214; and, for ovarian cancer, there is another drug at a cost of $2,488. Does the Labor Party think that this money comes out of thin air or off a tree? It does not. It comes from taxpayers. They are real, live people, they pay money and most of them have to work hard for that money. Let us take them into consideration as well. We need an affordable system. We are bringing taxes down in this country—with no help from the Labor Party—through good government policy and good leadership.

For high cholesterol, the cost of Lipex or Zocor is $60.86 and for Lipitor it is $59.71. These prices are well in excess of the $4.60 or the $28.40 that is going to be paid under this new proposal. Let us look at a couple of others. I have mentioned Celebrex and Zyban. Another one for depression is Effexor. I am not an expert on these things, but it costs $54.39. For prostate and breast cancer, Zoladex costs $726.08. They are typical drugs that have been supported by the PBAC and that are on the list. They are some of the top 25 highest government cost PBS drugs by generic name for the year ending 31 December 2001. (Time expired)

Senator DENMAN (Tasmania) (11.12 a.m.)—I rise to speak on the National Health Amendment (Pharmaceutical Benefits—Budget Measures) Bill 2002. I wish to express my strong opposition to this bill, as many of my colleagues have already done this morning. One of the outstanding features of our health care system has been the Pharmaceutical Benefits Scheme, the PBS, which has ensured that the best and latest drugs are available to all Australians at affordable prices. This has meant that every Australian who is sick or suffering pain can find comfort in knowing that they can access medicines that will alleviate their symptoms, cure their illnesses or, for some people, greatly improve their standard of life.

While this does not really translate to much when we are healthy, for those who are suffering from depression, arthritis, asthma, high blood pressure, diabetes or many other illnesses this means a lot. It may mean that, with the assistance of medicines, they are able to perform many of the daily functions that healthy people take for granted. This is a feature of our health care system. We should be proud of it and we should protect it, and this is what the Labor Party is doing today. Sadly and unfairly, the Liberal government has increased the rate of copayments on pharmaceuticals by $6.20 to $28.60 and by $1 for concession card holders. That is an increase of 30 per cent—three times the rate of the GST. This represents a huge increase in the cost of medicines, which will place medicines outside the reach of the sickest and the poorest. Medicines will no longer be affordable for all Australians.

These price increases will be far reaching. My colleague Mr Smith, the shadow minister for health, has pointed out that of the 200 million scripts that are written each year, there are about 20 per cent that do not go to the copayment rate. All the others do—the remaining 80 per cent. Most Australians will fall into the 80 per cent and will be adversely affected by these price increases. The consequence of increasing the price of medicines will be ghastly. The President of the AMA, Dr Kerryn Phelps, has pointed out the experience in the late 1990s in Canada where:

... the effects of the increase in co-payments for medicines for social security recipients showed that increased co-payments caused an increase in hospitalisations (194%), doctor visits (22%) and emergency department visits (106%).

Many others have predicted that low-income earners and pensioners will be affected most by the increases in the costs of medicine. The
Council on the Ageing’s chief executive, Denys Correll, has commented:

… almost 90 per cent of people over 65 were on medications, and many residents of nursing homes would now find it more difficult to pay for their medicines.

Australians do not want to place the elderly under financial pressure. ACOSS estimates:

... the $500 million cut to the pharmaceutical benefits will raise the costs of medicines for an average Age Pensioner by $50 a year. In addition to 1.7 million Age Pensioners, this will affect many people with disabilities and chronic illnesses.

As well as age pensioners, independent retirees will struggle if faced with higher priced medicines. Independent retirees represent another group of people who are on a limited income—not always on a limited income but quite often. They have invested their funds and are at the mercy of the financial markets. While this group of people are not relying on the government for a pension, they also do not qualify for a concessional rate of medicines in most cases. However, they do not necessarily have the funds to support an increase of $6.20 each time they need medication. Yet, as we know, many independent retirees are older and, therefore, more susceptible to needing medicines. Some independent retirees will struggle if this bill is passed.

Yet it is not only low-income earners and the elderly who stand to lose from these price increases. Many consumers and members of the medical profession have commented that young families will suffer. It is a common pattern that when one child falls ill, the other children in the family also get the illness shortly afterwards. The higher prescription costs are, of course, much higher when you are paying for two or three children on prescriptions. One of my constituents, who came to see me about this very issue, has stressed that her family would have found these proposed price rises almost impossible to cope with when her family was younger. She has three children, a set of twins and another child, all aged close together. The family has one income. The younger child, a twin who was premature and was a sickly child, was constantly, in the early stages of her life, on medication. This, combined with the medical bills of the other two children and all the costs that a young family faces—education, food, clothing, rent, electricity, water et cetera—placed this family under constant strain. That child is now, fortunately, mainly healthy, but I know the family and I know what a drain it was at that time. This drain was made easier only through the support and assistance of my constituent’s family, and her situation is not unusual. There are many families in similar situations. This constituent expressed to me her fears that for young families this price increase would be too much. She relates it back to families in the position that she was in.

Medicines are not a luxury item and need to be affordable. It is an unfortunate situation when you are placed in a difficult financial position because you need to get your child’s prescription for antibiotics filled. I know that we are now stressing that antibiotics are not always the answer; that is another issue. The government’s PBS price increase will place added stress on young families under pressure. These price increases will also affect people from the disability sector. Those people who are forced from the disability support pension into open employment will have to forfeit their health care card and pay the full price of medicines. People with disabilities often have underlying medical conditions, which may make them more likely to rely on medicines. For these people, the budget has hit them twice.

One of the likely results of these price increases is that people who are reliant on many medicines, and who do not have the extra dollars available, may stop taking their medicines. An article in the West Australian on 7 June referred to pharmaceutical company-funded research which suggested that one in five people would be less likely to get their scripts filled if the costs rose. If people do stop taking their medicines there is a real chance that taxpayers will end up paying for their hospital bills down the track. Comments made by the medical profession suggest that a dollar spent on pharmaceuticals saves $3 to $4 later on health services. Labor cannot support an attack on the PBS that is
short-sighted and does not offer a long-term solution. Contrary to the government’s comments, many organisations also say what the Pharmacy Guild of Australia argues:

… the PBS is not collapsing under its own weight. Last year’s increase of 20% was a one-off, caused mainly by the Government extending PBS eligibility to a further 50,000 seniors, and the listing of Celebrex in particular.

Many people have spoken about the listing of Celebrex.

We must also remember that in the lead-up to the election the government did not mention the Pharmaceutical Benefits Scheme. At that time, the only comments that former health minister Dr Michael Wooldridge made were on how much money the government was spending on the listing of new drugs like Celebrex and Zyban and how Australians would benefit from this—and that is true. But how will Australians benefit when they are now being hit with increased prices that are going to place medicines outside their reach? Australians are being disadvantaged because of the government’s poor management of the PBS. We have been lied to by the government. Labor considers that it is unfair to play games with essential household items such as medicines. It is not good enough to point to the Intergenerational Report—as the government has done—and say that, because we will have this problem in 2040, we will make these unfair changes now and place pensioners and families and many others under pressure.

This is not an insignificant change; this is highly significant. Many people on limited incomes who are already under considerable financial stress simply do not have the funds to support a price increase of 30 per cent. This price increase shows a lack of consideration by the government not only for the situation of so many Australians, especially low- and middle-income earners, but also for the fact that medicines are essential items that are affordable, or at least they should be. Amidst the concerns for the growing costs of the PBS, I think it is timely that we also remember the OECD data. It suggests that the proportion of public health expenditure Australia commits to the pharmaceutical subsidy is less than the average of that spent by Canada, France, New Zealand, Spain, Sweden, the United States and the UK.

We do need to curb the PBS spending, but we also are well placed to do this. Our system is already the envy of many of our international friends. At this point we should be working towards improving our system, not destroying it, and this is Labor’s approach. Labor’s budget reply included constructive suggestions on improving the PBS and I will mention these later. Labor recognises the vital role the PBS plays in our health care system. Labor wants to ensure the long-term viability of the PBS and supports measures which improve the system. However, Labor considers the increase announced in the budget to the price of copayments to be mean and unfair, particularly to the sick, the elderly and low-income earners. Without any justifiable reason for price increases to copayments, Labor must oppose this bill. Instead, Labor supports a more thorough and vigorous approach to ensuring the PBS continues to provide the best and latest drugs for all Australians. In its budget reply, Labor made a number of proposals which committed it to improving the PBS and these include: increasing the use of generic drugs where appropriate, stopping pharmaceutical fraud, improving the listing process for new medicines, providing better information and guidelines for prescribing doctors, and increasing the focus on evidence medicine. I think I heard Senator Lees mention that in her speech.

The long-term viability of the PBS is in everyone’s interests. That is not the issue. The issue is that there are better ways to achieve this price increase to medicines; this is not the only way. Labor has made constructive suggestions which will improve our system and help curb spending. Labor strongly opposes this bill, with the knowledge that the needs of so many vulnerable Australians such as low-income workers, the disabled, young families and, in particular, the sick and the elderly, are being neglected.

Senator HARRIS (Queensland) (11.26 a.m.)—I rise today to speak on the National Health Amendment (Pharmaceutical Benefits—Budget Measures) Bill 2002. One Na-
tion does not support this bill. The feedback that I have received so far about the bill has been quite considerable and less than favourable. Queensland constituents are appalled at the proposals contained in this legislation. Over $1 billion will be slashed from the PBS, adversely affecting the most vulnerable in our community: the aged, the poor and the chronically ill. The bill will result in a $1 per script rise for people who are dependent upon Centrelink payments. This is a big hit for these people. Eighty per cent of all PBS expenditure is on people with concession cards, such as pensioners, the chronically ill and the unemployed. The older people in this group may be dependent upon multiple drugs for diabetes, heart disease, asthma and blood pressure. These measures could result in people not taking their medication, placing a further burden upon our collapsed public health system.

Increasing the copayment does nothing about the total amount the community spends on pharmaceuticals; it merely shifts part of the burden from the general taxpayer to the patient. The $6.20 copayment increase for general patients takes the price to $28.60—more than the MBS rebate for a standard GP consultation. For the first time in Australia, pharmaceuticals or medicines are going to cost more than going to the doctor. General patients could lose subsidised access to approximately 233 drugs under the government’s proposed change. General patients used to pay full price for 53 per cent of the 2,506 different brands of medicine listed on the PBS, because they cost less than the $22.40 threshold at which they became subsidised. This will increase to 62 per cent as a result of the new threshold. Many of the 233 brands which will become full priced include drugs for high blood pressure, anxiety, heartburn and indigestion, cancer, antitransplant rejection and eye infection.

I turn to the deficiencies of the legislation. First, the bill does not address the realities of the PBS. The PBS budget has doubled since 1996, and I agree with the government that something must be done. But the answer is not to increase the cost of pharmaceuticals to the public. The government must address the underlying reason for the increase in the PBS, and that is the immense power of the pharmaceutical industry to influence doctors to prescribe new and more expensive medications. Secondly, the bill does not address the increase in the private health insurance rebate, which has almost doubled in cost—from $1.2 billion to $2.35 billion—since its inception two years ago. If uncapped, this will be unsustainable and is likely to overtake the PBS as the fastest-growing item of health expenditure. Thirdly, the bill does not deliver long-term, positive health outcomes for Australians. The government anticipates that, by slashing the PBS, it will reap $1.5 billion over four years. This is a drop in the ocean in savings when compared with Mr Costello’s Intergenerational Report, which indicates that the PBS will grow to around $60 billion over the next 40 years.

The government has no long-term vision for health care. The measures in this bill are designed to achieve short-term cost savings at the expense of the poor and the sick. As a general rule of policy making, if spending decisions are made on the basis of cost alone, we will be in danger of refusing to buy things of proven value to health outcomes. While recognising that we have to be prudent managers of the PBS, I do not believe the bill will in any way impact upon the predicted exponential increase in the cost of the scheme. The bill is nothing more than a bandaid measure.

The copayment has approximately doubled since the present government came to power in 1996. In most years, the increases have been limited to rises in line with the CPI—that is, two to three per cent—while the cost to government of the PBS has risen by between 10 and 20 per cent a year. The relative share of PBS costs paid by patients has therefore been declining. Restoring this relativity is one of the main arguments in favour of larger copayment increases. The other argument is that it will help to ensure the long-term viability of the PBS. But, unless the copayment is increased by 10 to 20 per cent every year in perpetuity, it will inevitably decline in relative importance. The increase in the copayment will do very little to address long-term cost trends.
I briefly raise the issue of consultation. Neither the medical profession nor consumer groups were consulted about the nature of the cuts to the PBS. The people at the coalface of our national health system and our health consumers deserve to have their voices heard. I draw attention to the overseas experiences with pharmaceutical benefits schemes. As the AMA has pointed out, Canadian research in the late nineties on the effect of an increase in copayments for medicine on social security recipients showed that increased copayments caused an increase in hospitalisation of 194 per cent. Doctors visits increased by 22 per cent and emergency visits were up by 106 per cent. A $1 increase in new pharmaceutical expenditure equates to a $3.65 cut in hospital care expenditure. It leads one to question whether the government has really done its homework on the issue.

The bill does not address marketing, overpricing and profiteering by the pharmaceutical companies in relation to the blow-out in the PBS budget. This is an area that One Nation believes should be investigated urgently. Marketing is one of the key elements of the pharmaceutical machine. Pharmaceutical companies target both consumers and doctors with advertising. This aggressive drug marketing is an enormous business. There is no substantial information available about expenditure in Australia. However, drawing on the US experience, we know that $1.3 billion was spent on drug promotion in 1998—that is double the figure just two years previously. In targeting the consumer, drug companies use advertising, advertorials and press releases about new ‘wonder drugs’. Last year, the PBS budget was blown out by two drugs: Zyban and Celebrex. Why? Because of an aggressive marketing campaign by the drug companies. It was aimed at consumers. People were going to doctors’ surgeries and asking for prescriptions by name.

The marketing of products to doctors and encouraging them to prescribe particular medication is more than just friendly drug reps coming in with their lunches and their spiels. The government needs to investigate the promotional incentives, such as dinners, theatre tickets and holidays, that are proposed to encourage doctors to promote specific pharmaceutical products. The pharmaceutical industry heavily subsidises the most popular prescribing software which flashes advertisements for the latest and most expensive drugs at the doctor when prescribing. Pharmaceutical promotion is a major driver of inappropriate drug use and is a contributing factor to the PBS blow-out. It should be banned from doctors’ computerised prescribing packages. Pharmaceutical promotion is not allowed on government printed script pads. Why should it be allowed on the electronic variety? In addition, promotions should be restricted to PBS listed medications, tax deductibility for drug companies’ promotional expenses should be removed and the industry push for direct-to-consumer advertising should be resisted.

One Nation believes there are several socially responsible steps that can be taken to contain the PBS budget. Doctors should be discouraged from prescribing pharmaceutical drugs which result in volume incentives or maximum returns to pharmaceutical companies. There must be accountability, where doctors are required only to prescribe a drug to the level necessary for a particular medical condition. This requirement should be based upon a combination of the pharmaceutical benefits of the product in conjunction with the symptoms of the patient. The government must ascertain the true cost of development of a drug before including it in the Pharmaceutical Benefits Scheme. We need to examine whether the pharmaceutical companies are using existing product bases as a means of generating enormous amounts of R&D capital for future experiment. To what extent should the PBS be funding the R&D of multinational drug companies? There is also a question of insurance liabilities. What percentage of the cost of a prescription is currently allocated to cover the long-term insurance liabilities that may result from an adverse drug reaction? To what extent is the PBS funding this insurance component?

There is a need for regular reviews of the cost effectiveness of drugs already on the PBS list. We also need to consider subsequent clinical and utilisation evidence. This could lead to a drug’s price or condition of
listing being changed if its actual patterns of use in the community were different than predicted, or if postmarketing evidence showed that a drug worked better or worse in the community than it had in the original clinical trials. There must also be measures to improve transparency in the function of the Pharmaceutical Benefits Advisory Committee. There is an urgent need for increased transparency of the listing process and an end to the culture of secrecy surrounding such important matters. The Australian Consumers Association has pointed out that this will allow important clinical and economic information to inform prescribers' and consumers' education programs, and allow these to be coordinated with the list of new drugs.

There is also an urgent need for greater price competition among generic manufacturers. While new patented pharmaceuticals are usually priced lower as a result of the PBS than they would otherwise be, the schedule provides an artificially high floor for the price of older drugs which are out of patent and marketed by two or more generic manufacturers. In a normally functioning market, the appearance of half-a-dozen manufacturers producing identical products would result in dramatically lower prices. In Australia, the PBS still pays the same amount for a generic drug as it did when the same drug was in patent. There is little incentive for generic companies to compete on price. A further refinement of the pricing system is required.

In conclusion, the bill will result in a net decrease in health spending of more than $1 billion over four years. The measures it proposes will not secure a future and will not control long-term costs of the PBS. The passage of this bill would result in all of the pain being borne by patients and doctors and almost none by the major drug manufacturers.

Senator CROSSIN (Northern Territory) 

(11.41 a.m)—I rise to speak on the National Health Amendment (Pharmaceutical Benefits—Budget Measures) Bill 2002. As we know, the measures in this bill propose an increase in the copayment made by all Australians for essential medicines. This bill proposes that the copayment will rise from $3.60 to $4.60 for pensioners and concession card holders, and from $22.40 to $28.60 for general patients. This measure represents a 30 per cent increase in the current level of copayment made by every Australian for essential medicines. If we take into account the increase made by this government in 1996, under the Howard government the copayment on essential medicines has increased by 70 per cent. On this side of the chamber, we are very concerned about the effect of these increases on the health of all Australians, but particularly on those who will be most affected by the increase—the poorest and the sickest in the community as well as struggling families.

This government has continued to peddle the lie that this measure is tough but fair, and it seems that members of the coalition are relaxed and comfortable about the fact that some pensioners will be paying $52 extra a year for essential medicines. It is obvious, though, that not as many constituents who will be affected by this pass through their doors as those that I see. I speak to many pensioners, and they have raised with me the increase of $52 per year—$1 a week—and, in some instances, it may be more than that. These are pensioners whose incomes are around $210 per week. This increase has to be seen in the broader context of increasing telephone line rentals and where, as in a case in Palmerston last week, we now have doctors who are not bulk-billing and pensioners are being asked to pay $38 up front to see a doctor. This is just one of many increases. Although it is peddled to us that this is only an extra dollar at a time, for pensioners and concession card holders, when it goes with all of the other increases in other areas of service delivery, they see that it does have an effect on their lives.

One of the worst aspects of this bill is the way in which it is being sold as a necessary cost cutting measure to ensure the sustainability of the Pharmaceutical Benefits Scheme. First of all—and let us be clear about this—this bill is not about controlling the cost of medicines; it is about shifting the cost. The Labor Party, of course, is not alone in seeing the proposals in this bill as little more than a short-term cost cutting exercise with the very real potential to adversely af-
fect the health of many Australians. We know that the Australian Medical Association and the Doctors Reform Society have both criticised the move, while organisations like the National Asthma Council and the National Association of People Living with HIV/AIDS have expressed serious concerns that the people they represent may no longer be able to afford life sustaining drugs if the increase to this copayment goes ahead.

As I said earlier, this measure is more about shifting the cost onto ordinary Australians than controlling the cost of the PBS. It is important to note that, of the $1.9 billion in measures related to controlling the cost of the PBS in this year’s budget, more than half targets the end user: that is, the patient, the consumer. If the government were more serious about controlling the cost, it would not be placing the major burden on ordinary Australian consumers: the people who, in reality, have the least influence on the distribution of pharmaceuticals.

Professor Stephen Duckett, who is Professor of Health Policy at La Trobe University, recently gave a presentation about the health budget. In this presentation he spent considerable time looking at what the government was really trying to do with the measures we are considering here today. In his presentation he stated that, if the government wanted to contain the cost of the PBS, it would target four groups: patients, pharmacists, doctors and the manufacturers. He went on to argue compellingly that, if the government were serious about cost containment rather than cost cutting, it would make doctors and manufacturers its major targets in these endeavours and not the patients. It is easy to say that patients are demanding more expensive drugs. However, it is also vitally important to analyse where the demands come from and why. Professor Duckett made the point that an effective strategy for containing the cost of the PBS targets those who have the most influence on consumption patterns and, of course, this means those who market and prescribe drugs. We know, for example, that the pharmaceutical industry spends very substantial sums of money on marketing.

In a recent paper commissioned by the Australian Health Policy Institute, Professor David Henry, who is Professor of Clinical Pharmacology at the University of Newcastle, states that internationally the pharmaceutical industry actually spends twice the amount on promotion that it does on research and development. The marketing done by pharmaceutical companies creates not only consumer demands but also doctor expectation. We cannot lay the blame on consumers for the rising cost of the PBS nor can we expect them to make decisions about which drugs they do or do not take. Taxpayers invest a great deal in training medical practitioners to provide advice on these matters to their patients. So it would have been more effective if the government had put major efforts into targeting medical practice and the conduct of the pharmaceutical industry. The big money in the PBS budget measures targets patients, who will be paying $1.1 billion more for their essential medicines.

We also know that a substantial part of the rising cost of the PBS is prescriber driven. We have heard quite a lot about leakage. This is a phenomenon whereby doctors prescribe drugs for conditions other than the ones for which they are on the subsidised list. This means that, while an expert panel recommends that a drug be subsidised for certain health problems, doctors prescribe it for other conditions where either it is inappropriate or a cheaper or more effective alternative is available. The cost blow-out in prescriptions for the anti-arthritis drug Celebrex is perhaps the most well-publicised example of leakage. This drug is now the fourth highest volume drug being prescribed through the PBS and the second highest costing drug on the scheme. We need to put more effort into ensuring that the money we put into the PBS is used effectively, and better prescribing is an absolutely fundamental part of achieving this.

I want to make a comment here about some of the examples that Senator Knowles gave in her speech. I acknowledge that Senator Knowles is in the chair and this is no reflection on the chair. Senator Knowles made a comment that there are now some asthma drugs that are not on the PBS and that are in fact cheaper. I am assuming that she was referring to Ventolin. This drug is
probably around the $7 mark; you can get it over the counter at pharmacies. You can get it over the counter any day, any hour in the Northern Territory. I notice that here in the ACT they have actually moved to requiring you to have a card so that they can monitor how many times you buy Ventolin. This is the very essence and heart of this speech; that is, that is not what controlling asthma is about. Controlling asthma is not about encouraging people to go into a pharmacy and buy Ventolin over the counter for only $7. I understand that the measure was put in place so that the number of people in this country who die from asthma was limited; that was why that reliever was made readily available. But there are now no regulations on the number of those relievers that you can buy each day. As an asthmatic, I could walk into 10 different pharmacies in Darwin and buy 10 of those inhalers in one day. That is not what asthma treatment is trying to achieve in this country. These days the focus for treating asthma is on using a preventer more than a reliever.

That is the very essence of what this argument is about. It is not about this government trying to ensure that the range of drugs available for certain conditions are used appropriately, and I think that is a measure of this bill that has been overlooked. Being able to access Ventolin over the counter from a pharmacist may well be useful in emergencies but it is not the way that the Asthma Foundation in this country would like to see asthma treated. In fact, the emphasis should be on using a preventer rather than using Ventolin, a reliever, and relying on that more than the preventer. We on this side of the chamber believe that making patients pay for the tactics of the drug industry and the wayward prescribing habits of some doctors is patently unfair. It is also of great concern that, rather than improve health outcomes—which, after all, is what good health policy should be all about—the increase in copayments will have some harmful effects, which I will come to later.

The government has committed to a modest range of measures which target doctors, pharmacy and manufacturers in the cause of containing the cost of the PBS. Overall, if this bill is passed, ordinary Australians will bear the major brunt of the government’s cost saving. Labor believe the government could and should be doing a great deal more to make the industry and the medical profession contribute to a more effective and efficient scheme of subsidised medicines. We have asked the government to consider proposals, including an increased monitoring of the cost and the prescribing of new drugs during their first year of listing, greater scrutiny of industry marketing, and better controls on direct to consumer marketing. We believe that these and other proposals we have put to the government could substantially contribute to containing the cost of the PBS, but so far we have received no response.

As I have already argued today, the objective of this bill is not to contain the cost of the PBS; it is about shifting the cost onto the consumer. The long-term sustainability of the PBS requires a long-term strategy to change the nature of drug distribution in this country. We need to tackle the issue of better information provision to doctors and be less reliant on drug sales representatives to provide drug information. Yet, in this year’s health budget, the government is depending on drug industry advice to doctors to prescribe the new and existing drugs on the scheme, in accordance with PBS restrictions, to bring about $40 million in savings.

As Professor Duckett pointed out during his presentation, the experience in the United States of this approach is not encouraging. When the Federal Drug Administration asked a manufacturer to provide information about the dangers of one of its drugs, they found that only 10 per cent of company representatives charged with the task gave appropriate information, a whopping 75 per cent gave free samples of the drug and the company continued to offer commissions to promote its use.

It is clear that the government sees increasing the copayment as the single most important measure to contain the cost of the PBS, despite clear evidence that doctors and drug companies have a far greater influence on the overall cost of the scheme. The cost saving to the scheme that a rise in the
copayment will achieve is a one-off reduction. It has been demonstrated both here and overseas that increasing the copayment does not affect the growth in pharmaceuticals. What has been observed both in Australia and overseas is that increasing copayments will only produce a temporary reduction in drug prescriptions. The most worrying aspect of this is that the reduction occurs in not only unnecessary drugs but also necessary drugs. My colleagues in the house yesterday reported on the quandary some of their constituents will face if the copayment rises. Of the drugs they are prescribed, which should they choose to take? Which can they no longer afford? Which ones will take priority this week as they stretch the weekly family budget?

This brings me to my next point: the longer term costs brought about by reducing expenditure on the PBS. We all know that many of the drugs available on the PBS prevent hospital and nursing home admissions. The short-term cost saving this government is seeking by shifting the burden onto patients is likely to result in far greater costs on more intensive treatments down the track. If people can no longer afford drugs which treat chronic conditions, they will end up much more sick than they are now and needing far more expensive hospital treatment.

It is fair to say that the government’s position on the growth of expenditure on the PBS is completely negative. It does not take account of the positives of avoiding the more expensive and intensive treatment and care that I have just outlined. The government is simply running the line that the cost of the PBS is unacceptable because it is rising faster than the cost of other health programs. But if the cost of a drug yields equal or greater savings by reducing hospitalisation then it is really a null and void argument.

Much of the government’s gloom and doom reading of the rise in the cost of the PBS has been bolstered by the Treasurer’s Intergenerational Report. Yet the projections on health expenditure in this report are very much open to question. This report tells us a lot that we already know. We know that, for example, there will be a lot more elderly people in 20 years time, and one of the reasons for this is that people are healthier. The projections in the Intergenerational Report assume that the health of people in their 70s now will be the same as the health of people in their 70s in 20 or 30 years time, but the evidence on this is far from clear. There is a lot of literature which shows that, while significant health expenditure occurs in the last years of life, age itself is not a predictor of increased health expenditure. Therefore, it is far from safe to assume that the health expenditure on Australians in their 70s, 30 or 40 years from now, can be based on the health expenditure on people in their 70s today.

The measures in this bill are ill conceived and will not ensure the long-term viability of the scheme, which was the government’s stated aim in introducing this legislation. The government has failed to adequately target measures to the medical profession and the pharmaceutical industry—two of the most critical factors in the distribution of drugs. The measures Labor has put to the government would be far more effective in ensuring the long-term viability of the Pharmaceutical Benefits Scheme than placing the burden on the poor or expecting the sick and families to pay for this. In introducing this bill, the government has seen a solution to its budget bottom line. In taking the short-term view the government has effectively ignored not only the longer term consequences of ill health for those who can no longer afford essential drugs but also the downstream costs in more expensive and intensive treatments that will inevitably flow from this flawed policy.

The Pharmaceutical Benefits Scheme has served this country well for over 50 years. We can justly take pride in its achievement in ensuring that all Australians have had access to affordable medicines. I for one am not prepared to place this fundamental principle in jeopardy to serve the short-term need of this government, which is simply, as I said, to be able to balance its books and to meet its budget bottom line. I am not prepared to buy the line that this bill is about sustainability; it is not. I am not willing to place a dangerous, unnecessary and burdensome impost on the
most vulnerable people in our community. For these reasons, Labor will be opposing this bill.

Senator BUCKLAND (South Australia) (12.00 p.m.)—The National Health Amendment (Pharmaceutical Benefits—Budget Measures) Bill 2002 aims to introduce a 2002-03 Health and Ageing portfolio budget outcome 2, which will result in an increase in the patient copayments for the purchase of drugs that are subsidised under Pharmaceutical Benefits Scheme. This measure, if the government is successful, will result in copayment amounts increasing by 28 per cent: from $22.40 to $28.60 for general patients; and from $3.60 to $4.60 for concessional patients. It is planned to take effect from 1 August this year.

The Labor Party opposes this budget measure ardently, on the ground that it hits hardest on the sickest and the poorest. Since the handing down of the budget, my office has been inundated with letters and emails—and I suspect that this has been happening to most senators—from people who suffer the most. Those letters and emails have also come from those people who care for those who suffer the most. For instance, one of my constituents, a 60-year-old with a disability, has written that his and his wife’s combined chemist bill is around $120 to $150 a month. They also have to pay a health fund cost of approximately $100 a fortnight and a mortgage of $400 a month, their phone, electricity, care cost and rates—all before paying for their food. And this is a person with a disability.

I will quote from a part of this letter. I will not read all of it, because some of the things in it are very sad; this man has suffered greatly, and I do not think I should expose all of that. He does write one interesting thing: I don’t believe you have any idea what interference the government has caused in the past eight or nine months. First of all, they made the vitamin B12 ampoules a pack of two instead of three, which has almost doubled the cost. I’m not allowed to have it on prescription because I don’t qualify, and I have one a week. Next, since Christmas, Citramol tablets have gone from a three-pack, a month’s supply, at $3.20 to a single pack: 1 x 3 = $9.05. My wife has a three-pack a month and cannot go off it as she not only has CFS but has a major depressive condition plus a number of other medications and hangs by a thread as to whether she’s admitted to the Adelaide clinic. So any change in medication can cause an upset which can put her in hospital for a few months at a time. So the specialist will not take her off it and put her on a cheaper brand. That is a demonstration of the fact that being taken off medication can mean you will be hospitalised. So there is a shifting of the cost. The hospital system, as we all know—and I do not for one moment put all of the blame on the federal government for the disaster facing our hospital system—

Senator McGauran—Thank you.

Senator BUCKLAND—Most does go there, Senator McGauran, so do not get too excited. I do not put all of the blame on the federal government, but there is a chronic shortage of bed space, nursing staff and, indeed, medical staff within our hospital system. Going off medication will force people into hospital where we cannot properly cater for them; we will have the additional cost in another sector. We are not achieving anything with what this government is foolishly seeking to achieve with this bill.

This particular constituent goes on to write that he is one of thousands, perhaps one of millions, around Australia who are suffering a similar plight to him and his wife. He writes, ‘I can’t believe that you could with all conscience discriminate against those who cannot afford to live comfortably without some assistance’—such as the PBS scheme, and without further cost being imposed on them through the government’s proposal. He says, ‘We can’t raise more funds as some who work can do’—because those people get annual wage increases as time goes by and might be able to occasionally get some overtime and things like that. This family and many other families are not in that fortunate situation. It seems to me that, by putting forward this bill, the government is trying to shift the blame for the inadequacies in our health system to those who have no control over it whatsoever. You could digress, and I will not digress—

Senator Abetz—Then don’t.

Senator BUCKLAND—I won’t digress but I could go into areas such as how the
government is not adequately looking for opportunities to utilise the skills of those less fortunate than most of us here. Another constituent we have had into the office with a disability said, ‘Being a disability support pensioner I have grave concerns about the Howard government’s proposed attack on the DSP and people who are dependent upon it, and indeed all pensioners and low-income earners. The 28 per cent increase for our medication is going to be very hard on our pockets’—especially for people such as this constituent, who relies on more than one medication because of his medical condition. He says:

We won’t be able to afford all of the medication and consequently will be ailing more with our illnesses and probably need to spend more time in the already overcrowded hospitals and we will be of much greater expense to the government than we are now.

Again, I think that is a reflection of the situation many people are in. I took the opportunity last week to visit a small community in the mid-north of South Australia. The cost of access to health and the dependence of people on health services, particularly those who have retired or who are unable to work because of their medical condition, is really hitting hard because they are quite remote. Indeed, they count on Adelaide as their nearest centre to get outside medical help because there are no bus services to other major centres nearer to where they live. So they have all sorts of difficulties with that, which are complicated by the additional cost of the government’s proposals for the PBS.

The proposed increases in copayment levels, as a measure of cost-effectiveness of the annual cost of the PBS, are quite questionable in my view. I think there are a lot of questions yet to be answered and, hopefully, during this debate the government might try to answer some of those unanswered questions about the costs. It can be argued of course that any increase may have a negative effect, and probably will have a negative effect, on the operation of the PBS, but that is something about which answers need to be given to the Senate.

The PBS is designed to make available medicines that will have cost-saving effects on the use of other health care related resources. I have mentioned two constituents to whom I have spoken who will put a burden on other sectors of the medical system simply because they cannot get easy access and availability to drugs prescribed by their own doctors. There will be further visits by patients to their GPs, which again will put a strain on the system, particularly during winter when the medical staff and doctors are overrun with people who suffer more because of the viruses that become widespread during the winter months. As I said before, it certainly puts a strain on those people in remote areas where they do not have quick and easy access to more specialised medical services. All of that has to be added onto the cost of getting their medication. Many small towns now do not have a pharmacist and there is a need to wait or travel quite substantial distances to get prescriptions. That has to be seen as a real worry. It is a part of this bill and it does not seem to have been addressed at all or to have been taken into consideration at any time.

The reality is that a cost-effective PBS, even when it may be costing more in itself, will still be reducing expenditure in other areas. This is no more than a simple cost-shifting exercise by the government to appear to be doing something when, in fact, it is doing nothing at all. Whilst we may not see the full effect of this in the next three or four years, or even five years, after that I think we will see a dramatic effect on other sectors of the health care industry.

Recent NATSEM modelling based on 1996-97 data observed that a flat 25 per cent rise in copayments would place a burden on the lowest income earners among general patients, making expenditure on pharmaceuticals a high average of 8.6 per cent of disposable income. This applies to those who can least afford such a massive increase. There is also overseas evidence which shows that increases in copayments can result in patients not fulfilling their prescriptions. That is something that is becoming more prevalent also. There is a concern with some people that if they start going and using
things to fix themselves then their families might suffer. There would be more than one person I know who is taking this attitude. Because they have a reasonable dependency level within their families, they themselves avoid getting prescriptions as prescribed by their doctors.

I can remember, only a short time before coming into this place, dealing with a member of my union who was suffering depression. He was having nightmares and was having all sorts of difficulties at home. We pursued that to try to help this fellow, who was becoming aggressive and quite difficult to deal with at work because his attitude had changed, and we found that he had sought medical assistance but that the cost was going to be too much for him as he had two children with chronic needs.

Senator West—And that is on the current regime.

Senator BUCKLAND—That is on the current regime; you are right, Senator West. That was then. Now I fear for his own family, as his wife also now suffers severe depression because of the difficulties they have had raising young children with extreme needs. They are the people I think we should be caring about, but they are the people that the government have not addressed through what they are proposing with this bill.

Apart from the concerns about the potential impacts of copayment rises, there are also questions surrounding the rationale for why the rises should be of the specified amount. This appears unclear. The only true rationale is that it is simply to restore John Howard and Peter Costello’s budget bottom line. I cannot find any other logical reason for it in my reading of anything to do with this particular bill. The budget papers say that the government will save $800 million over four years through a range of structural and administrative changes to the Pharmaceutical Benefits Scheme. Labor will support measures which go to the long-term viability of the scheme—there is no question about that—but the bill as it has been introduced seems to me to be a very short-term fix, and we are at a stage in our history as a nation where we can no longer afford short-term fixes. Despite the heartache that goes with it on many occasions, I think we need to be brave enough to start looking for long-term solutions. This government does not share that view.

The measures that we would support include increasing the use of generic drugs where appropriate. As one who suffers an ongoing infection of a very minor nature, I have found that a generic drug in the form of a cream is in fact the most effective for the condition I have. So there are occasions when we can look at things like that. I think we should be paying more attention to stopping pharmaceutical fraud and improving the listing process for new medicines. We should be providing better information and guidelines for prescribing doctors and increasing the focus on evidence medicine. It should not be a revelation that Labor will support these measures, as we suggested similar measures in our policy at the last election. We had a policy on this. I have to say that I cannot recall the issue of the PBS being raised by the government on one occasion during the last election. (Time expired)

Senator HARRADINE (Tasmania) (12.20 p.m.)—I rise to speak on the National Health Amendment (Pharmaceutical Benefits—Budget Measures) Bill 2002. I have been interested in the comments of previous speakers, and I acknowledge the comments that have been made. Before us is the Pharmaceutical Benefits Scheme measure, which is a budget measure. The Pharmaceutical Benefits Scheme is designed to subsidise safe, effective medicines for all Australians. As has been acknowledged by previous speakers, it is a crucial component of our health system. Along with the medical benefits schedule, it is designed to provide timely access to essential health care for all Australians. It is important for members of parliament to ensure that health bureaucrats and others are accountable in the areas of the medical benefits schedule and clinically relevant services. I asked a number of questions about these matters during the estimates committee hearings. I do not know that this is the time to deal with those at any length, or even at all, so I will leave that to a future time; but I do indicate to the government that I will be returning to those issues
and attempting to ensure that the public know precisely what is being done with their money.

Before specifically dealing with the measures in this year’s budget, I believe it is important to understand that, in examining the Pharmaceutical Benefits Scheme, we are not merely evaluating just another spending program; we are actually attempting to assess the value to the community of the PBS in both dollar and health outcomes terms. It is this very notion of health outcomes which deserves the greatest weight. Across the world the cost of pharmaceuticals is on the rise. I deliberately said ‘across the world’, because this is not just happening in the Western world. But, as we know, many people in developing countries do not have access to pharmaceuticals that are essential. It is universally acknowledged that research into new medicines, often bringing better health outcomes for people, is very expensive. Australia is recognised as performing very well in managing this complex balance between listing new drugs and providing public subsidies to maintain affordability for the community. I recognise that this balance is the essential subject of this debate. Therefore, both sides of this equation must be fully appreciated.

The government is proposing nine measures in this program. They include the listing of new drugs, prescribing issues for doctors, the role of the pharmaceutical industry and the delisting of drugs from the PBS. There will be an opportunity to consider further measures, including this question of prescribing issues for doctors. I have been concerned for a good number of years that very often brand name pharmaceuticals are being preferred to the generic equivalents. This is not the time to deal with that. I understand that the government will be dealing with this issue later on, and I commend the government for what it is proposing to do. I do not know that it is going far enough, but I think the government does deserve to be congratulated for concentrating its mind on that particular aspect—as well as some of the other very worthwhile aspects that will be put forward by the government. These issues are all worthy of attention. But, given the time that is available to me, I will focus my attention today on the area of cost increases in copayments.

Before I get onto that subject, there is another area I would like to address. I have listened to what has been said on a number of occasions. We are all human and we have faults. Even politicians have faults—but so has the medical profession. It seems to me that, very often, the medical profession just write out prescriptions and leave it at that—give people a prescription and say, ‘Ta-ta.’ I will give you an example. Many young people and children are being introduced to inhalers—puffers—for asthma. They may be necessary at times, but there are other measures which should be indicated to the parents and the children that would be far less expensive and far more suitable for the long-term health of the child—for example, breathing techniques. The Buteyko method is something that should be considered, not necessarily as a replacement for the type of medication that is prescribed but as another measure. Over a period of time, it may be seen that inhalers and the like will be utilised less and less as the more natural breathing methods take over. But, again, that subject is for another day.

By far the biggest item in this bill is the realignment of copayments. That is estimated to save $1.1 billion over four years. From 1 August, both concessional and general patients will have an increase in their copayments of over 27 per cent. Concessional patients will pay an extra $1 per script whilst general patients will pay an extra $6.20, bringing their copayment to over $28 a script. From January 2003, the safety net thresholds will also increase by roughly the same proportions—27 to 28 per cent. This means that concessional patients paying $4.60 will need to spend $239.20 before they receive any extra drugs free for that year. General patients paying $28.60 will have to pay $879.90 before they can drop to the concessional rate for the remainder of that year. Moreover, by 1 January 2004 the PBS increases will be indexed to the CPI for both the copayment and the safety net provisions.

As we know, most people on concessional levels are both sick and not well off. They
already use a combination of PBS listed drugs and other prescriptions. Studies indicate that already many low income people, even those on concessional benefits, struggle to maintain household budgets. It is even more complex when a realistic assessment is made of how they manage the bread and butter issues that confront young families facing precarious employment prospects, having children with chronic health conditions and facing rising costs of the essentials of life. They are the people who become forgotten too often in these discussions. Imposing even an extra $1 per script on families and people in these circumstances creates pressures which few well-off people can fully appreciate. Additionally, people and families just above the concessional benefit level will be hit even harder. They will have to pay the increased copayment of $28.60 without any form of compensation. Whilst very well-off individuals will undoubtedly be able to absorb those increases, oftentimes these struggling families will not have income arrangements which are automatically indexed for rises in the cost of living. Therefore, the real price of drugs will grow even higher as a proportion of their disposable family budgets.

We all know that families such as these and people contending with complex and chronic conditions grapple with ever-diminishing disposable income. We all know that they sacrifice on some essentials just to maintain their medicine. It does not appear to me to be a fair situation if we are to lump families such as these in with others who are much more able to absorb the costs of price increases without risk of reducing their access to health care. It seems to me that the proposed increases in copayments do need a rethink. The present structure of concessional and general categories does need a rethink. If sustainability of the PBS is the aim of these measures, then the risk to the health care of sections of our community under these arrangements seems too high a price. I urge the government to present other options to the parliament which would better balance the issue of sustainable PBS with the goal of the Pharmaceutical Benefits Scheme: access to essential care for all Australians.

The government has talked about the blow-out in the PBS over the past few years and the expected blow-out—I think I heard something like $60 billion over a certain number of years. No doubt Senator West will let me know what it is. The government is really saying to the parliament, 'We have got to do something about it.' I have not heard anybody deny that. What I propose, and what I believe has been proposed around the place, is that we have a look at other options. In looking at those other options, let's not take an option which is going to attack the very people that we are trying to care for: ordinary families whose children are sick. They need protection and we need to ensure that they are protected.

I, for one, will be very happy to ensure that there is full examination of other options. Some of the options that are being presented by the government may be very useful and some of the other matters that are coming before the chamber, to my way of thinking, are very useful. But, in this legislation, I think the government ought to indicate that it is prepared to temporarily withdraw the legislation so that discussions can take place about other options.

Senator WEST (New South Wales) (12.38 p.m.)—Mr Acting Deputy President McKiernan, in case I do not rise to speak again—and I do not think I will—before we both retire, it has been good having you there.

The ACTING DEPUTY PRESIDENT (Senator McKiernan)—Thank you.

Senator WEST—I rise to speak on the National Health Amendment (Pharmaceutical Benefits—Budget Measures) Bill 2002. I would like to speak about a very important issue, one that goes to the whole essence of making health and pharmaceutical services accessible to everybody. We have seen in the time that this government has been in power something like a 70 per cent increase in the cost of pharmaceuticals and the copayment for pensioners. That is a lot of money. The previous Labor government had a compensation package for pensioners so that, when the copayment increased, there was an appropriate compensatory increase in the pension. That has not happened this time. For
the government to say, ‘It’s only a dollar a week for pensioners; it’s only an extra $52 a year—’

Senator Knowles—If they use 52 prescriptions.

Senator WEST—Over a million people do use 52 prescriptions, and that is a lot of people. It is fine to say that, from our privileged and privileged income position, that is not much but, when you are on a tight budget, it is a heck of a lot. It is even worse for families, for non-pensioners, with the increase in excess of $6 a week in prescription costs. That has a serious impact upon family budgets, particularly for families with children, which Senator Harradine has talked about, because anyone with children will know that, if one gets sick, they will all get sick. They often do not do it on the same day, but they will do it probably in the same pay week. If you have to pay for up to three or four prescriptions in that pay week, at nearly $30 that will make a bit of a mess of a budget.

It is fine to use figures such as average weekly earnings; it will not have much of an impact on people on average weekly earnings. Given that about 80 per cent of the population do not earn average weekly earnings—they earn less—this is a major imposition upon ordinary people and people on low incomes, people who are struggling to raise their families with the pressures of mortgages and often, in this day and age, job uncertainty. There is no permanency in lots of jobs—they are there for three-, four- or five-year contracts—so they really do not have the security of being sure and knowing that things are going to be all right and that they will have an opportunity to get over this problem.

I am puzzled as to why the government suddenly says this is a major issue. We know there has been an escalation in price, and the opposition thinks there are a number of measures that need to be undertaken to look at this issue. But we hear from the government that it is all because of the Intergenerational Report; that the report has been the precipitator of the need to introduce this particular action. I am interested in this, because Dr Wooldridge—he of email access fame—made comments last year on Meet the Press that the growth in cost in the year that he was referring to of about 13 per cent was sustainable. He thought that $4.42 billion for the scheme in a financial year was sustainable. What has happened there?

Then they got the bright idea to list Celebrex without cost controls, against the recommendation of the expert advisory committee, and to list Zyban. Research on the use of Zyban indicates that its efficacy is at its highest when it is used in conjunction with Quit and other programs to reduce and stop smoking, and therefore that is the optimum way to use this drug. Was that restriction put on the prescription of that drug? Not on your nelly; no way. It was just open slather, fair go, and the cost blow-out from that was incredible. The use of Celebrex was in response to advertising that the industry had subtly got out to patients and, I guess to some extent, to doctors, that it was going to have no side effects, but a few have been found to have side effects. The minister, in his wisdom, put those two drugs—Celebrex and Zyban—onto the Pharmaceutical Benefits Scheme list without any cost controls. Zyban was listed without any controls, advice or strings attached to ensure that, to get value for money—which is important—it was introduced with Quit or some sort of other stop smoking program.

We are interested because, in recent times, when the Prime Minister was asked why there was a sudden change in attitude, his comments were along the lines of, ‘Poor old Michael, he didn’t have access to the Intergenerational Report.’ That is fine; it was not out. Is the issue relating to the blow-out or increase in costs of pharmaceuticals new knowledge for them? Was that something the Intergenerational Report sprung upon them? No, it was not. A whole series of reports have been done in their six years of government which indicate this problem and deal with this issue. They ignored it and ignored it. I would suggest that they continued to ignore this issue and this problem until they suddenly discovered that there was an awful black hole in their budget line, and this was one way they were going to plug that hole.

Debate interrupted.
MATTERS OF PUBLIC INTEREST

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

Aviation: Air Safety and Cabin Air Quality

Senator KNOWLES (Western Australia) (12.45 p.m.)—Over the years there has been much debate about air safety and cabin air quality in the BAe146 aircraft. In fact, the Senate undertook an inquiry into the matter. This has been and continues to be a serious problem for those experiencing adverse reactions to the air contamination said to be emanating from faulty oil seals that allow fumes from aviation oil to enter the cabin.

Today I refer specifically to situations that have been brought to my attention by constituents in Western Australia and about their employer, National Jet Systems group. It needs to be noted that National Jet Systems is not some tin-pot airline that just runs a few planes around the bush. It has 23 BAe146 planes, the majority of which are leased by Qantas. It is the second largest airline in Australia and, on a most conservative calculation, one could say that NJS would fly well over two million passengers a year.

It appears, on the evidence that I have before me, that National Jet Systems solve the problem of air contamination by suspending or dismissing staff that complain of adverse reactions to the air contamination said to be emanating from faulty oil seals that allow fumes from aviation oil to enter the cabin. Today I refer specifically to situations that have been brought to my attention by constituents in Western Australia and about their employer, National Jet Systems group. It needs to be noted that National Jet Systems is not some tin-pot airline that just runs a few planes around the bush. It has 23 BAe146 planes, the majority of which are leased by Qantas. It is the second largest airline in Australia and, on a most conservative calculation, one could say that NJS would fly well over two million passengers a year.

CASA have proven to be less than helpful on this occasion as well.

As I said, there have been many reports done on the subject of contaminated air in the BAe146 jets. There is a further report by Professor Chris Winder entitled Possible contaminants in jet oil engine leaks. This paper was delivered at a symposium in Canberra in December 2000. In that paper, Professor Winder talks about the known toxicity of certain types of oils and the fact that:

…potentially toxic products have continued to be available long after their toxicity was recognised.

In this subject we are talking about products that can have extremely serious effects on the wellbeing of crew and passengers. My concern in this instance, and I would suggest the concern of any individual who travels, is that the crew can be affected by such contamination and thereby suffer a range of effects. These can include, but are not exclusively listed: proximal limb paralysis, weakness of neck muscles, inhibition of respiratory muscles, cranial nerve involvement, headaches, mental fatigue, depression, anxiety, irritability, reduced concentration and impaired vigilance, reduced information processing and psychomotor speed, memory deficit and linguistic disturbances. I am sure that honourable senators would agree that these symptoms are hardly the symptoms one would wish for someone in charge of flying an aircraft.

What worries me is that the symptoms described by Professor Winder bear an uncanny resemblance to those reported by the company doctor when assessing one of my constituents. The doctor wrote, under the heading of symptoms, that the crew member reported:

Mucous in the back of the throat, tingling sensation and paraesthesia of the head, pressure headache over the temples and bridge of the nose, nausea and constriction of the throat, feeling of irritability, sensitivity to light and sound, lethargy and fatigue, deterioration in memory.

Professor Winder talked about such contaminants being:

…administered subcutaneously to mice—

and that the researcher—
… found a heightened incidence of lung and kidney cancers.

Furthermore, he states that one of the contaminants:
… is listed as a prohibited substance under the Australian hazardous substances regulation.

Professor Winder says that the product is assumed to comply by default. I could go on for hours quoting this document; however, I simply quote from the conclusions of that report:

The jet oils are commercially useful product. They are known to contain toxic ingredients. Even the apparent toxicity of a jet oil reported from animal experiments in 1998 was not viewed as a significant problem. However, an increasing number of oil leaks in the 1990s around the world, and the increase in the number of flight attendants and flight crew reporting signs of toxicity after such events, suggests the toxicity of jet oils should be reconsidered. Firstly, the exposure scenario at altitude is utterly different from conventional exposures to the oils while using them in maintenance situations. Options for the control of exposure are all but absent. Exposure may not only be to gases and vapours, but also to particulates. The exposure may vary from unchanged oil mists, to combusted or pyrolised contaminants.

In light of this type of assessment done by an independent person, I am left asking why so many personnel have had to endure sickness and then suffer the indignity of dismissal because they were seen to be malingerers, grizzlers or hypochondriacs.

In an effort to dispel individual crew complaints, the company has insisted on sending the crew member to a doctor of company choice. When the report from that doctor has verified the crew complaint, the company, in short, has admitted that there is a problem that cannot or will not be fixed, then offered the crew a lesser position on a smaller aircraft or dismissal. I will quote from the doctor’s report, which clearly states the doctor’s opinion. The assessment the doctor gave is as follows:

The symptoms [Mr X] reports are consistent with exposure to jet oil fumes and I note his reports consistently correlate with documented technical faults. I find [Mr X] is perfectly fit to work as a pilot and to date has not suffered any significant long-term health effect as a result of exposure to fumes on the BAE146. He has, of course, suffered significant short-term health effects as a result of the fume exposures, and continued exposure would not be advisable. At the present time he seems to have completely recovered from the ill effects of the recorded exposures. He is therefore fit to fly all other aircraft types. In relation to the BAE146, he is also fit to fly the BAE146 jets provided you can give assurances that there will be no further cabin air contamination. If you cannot provide a safe working environment, then you will be placing him at further risk.

That is interesting because that has come from the doctor that the company suggested this constituent attend. The doctor went on to say that other issues need to be considered:

From my experience of seeing many flight crew from both Ansett and NJS it would appear to me that there are certain aircraft that are consistently reported to have problems with cabin air quality. In respect of NJS I recall Zulu Lima and Alpha to be frequently mentioned by flight crew as having oil leaks into the cabin, causing flight crew and passengers to be unwell. It may be then that there are certain BAE 146 aircraft that you can be confident do not have a history of cabin air contamination. These aircraft could possibly be considered safe for [Mr X] to operate.

If you cannot give assurances that there will be no cabin air contamination then it raises serious air safety issues for both your staff and passengers. Given [Mr X]’s reports correlate with documented technical faults I would consider that it is highly unlikely that he is alone, as a pilot, in his experience of the ill effects of leaked fumes. I hold some concern that there may be under-reporting of such incidents by pilots for a number of reasons. [Mr X] has, in fact, demonstrated integrity and courage in objectively recording incidents and as a result has significantly contributed to air safety.

The doctor finished by saying:

There needs to be some system for reporting incidents independent of the operator that protects both air safety and the employee from fear of lack of job and/or licence.

May I remind the Senate that the letter from which I just quoted is of course from the doctor that the company sent the constituent to. This is the company’s choice. The message is loud and clear: fix the problem and stop shooting the messenger.

A letter from National Jet Systems to their employee is an interesting one as well with regard to the question of air cabin safety. It says:
While the quality of cabin air on the BAe 146 aircraft is substantially under control—
I emphasise the word ‘substantially’—
I cannot be absolutely certain that the cabin air on this aircraft type will never contain low levels of jet oil contamination. Considering your demonstrated sensitivity—
this is in the letter written to the constituent—
to BAe 146 cabin air contamination and the doctor’s professional medical opinion, it is not appropriate to allow you to resume working aboard this aircraft type. I am prepared to offer you employment as a Dash 8 first officer.
How remarkable is that? They recognise that they cannot control the air quality and they have read the doctor’s report that does not say that this constituent is unable to fly any 146, but they say they will take him off all 146s and put him on a Dash 8. The letter concludes by saying:
Your rejection of this offer of retraining and redeployment together with your unsuitability for flying duties on BAe 146 aircraft will leave me with little alternative but to reassess your continued employment by National Jet Systems.
In other words, he faces the sack. That is just absolutely and utterly disgraceful. It goes against the medical report and it goes against his ability.

Furthermore, in another letter to another staff member who is now, I might add, a former staff member, they state:
While significant advances have been made in controlling the 146 cabin air quality issue, we cannot confidently and absolutely guarantee that no cabin air contamination will occur while you are on board a 146 aircraft. We are not prepared to risk compromising your health. Accordingly, the 146 flying option is no longer available to you. As a result, you are hereby notified that your employment is terminated due to redundancy of your position. As you are not presently performing any duties, the termination will take effect immediately.

Once again, another person has been ignored by the company, and I would have thought that any company that would make those types of admissions about the quality of the air in the aircraft would have a greater responsibility to their staff and passengers than just to sack or demote the staff who complained. Additionally, the company should be taking heed of the advice by their doctor which finished by saying—and I repeat:
There needs to be some system for reporting incidents, independent of the operator, that protects both air safety and the employee from fear of lack of job and/or licence.
The pilot to whom I refer in this contribution has only last week been medically assessed as perfectly fit for duty and yet he is staring down the barrel of dismissal for having the courage to speak out about an issue that is vitally important to air safety in this country and around the world. He has not spoken publicly, and he does not intend to speak publicly, but he has certainly raised it with all the authorities and the company within his means.

I will finish by quoting two more sentences from the doctor to whom my constituent was sent by his employer:
He has reported several incidents to you and I note those you have included in your requesting letter and the corresponding technical reports of oil leaks and maintenance performed. I also note the consistency with which his reports correlate with documented leaks.
This pilot’s courage in attempting to fix a wrong should be commended and acted upon instead of him being suspended or ultimately dismissed. I certainly hope that National Jet Systems will act responsibly in this instance with this particular constituent, but I also hope that they will act responsibly and isolate the issues that are affecting certain BAe146 jet aircraft. Clearly, it is not all of the aircraft—and I do not wish to imply that for one moment—but there are aircraft that have been identified as having a problem. They should be singled out, they should be grounded and they should be fixed—no excuses given. It is not good enough for both crews and passengers to suffer this type of illness. When I read some of this material, I suddenly realised why one day I had been very ill after a flight to Kununurra. I had many of the symptoms that have been described by both Professor Winder and the company doctor. I now can fully understand what the crews are going through and what many passengers go through. We cannot afford to ignore this any longer.
Australian Labor Party: Membership

Senator SCHACHT (South Australia) (12.59 p.m.)—The matter I wish to raise today is the issue of organisational reform in the Australian Labor Party, which I have been a member of since 1965. It is now well known—and it is publicly being addressed under the leadership of Simon Crean—that the Labor Party is conducting a major review of its organisation and its operation.

I congratulate Simon Crean as the new leader for having the courage to take on a very difficult task where many conflicting interests within the Labor Party will be at stake. Simon has already made it clear on a number of occasions that the party has to be modernised in a number of areas. He has already said publicly that the so-called 60-40 rule between the affiliated unions and the branch members should be amended to be a national 50-50 rule in the sharing of voting power at our state conferences.

Simon has also announced that, to be eligible to vote as a branch member in plebiscites—to vote in preselections and other positions in the party—you now must be on the electoral roll of Australia. That is an excellent reform. It will mean that anybody who tries to branch stack or rort membership will run the risk of breaking the law under the Commonwealth Electoral Act. The Queensland branch has this rule and, as we saw in Queensland only two years ago, someone who did that went to jail for breaches of the Commonwealth Electoral Act. There is nothing more likely to stop branch stacking than the risk of breaching the Commonwealth Electoral Act. I think that is an excellent development. But for the Labor Party in particular, the establishment of a national disputes tribunal where you will not be able to use factional numbers to protect your interests will be a major reform. If you did, someone could go to the court and show that factional interest rather than due process and fair application of the rules had applied.

The major issue that I come back to that I think the Labor Party now has to deal with is not only the matter of 60-40 or 50-50 but also the matter of factional influence and control in the Labor Party. Factional control in the Labor Party is imposed because of the block vote of various unions. The branch membership, whether it is 50-50 or 60-40, elects individual delegates—it can be more than one delegate—from each branch or the Federal Electoral Council in a PR ballot. You might have three delegates from a branch, one from the Left, one from the Right, one from the centre, to use those terms. But the union delegation, under the 60-40 or 50-50 rule, might have 20, 30, 50 or 60 delegates in some of the bigger state conferences. They are appointed by the executive of the union and they are appointed in accordance with the factional alignment of that union. If there are 20 delegates, it is 20-nil, 60-nil or 70-nil for one faction.
It makes it very difficult to have a balance in the Labor Party when one side, the branch side, is elected under PR ballots—individual delegates—and block delegations are turning up with no variety of opinion at all. There is no ballot within the union to elect those delegates from the union membership. They are usually appointed by the state secretary of the union in conjunction with the administrative committee, which usually goes on his or her way.

What happens if that union, whichever it may be, aligns with a particular faction? I will give an example from South Australia. There are four unions in South Australia that have over 70 per cent of the trade union vote. That is in a 50-50 split. Those unions go to a caucus of the faction to which they belong the week before the conference. There might be 50 or 60 delegates, many of them from branches, but there is a block vote from a major union. The secretary of the union says, ‘I’ve got 25 votes to nil here. That is how the faction is voting.’ If you are an individual, you have to round up 25 votes somewhere else to balance that block vote. That is impractical.

So the union block vote inside the faction disciplines the factional outcome and then everyone is bound to go to the conference floor and vote accordingly. This is, I think, the major difficulty for a vibrant rank and file Labor Party whereby the decisions are taken off the conference floor, away from state executives or admin committees, pre-caucused, with people turning up as robots to vote irrespective of the argument. This is, in my view, a weakness in the present structure of the Labor Party, a weakness that has got out of hand.

I believe that there should be further rule changes and structural changes in the Labor Party. I am not against affiliated trade unions to the Labor Party, but I believe in equity. What I believe should happen is this. First, unions that are affiliated to the Labor Party should affiliate only for those members of the union who tick a square on their annual membership ticket to say they wish to be affiliated to the Labor Party. Secondly, once that is ticked, those names and addresses shall be supplied to the Labor Party national office so that we can communicate with those union members who wish to be active in the Labor Party and have indicated this by ticking the square.

Thirdly, and most importantly, members of the union shall vote, no less than every four years, in a proportional representation ballot to decide on that union’s delegation to the state conference. That means the union secretary will not decide 20-nil, 30-nil or 50-nil: rather, the rank and file of the union, those who pay the dues and have indicated they want to be involved in the Labor Party, will decide on the delegation. In a PR ballot, instead of any union having one faction with 20-nil, 30-nil or 50-nil, you may find it may have 20 for one faction, 15 for another and 10 for another. They will vote accordingly at the state conference. That will open the conference up to be a more vibrant, diverse debating forum, as it should be, to decide Labor Party policy.

While I am on the issue of supplying names to the Labor Party, I have to say that I was somewhat incredulous that, at time of the last election, when the Labor Party campaigned to make Australia the knowledge nation and make the community more computer literate, and more understanding of computers in all their forms and of information technology generally, the Labor Party refused to create a national membership database. The last thing the various state branches of the Labor Party, under various factional controls, wanted was to have members listed on one database at the national office that would be able to monitor much more quickly branch stacking et cetera. That has to come into the Labor Party as well.

Senator Murray—And in other parties.

Senator SCHACHT—And in other parties as well. I think these reforms should go across the board to make our parties more democratic and to overcome the cynicism of many party members in all parties who do not feel they have a say.

The next issue raised by others is to transform our national conference into an open conference. At the moment it is dominated by delegations elected from state conferences under factionally organised tickets. If we
want to make it a more open conference, I believe we should elect all the delegates directly from the 150 federal electorates. That would mean that there would be ballots in every federal electorate to elect between two and five delegates, maybe more. We would end up with a national conference comprising maybe 600 or 700 members elected directly by the rank and file rather than elected through the filter of a state conference. A conference of that size would be harder to manipulate by the factions.

I know many other people in the Labor Party are looking at this proposal. It would, in my view, show that the rank and file of the party, the grassroots, directly elected the delegates to the national conference. It would be a way to reduce factional control. I also believe that all political parties should have their internal ballots conducted, particularly for preselection, by the Australian Electoral Commission so that they are administered properly and so that everybody knows at the end that an independent body conducted the ballot properly and fairly. That would reduce a large number of the disputes over eligibility and the form of the ballot.

I want to give an example of the way the Labor Party has got itself into some difficulties over the issue of equal treatment. I raised an issue in South Australia 18 months ago that the state branch of the shop assistants union gave a direct donation to Brian Harradine’s campaign during the 1998 election. He was, of course, running against endorsed Labor candidates in the Tasmanian Senate election. Other state branches of the SDA did the same. I believe that was contrary to the rules of the SA branch, which state that if you support a candidate running against an endorsed Labor candidate you are automatically expelled.

After 18 months of discussion and the matter going before the state tribunal, it was ruled that they did not breach the rule. If that is the case, the rule is deficient. I find it unethical that somebody could be a delegate to the Labor Party and vote on our policies and preselections and then decide to give money to another political party. Ethically, I think that is very odd indeed. Good luck to Senator Harradine in getting the money. Altogether I think he got $32,000 from the shop assistants union. It is on the Electoral Commission disclosure for the 1998 election. I think the CFMEU gave money to the Victorian Greens at that election. That is on the disclosure as well. I find it unethical that you could be a member of one political party voting to support candidates and then giving money to run candidates against your own party. I think you are either in or out.

At the same time that this was being dealt with and this union was found not to be in breach of the SA rules, officials of the same union laid charges against an individual member of the party in South Australia for supporting a candidate who was not endorsed by the Labor Party. He was found to be in breach of the rules. I find it hypocritical that an individual can be found guilty of breaching that rule but the union cannot be found guilty. This is where there is a lack of equity. Again, these rules need to be looked at nationally within the Labor Party. Unless the Labor Party deals with these issues fairly and establishes an equitable basis for the treatment of all members of the party, there will always be ongoing disputes within the Labor Party about process.

I do not normally raise the internal affairs of the Labor Party in this chamber. I think these matters are now public—the extraordinary events in the Victorian branch of the Labor Party in the last two weeks, where one union, on the say-so of the secretary, decided to change its faction and, as a consequence, the Victorian ALP branch is in collapse. This chaos is the result of the union being able to say that it will affiliate the 30,000 members without reference to the membership. The members of that union were not consulted about the factional change. I go back to my proposal that members should be consulted, be required to tick the square and then elect the delegates to represent them in the forums of the Labor Party. I believe the debate on these reforms by the Labor Party is healthy and I look forward to it successfully concluding them.
It is disorderly to stand and seek to talk over the chair. I ask you to watch your behaviour in future.

Children: Sexual Assault

Senator MURRAY (Western Australia) (1.15 p.m.)—The criminal sexual assault of children is an appalling crime, because it is a crime perpetrated on the most vulnerable members of our society. It is an appalling crime because it has a lifetime effect on the victim and because of the savage cost to society of this evil. The scale of this crime—the number of victims and the number of criminals—has never been properly assessed in Australia. Until recently, the sexual assault of children has largely been viewed as an occasional individual crime. That it has also been organised and protected has remained relatively hidden. The grim truth and the grim statistics are slowly unfolding.

There are two types of criminals and two types of crime: those who commit the crime of sexually assaulting children, and their fellow travellers, their accomplices; and those who criminally conspire to conceal those crimes and protect the perpetrators. Some church leaders are rightly accused—but far too few have been charged—with aiding and abetting, being an accessory after the fact, obstructing the administration of justice, compounding a felony and criminal conspiracy.

There is a third category of villains. They include any politicians who refuse to address the problem, who have manufactured statutes of limitation that prevent victims having their day in court, who do not, or will not, permit mandatory reporting, who have poor public policy in this area or who starve good agencies of money and resources. This class of villain includes every churchman who advocates hush-up internal procedures for keeping paedophiles out of the hands of the police. It includes defence lawyers who terrorise child sexual assault victims who come forward, DPP offices which deliberately let files die, police who defer to a cleric’s collar rather than to a victim’s pain, spineless people in the bureaucracy and health sector who have not done their job, and church leaders who pay hush money.

Then there are the warriors: determined police, dedicated lawyers, courageous health and social workers, community crusaders and priests who loathe the evil in their midst.

All over the world, new stories keep emerging about the previously hidden history of the common sexual assault of children by priests and their subsequent protection by the church authorities. And, all over the world, the victims are starting to call the churches to account.

In the Australian of 14 June, it was reported that prelates who had protected priests or other church workers accused of sexual assault headed at least 111 of the 178 major Catholic dioceses in the United States. The Age reported on 19 April that, in the Boston diocese alone, the Catholic Church has set aside $US30 million for victims of just one jailed priest who was accused of molesting 130 children over 30 years. On 14 April this year, Radio National’s Background Briefing reported on child sexual abuse and the churches, and gave some staggering figures. For instance, in the United States, 2,000 Catholic priests have been disgraced because of their abusive behaviour, with many facing prosecution in the criminal courts. The church has agreed to pay out hundreds of millions of US dollars to victims. In Ireland earlier this year, the Catholic Church reached an agreement with the government to provide $A213 million in compensation to some 3,000 victims of assault in 18 church institutions. In Canada, the Anglican diocese of Caribou went bust because it literally ran out of resources to pay compensation to victims of sexual assault. Here in Australia the Anglican Church is facing a financial battering, with dozens of abuse victims suing the church. Lastly, the report stated that more than 100 clergy from the Catholic and Anglican churches have been convicted of child sexual assault in the past five years.

In Australia the Eros Foundation, in its 2000 publication, Hypocrites, stated that during the 1990s Australian courts dealt with nearly 450 individual child sexual assaults by priests. We also know that 250 men from the Voices group put in Australia’s first sexual assault class action a decade ago, detailing thousands of assaults on children by the
Christian Brothers. Those brave pioneers could not get a remedy through the criminal courts, and a malicious church wore them down in the civil courts. Last week, we learnt of a record payout when the St John of God Catholic religious order agreed to pay $3.6 million in compensation to 24 intellectually disabled victims of sexual assault at boys homes in Victoria between 1968 and 1994.

Bearing in mind that the vast majority of adults sexually assaulted as children will never come forward, the number who have taken action in Australia is high. The Bulletin magazine of 18 August quoted 1,000 cases in Australia being pursued right now. The possible numbers are frightening. In the United States, the former monk Richard Sipe, who has formidable qualifications, reveals in the Sipe report—and without apparent fear of contradiction—that five to seven per cent of United States Catholic priests have molested children. It is good that 94 per cent of United States Catholic priests are likely to be okay. But if six per cent of 50,000 United States Catholic priests were to have sexually assaulted an average of 100 children over a 50-year career span, you would be talking about 300,000 victims. There is no research here to tell us what the Australian percentage is, but, on the same figures, six per cent of the 4,500 Catholic priesthood in Australia means 270 would have molested Australian children. Multiply that by a possible 100 victims over a paedophile priest’s lifespan and we would have 27,000 Australian victims.

The Australian Institute of Health and Welfare report, Child Protection Australia 2001-2002, reveals a very grim picture. For instance, the number of substantiated cases of abused and/or neglected children was 27,367 in 2000-01. Of these substantiations, a total of 3,794, or 14 per cent, were for sexual assault.

All research indicates that estimating the extent of child sexual offences in the community is very difficult. With the high level of underreporting, we will likely never know the true extent of the problem. Secrecy and intense feelings of shame generally prevent children, and adults aware of the abuse, from seeking help.

Research and experience show that it is not until victims are much older adults that they are able to confront and deal with their painful and traumatic childhood experiences. By then, the unjust nature of statute of limitations laws prevents those responsible being prosecuted.

The extent and nature of the criminal assault of children mean Australia is burdened by considerable social and economic consequences. A significant percentage of these victims can descend into any of welfare dependency, failed or dysfunctional relationships, unemployment, homelessness, substance abuse, abuse, crime and suicide.

Australian statistics back this up. For instance, volume 19(2) of the 1994 Alternative Law Journal reports that 80 to 85 per cent of women in Australian prisons have been victims of incest or other forms of abuse; a study of 27 correctional centres in New South Wales found that 65 per cent of male and female prisoners were victims of child sexual and physical assault; and the New South Wales Child Protection Council reported in 1992 that the probability of future delinquency, adult criminality and arrest for a violent crime increased by around 40 per cent for people assaulted and neglected as children.

Various other studies reveal that a high percentage of those leaving care had suffered child sexual assault and that a high percentage of people suffering from severe mental illness had been the victims of child sexual and physical assault. How terrible to discover the part that church protected paedophiles have played in all this.

The economic costs are likely as large as the social costs. In South Australia, the Department of Human Services conservatively estimated the cost of child abuse and neglect in 1995-96 to be $354 million. That figure is more than the $318 million the state earned in the same period from wine exports and the $239 million from the export of wool and sheepskins.

Something is terribly amiss if the Australian government can ignore the pressing
moral and social imperative and urgent need for a royal commission into the sexual assault of vulnerable children. Under the Royal Commissions Act, royal commissions have wide powers, including compulsory interrogation, punishment for contempt and the issuing of search warrants. Judges sometimes head royal commissions but they do not exercise judicial power. A judicial inquiry is sometimes used as a synonym for a royal commission. It is more commonly simply a government inquiry headed by a former judge, but it may also be quite specific under a statute.

An inquiry into the scale of the sexual assault of children and the concealment of crimes within churches or other institutions could only ever be successfully pursued through a royal commission, because of the powers attached to them to issue warrants, pursue discovery and initiate a thorough investigation. A royal commission is ordinarily appointed when there is no other way to deal with a major problem and where there is widespread national public concern. If there is any case that warrants a royal commission, it is this.

Such is the growing public outrage in Australia about child sexual assault, and particularly the role of the churches in it, that we can no longer ignore the calls for a royal commission. This is a vice which has affected the lives of probably hundreds of thousands of Australians. Cases of child sexual abuse perpetrated by the religious and others must be faced, no matter how difficult that may be. They are not to be trusted to cure themselves, and they have breached their sacred mission. The state must therefore act. In an article titled ‘Church needs the law of man’ in the Age on 6 June, Dr Chris Goddard, the director of the Child Abuse and Family Violence Research Unit at Monash University, said the following:

There appear to be many opportunities for the full force of the criminal law to be brought to bear upon those in positions of power who have not taken reasonable steps to protect children. Surely, the bishop who has transferred from one parish to another a priest who is the subject of complaints has failed in his duty of care to the children of the next parish? Aiding and abetting, being an accessory after the fact, obstructing the administration of justice, compounding a felony, even criminal conspiracy, are crimes that would spring to mind if it were drug dealing or car theft that we were concerned about.

I remind the Senate that in America they are using the racketeering laws to get at those very vices.

I end by reminding the Senate what Nelson Mandela said when he visited Australia: A nation that doesn’t protect its children isn’t fit to be a nation.

Rural and Regional Australia: Training Opportunities

Senator TIERNEY (New South Wales) (1.27 p.m.)—I rise today to speak about a proposal to create a learning centre in the town of Glen Innes in northern New South Wales. This is an excellent example of a regional solution that was identified and planned for by the local community—a solution that is supported by the two local government areas and by the state and federal governments. What we have here is synergy between all levels of government to identify and solve a problem in a local community area.

What is happening in Glen Innes is, I believe, quite a good model for other areas of Australia regarding the way in which we can conquer the tyranny of distance that has held back training and economic development in many areas of regional Australia. Regional centres historically have had low levels of tertiary education and poor access to information technology. We need to conquer this urban-rural information divide by giving people in small centres the same opportunity enjoyed by people in large centres.

If we are to overcome the major economic barriers in regional areas in the new millennium, our focus should be on providing Australian communities with access to information and technology and on building the skill level of the local population. Education and access to information and modern technology have a major effect on regional development. If this is unavailable, often people will leave regional towns and move to the cities to gain that education to improve their opportunities for the work force—or, sadly, in many cases, they just give up. In-
Industries follow this trend. Industries often move out of these regional areas if the skilled population has moved. By creating better teaching and learning facilities in rural areas, we keep people there, we keep industry there and we give those regions a long-term future.

A few years ago, I had the opportunity to see an area somewhat similar to north-west New South Wales when I visited Scotland to look at the way in which they solve their post-secondary education problems in an area that has a very sparse population. They have used education centres throughout the highlands and islands of Scotland not only for the purpose of education but also as a major driver of the regional economies—and I have spoken about that in this place before. What I want to focus on today is the way in which what has been learned from there can now be applied in the sparser areas of Australia and, in particular, New England in New South Wales, which I visited last week.

The new Scottish parliament decided to really get behind education and economic development for a population that is now down to half a million people. These people live in small settlements scattered throughout the many islands and the isolated highland regions. The initiative they took up was called the University of the Highlands and Islands Project. They combined a number of university campuses, research institutes, 17 TAFE type centres and 50 other learning centres, put them all together under the auspices of one university and linked that up with high bandwidth technology. Scottish Telecom played a major role in this by linking up all the sites so that people in a remote area—like the town of Sleat in the Isle of Skye—could actually access what was happening in Aberdeen and other major campuses around the country and, with modern Internet technology, participate in those courses that were being offered.

This information revolution in this sort of application in Scotland has really provided for us a very good model. The institution that is taking this up in Australia is the University of New England. The University of New England has decided, with the assistance of a federal government grant of $2¼ million, to create learning access centres across New England—something along the lines of that which I have just described in Scotland. Those learning access centres will be attached to TAFEs in 10 major centres in New England. The one that is perhaps the best developed so far is the one at Glen Innes which I visited last week, although I actually spent some time at that centre when they were getting this project under way about 18 months ago.

Glen Innes is one of your typical thriving country towns in rural Australia—it has a population of 10,000—but in this region 60 per cent of the people at school at the age of 16 tend to leave. People do want to go on and get further qualifications and they do want to go on to post-secondary qualifications, but often the opportunity is not there. If they want to do that, sometimes they have to travel significant distances, even going from Glen Innes to Armidale, which has quite an excellent university. Even that distance, which is up to two hours away in travel, is too much for some people, and they find that even a university two hours away is inaccessible. For people further away from Glen Innes, in towns like Moree and Walgett, of course the problem is even greater; hence the need for the learning centres that I am discussing.

The local community decided to set this learning centre up in Glen Innes in 1999. They had the support particularly of the local TAFE, which gave them some land, and the proposal was to build the new learning centre in conjunction with a revamped local and TAFE library on the site next to the TAFE campus. The plans are being done for this, and the community has got behind it. They have set up a local nonprofit organisation to drive this, and the two local shires, the one in Glen Innes and the surrounding rural shire of Severn, have combined to give this centre not only moral support but also financial support and equipment. The proposal is to build the centre and put in Internet access—which includes online programs and courses—video and teleconferencing facilities, and learning rooms for interactive opportunities using a broad range of education
and training programs. Of course these will be university courses, TAFE courses and adult community education courses, which the local community can easily access. The core of the learning centre will be threefold: firstly, it will serve as a local community library providing outreach facilities to other communities in the north-west of the state; secondly, it will serve as a learning facility providing access to the University of New England as well as bringing online other programs from other institutions in Australia, and it will also create some of its own learning programs; and, thirdly, it will serve as a community centre holding a variety of community functions.

The board of community representatives is created to represent the partnership, which includes representatives from two councils and senior representatives from the University of New England and the local TAFE. The board will also consist of representatives of other institutions in the town. Much community consultation has taken place, including a widespread community survey commissioned by the Glen Innes council. This indicated very strong support for and a very great concern about keeping youth in the local region and the need to enhance training and education to bring this about. From the 1,000 people surveyed, 71 per cent recognised the need for job creation and 46 per cent recognised the need for increasing education and training. This project, apart from those organisations that I have mentioned, also has the ongoing support of Telstra Countrywide. It has nominated a consultant to assist in the development of technical links, including satellite connections, broadband capacity and video teleconferencing options.

Planning support has also come from the State Library of New South Wales, with the primary goal being to create an innovative regional centre and a possible model for other regions. The strong support from leaders of Glen Innes and the surrounding areas has shown the importance of this development to the district. Funding secured to date is $1.2 million, and the goal for the total development is $2 million. Glen Innes Municipal Council and Severn Shire have committed a quarter of a million dollars in cash and in-kind support for work site and general supervision. The New South Wales library has put in $150,000, the New South Wales government $350,000 and the Commonwealth is now considering a Regional Solutions program for the balance. Part of the money has also come from the University of New England as part of that $2.6 million grant that I mentioned earlier. We have all levels of government working very well together to provide this regional solution for education and training in the New England area.

There is a recognition of the need for information technology infrastructure involving online access to the University of New England, for students who come in and use the facility to have ongoing support in tutorial and administrative forms so that the learning experience is something that they will find rewarding and that they will be able to continue. Often when people undertake distance education they tend to drop out because of the isolation and because of the lack of support. In setting up this learning centre it is not just access to the technology; it is also access to assistance. The plan is to create the Glen Innes Learning Centre as a model not only for north-west New South Wales but possibly a model for the rest of Australia. The University of New England plans to spread to other centres across the north-west to provide this sort of access—Boggabilla, Tenterfield, Moree, Inverell, Narrabri, Gunnedah, Coonabarabran, Quirindi and Taree are all planned centres that will follow on from what is happening in Glen Innes. The University of New England will put in the infrastructure to support what has happened there, and the local community in its various forms and the various organisations in the community will give great support.

What we are doing here is creating a new technology version of what we have had happen throughout the history of Australia in terms of education. If you look back to the 19th century you will find the equivalent of what is happening in Glen Innes today. Across the road from the council there is a fine old building called the School of Arts.
Right across rural and regional Australia over 100 years ago, in the time before libraries, TAFE colleges and universities outside cities, there were schools of arts. What the schools of arts did was provide education for people who often had only a primary level education. They had visiting speakers, discussion groups and books which people could not traditionally afford but which they could access in what were the forerunners to libraries. These schools of arts fell into disuse once libraries and TAFEs started and university access increased.

Even with all those things, today we still have a large group of people out in rural and regional Australia who have difficulty accessing the education that they require. This learning centre in Glen Innes is, I believe, an excellent model of what we can do to improve that situation. Instead of the schools of arts of the 19th century, what we are creating here in the 21st century is the school of arts of the cyber age. What is available today in technology is light years ahead of what was available in the 19th century. Instead of reading a few dusty books and listening to a few speeches and lectures from experts from different fields, people have at their feet the whole world of the Internet—all the information that is out there and a range of courses they can access right around the country at university, TAFE and adult education level. This sort of development, using the new technologies, is very much to be encouraged and the creation of this learning centre is an excellent example, I believe, of a re-created concept—the school of arts in the cyber age.

Science: Gene Technology

Senator CROWLEY (South Australia) (1.42 p.m.)—I wish to speak today about a subject pretty close to my heart. I am enormously assisted in doing so by a wonderful book review in the Age of Saturday, 30 March 2002. I am extremely grateful to the Age and extremely grateful to the reviewer, Peter Spinks, who is the author of Wizards of Oz published by Allen and Unwin—in other words, he is a writer in his own right. He has written a wonderful review of a book called The Common Thread: A Story of Science, Politics, Ethics and the Human Genome. The reason I want to talk about this today is that I feel very distressed—I passionately believe that we should not patent genes. I believe that the tide is probably rolling over me as I speak but that does not matter to me today. I think it is still important that we make the case for why genetic material ought not be patentable. I have no problem with processes that our genes may be involved with—pharmaceuticals that might be derived from them and so on—but I absolutely strongly believe that we should not patent our genes.

I understand that there was a court case somewhere in which somebody was taking a challenge that said that you cannot patent genes because God got there first. They put it more elegantly than that, but in fact nobody discovering a gene is inventing anything. They may have found something that is there, and you may want to patent the process, but to patent the genes seems to me to be contradictory to what I understand is the definition of a patentable thing or object.

I want to take myself and listeners through the case for why one should not patent genes and why indeed that material, that information, that knowledge, should be in the public arena. As I say, to do that I am enormously assisted by this book review of a wonderful book called The Common Thread. I wish I had thought of a name like that when I was talking about DNA. It is written by John Sulston and Georgina Ferry. They describe what turned out to be a race. The human genome project—the HGP—was launched with large public funding to map and sequence the human DNA. The public project, which was one of the biggest in scientific history, was pivotal. A lot of people would say that when we finally have mapped all the genes then we will know the answer to everything. I do like to know that people are bold enough to even make that statement. You might know more but you will not know it all, and it is very clear and very obvious to people that even having pretty much mapped the human genome we certainly do not know the answer to everything. We do know a little bit more about the significant and tough questions we have to ask about where we go next. The book review reads as follows:
In order that the genome, the essence of our biological heritage, remain public property and not be usurped in the interests of profit by the private sector, the HGP sought to make the genome information freely available to the scientific community.

That noble aim was very nearly thwarted, however, when Craig Venter, an American scientist who moved into the private sector when he couldn’t get what he wanted from publicly funded science, formed Celera Genomics. The private company claimed it could sequence the human genome faster, more cheaply and more completely than the public project ever could.

Jim Watson, co-discoverer of DNA’s structure and then HGP head, had another opinion... He said that Craig Venter, through the private sector, actually wanted to own the human genome. He was ruder than that; he said: “...the way Hitler wanted to own the world.”

I do not know whether I want to accuse Craig Venter of that but I was troubled by this extraordinary private race against the publicly funded human genome program. This human genome program was publicly funded to extreme amounts of money—I don’t dare remember on the public record, but there were many, many, many millions of public funding. I also find the way it was done very interesting because I am a South Australian senator and I think the only Australian involved in mapping that human genome was Professor Grant Sutherland from South Australia, who was honoured for his experience and expertise in this area by being involved in and part of the human genome mapping.

Celera set out to be able to say, “We got there first.” The problem was that if they did get there first then they would own the patents or would slap patents on a lot of the genes. This would put them in the position to make a huge amount of money from the human genome from anybody who wanted to use that gene information to look for ways in which we could modify pharmaceuticals for the treatment of genetically caused disorders. For me, this was a major worry. I do not object to science making money out of its discoveries but I certainly did feel very uneasy about this bizarre race.

It is also interesting that the private sector was much more vulgar in enlisting the media to its case. If you read the articles at the time you would have thought that Celera was quicker and better, cheaper and faster—so they kept saying and so the articles appeared. No-one talked really about the case for the earnest, plodding, thorough, comprehensive, bound to make less mistakes, human genome program. But that is what happened. That is what finally turned out to be the case. This book describes what happened. In the end people got very tired about this pathetic race and the negative impact it was having on comprehensive and adequate research. This led to a joint announcement on 26 June 2000, by the then US President Bill Clinton and the British Prime Minister Tony Blair, about where we are up to in this whole program. Under the draft deal, a compromise instigated by President Clinton, who was fed up with the arguments between these mobs, both groups published their incomplete data simultaneously. In Sulston’s words:

“We just put together what we did have and wrapped it up in a nice way, and said it was done. We were sucked into doing exactly what Celera has always done, which is to talk up the result and watch the reports come out saying that it’s all done. Yes, we were just a bunch of phonies. But we were trapped by Washington politics.”

Celera, which could persuade some of its subscribers to pay for any additional information provided, proclaimed its goal had been reached. Sulston disputed that claim, and that was in fact the case. They expected, and the publicly funded human genome program expected, that Celera would have been better—(1), because Celera said it and, (2), because Celera could use all the publicly available human genome program which was in the public domain. It seemed, though, in fact that they turned out to be no better: good at self-promotion, not so good at exploring the human genome. The Human Genome Project scientists have turned out to be the true victors. The review quotes Sulston as saying:

“The best way to prevent the sequence—that is, the human genome sequence—being carved up by private interests was to put it into the public domain so that, in patent office
jargon, as much as possible became ‘prior art’ and therefore unpatentable by others,” writes Sulston, who came to realise that “in our society one can get into trouble for giving away something that can make money.”

This book is of great help in the debate that we still have ahead of us—the very important question, as I have said before, about whether or not we can patent human genes. For the record, I strongly oppose that. It is also about whether science in general should be a public or private knowledge, and that is a question that is preoccupying universities at the moment.

The previous Labor government established a number of cooperative research centres where universities and government or private research institutions and industry went into partnership together to advance the cause of science and research and discovery in this country. I think most everybody thinks they are very good things, to the point where the current government has continued to fund them and fund further cooperative research centres. One of the biggest debates in setting them up was: who owns the intellectual property? What can be patented and who owns the intellectual property and to whom will the benefits of the research, the development and the intellectual property be attributed?

In some of those cooperative centres the outcome is roughly a third each—a third to the university, a third to the organisation, public or private, and a third to the industry involved. I cannot insist that is the case in every cooperative research centre but in some that I have talked to that is more or less how they have carved up the return on the intellectual property. I do not think it is as clear as that in some of these areas. Firstly, the problem is that there is dwindling public funding for research. If we are going to be concerned about the consequences where people will have to resort to patenting human genes to acquire the funding necessary to continue the research, we will have to address that. If that is the consequence, we will have to bite the bullet, or else, to prevent that, we must make sure there is adequate public funding for the significant research in this area.

I strongly support science, medical science and research in all of these areas. In fact I think the research being done is absolutely wonderful and will indeed lead to some extraordinary outcomes, if it is not already doing so. But I have strong concerns that not every scientist is guaranteed to behave honourably. Quite a few examples would suggest that when the capacity to make big money gets into the way of asking objective questions the truth goes for a walk. We do need fearsome public scrutiny and public accountability of the research that is happening in this area, and I believe fearsome is the word for it. When I was involved with looking at the in-vitro fertilisation programs and discovering what was the case in that scientific research, we were absolutely assured that no animal gametes, egg or sperm, were put with humans. We then discovered that that was not how all scientists behaved. Some had gone ahead to see what would happen. That has not proceeded, and no-one expects it will proceed, but the fact is that assurances we are given are not always held to by the scientific community. For their protection and for the community’s protection, I believe we should be extremely rigorous in this area. We should be very clear about what sorts of things are not patentable.

A few years ago in this place there was a very significant debate about plant variety rights. At that time, the way the legislation came down was to say plant variety rights are okay if you are breeding a blue rose, a black iris or whatever, and money can be made from that, but if it is about crops that produce food—so important for feeding the people of this world—that is regarded as outside the standard plant variety rights patenting considerations. When I was making this point during a discussion a little while ago about genes and science I was told I was wrong. What I have discovered since is that time has marched on over those noble objectives and that in fact plant genetic material is now patentable. So the concerns people had about food being owned by powerful companies and the poor having to pay a lot more to get that food is exactly the concern that is now confronting people.
In conclusion, I make it very clear how pleased and proud I am that Professor Sutherland contributes in this area. I have had some fairly exciting debates with him about whether or not gene material can be patented. I believe spin-offs there may be—no trouble about that—but the genes themselves and the information about the human genome properly belongs in the public domain and should be available to everybody and should not be patented. As I said, I suspect that is already happening but I still believe it is time to have a debate about this matter and stop any further patenting of our genetic material.

Sitting suspended from 1.57 p.m. to 2.00 p.m.

QUESTIONS WITHOUT NOTICE
International Criminal Court

Senator COOK (2.00 p.m.)—My question is directed to Senator Hill, Minister for Defence. Would the minister confirm that the party room yesterday directed the cabinet to consider next week reservations or declarations in relation to the International Criminal Court, in addition to a declaration under article 124? Given that the minister has said, and the ICC statute states, that it is the duty of state parties to first prosecute their nationals under their own laws, why is the coalition considering making statements asserting precisely the same interpretation as is already contained in the ICC statute? Given that the reservations are impermissible under article 120 of the statute, would not any reservations or statements of whatever sort be completely superfluous, without effect and mere political posturing?

Senator HILL—It seems to be another open question time on the side of the opposition. Once upon a time, when they aspired to be an alternative government, they actually planned for question time. They developed a theme and a set of questions to develop a particular political argument. Now that they have abandoned that sort of rational approach, they are all allowed to have a go at whatever seems to be of interest to them. Senator Cook, having failed in the trade area and the economic arena—he was the one who told us that the budget was in surplus when it was $10 billion in deficit—is now going to try his hand at international law. So he comes in here today, suggests that there is a misinterpretation of the provisions under the Treaty of Rome and asks how the government could have got it so wrong. As I interpret—

Opposition senators interjecting—

The PRESIDENT—Order! It is hard for me to hear with so much shouting on my left.

Senator HILL—I could not hear the interjections. There is so much laughter in the chamber; apparently it is a light-hearted day today. The Treaty of Rome—

Senator Carr—Is that your answer?

Senator HILL—Senator Carr has other business at hand; we know all about that. And he is doing pretty well, I understand. The far left is taking over the Victorian division of the Labor Party again.

Senator Faulkner—The Victorian branch.

Senator HILL—The Victorian branch of the Labor Party. Anyway, Senator Carr, congratulations. I hope you do better than the last lot. As I interpret the provisions, the Treaty of Rome provides that if a country that is a party is unwilling or unable to provide a domestic response it is only in those circumstances that the court will have jurisdiction. If that is the point that Senator Cook was seeking to make in this instance, I would concur with his interpretation.

Senator COOK—Madam President, I have a supplementary question. I notice that Senator Hill has conformed to the Liberal Party style book—when he cannot answer the question he attacks the questioner or smears the Labor Party. I refer him to the question and I wish that, at some point, he would answer it. Is the minister aware that the member for Mackellar, Mrs Bronwyn Bishop, has stated that the ICC has ‘the power to charge our brave soldiers with genocide just for doing their job’? Is the minister taking Mrs Bishop’s concerns seriously? Is it possible for Australian soldiers to be charged with genocide just for doing their job?
Senator HILL—I do remember Mrs Bishop; she was a former fine senator in this chamber, as I recall it. She embarrassed the Labor Party on a daily basis. The Australian Defence Force, as I have said before—I think Senator Cook must have been absent yesterday when Senator Evans asked the same question—operates within Australian domestic law and within the international conventions relating to war to which Australia is a party. Therefore, they have no fears from this particular court.

Howard Government: Election Commitments

Senator LIGHTFOOT (2.05 p.m.)—My question is directed to Senator Alston, who is both Minister for Communications, Information Technology and the Arts—

The PRESIDENT—Senator Schacht, cease shouting.

Senator Schacht interjecting—

The PRESIDENT—Senator Schacht, I call you to order.

Senator LIGHTFOOT—and minister representing the Minister for Employment and Workplace Relations. I ask: what action is the Howard government taking to implement its election commitments in relation to telecommunications, broadcasting, copyright and workplace relations? What impediments are standing in the way of the government?

Senator ALSTON—It is a very important question that Senator Lightfoot asks. The answer to the first part is that we are doing everything we humanly can to implement our election promises. I know we are a bit old-fashioned, but we take the view that, if you go to an election and spell out what you have in mind and people vote for you—as they did in droves last time around—you are entitled to proceed with your agenda. The short answer to the second part is that the impediments are over there, but we will come to that in a moment.

The reality is that we went to the last election promising media ownership reform—not exactly a populist initiative; it leaves you open to a lot of cheap criticism. What did Labor do prior to the election? Publicly, they said, ‘Not at this stage.’ Privately, of course, they went around to all the proprietors, saying, ‘Of course, if we get into government, no worries.’ What do we find after the election? A report tabled today or yesterday saying no—in other words, ‘Not until we get into government’; that is the usual code for these things. Do you remember Mr McMullan a couple of weeks ago? He came out and said, ‘All of that nonsense that we went on about for five years on GST—you know: it was the worst thing; it was the end of democracy as we knew it? Well, we’ve woken up. We’ve changed our minds. We lost two elections in a row on the GST, so we’re scrapping that one.’

But what did they do after the election? They said the only thing that was non-negotiable was Telstra. Of course, they have lost three elections on the trot on Telstra. I think we all remember, prior to the last election, all these candidates going around signing pledges. When I was at school, signing the pledge meant staying off the grog, but what I think it means to the Labor Party is promising faithfully not to tell the truth until after the election. We all remember l-a-w law, but imagine if they had gone to the last election promising to break up Telstra into bits and pieces. Just imagine what people would have said. There is only one point in doing that—it is so you can hang on to the prime mover and get rid of the contents of the trailer. Right? And that is exactly what Mr Tanner has in mind when he talks about breaking up Telstra. You go out and sign a pledge saying, ‘We won’t sell Telstra,’ but it turns out that Telstra is now narrowly defined to represent the thing that the unions own, or think they own—the network. There has been a complete about-face on the whole issue.

The litany goes on. We made promises on unfair dismissals, we made promises in relation not only to maintaining a budget surplus but also to ensuring that a lot of necessary reforms took place. There were promises to improve the tax treatment of foreign based executives, reduce the superannuation surcharge and—the big daddy of them all—border protection. So, what do we find? Labor in opposition, once again, absolutely not in-
interested in anything. The strategy has gone from sledging your opponents to flooding the back line—that is where they are. They are not interested in any positive initiatives or in having any constructive dialogue—just say no. That is the worst form of political weakness. I would have thought they would have learnt something in six years but they seem to be permanently settled in opposition. Of course, Kim el Carr, our great friend who wants to take the Labor Party back to the golden days—

The PRESIDENT—Senator Alston, you should refer to a senator correctly.

Senator ALSTON—Sorry, Senator Kim el Carr, Madam President.

The PRESIDENT—Senator, his name should be used correctly.

Senator ALSTON—All right. ‘He who shall remain unnamed’ wants to take us back to the golden days of Bill Hartley and John Halfpenny, and it looks as though he is winning. Stephen Conroy has got my vote but, I tell you, the rest of the Australian population will not have a bar of it. They want serious reforms. They want Australia to progress. That was the lesson after September 11—they want politicians to be up front and honest. All they get is people fighting over the spoils of opposition. Well, you are welcome to them but, I can assure you, it will not get you anywhere in the lead-up to the next election. You are further away from government than you were six years ago, and that is a tragedy—(Time expired)

Social Services: Income Support

Senator JACINTA COLLINS (2.10 p.m.)—My question is to Senator Vanstone as Minister for Family and Community Services. Can the minister inform the Senate just how many disability support pensioners would suffer from the more stringent Newstart income test under the government’s harsh budget proposal? Given that the government’s budget statements highlight that 81 per cent of current disability support pensioners have an average independent income of $84 per fortnight above the Newstart test, is it not the case that many more than the now estimated 20,000 people currently working at award rates for over 15 hours per week will come face to face with this government’s heartlessness? Wouldn’t some of these people be those who currently earn income while engaged in business services but who are capable of working 15 hours or more per week at award rates?

Senator VANSTONE—I thank Senator Collins for the question. I know she has an interest in the disability area, even though her colleagues and her party have decided not to consider any negotiations with the government over these changes. They have said a flat, full stop, no. I need to put that in context—I am watching the time and I will get to the detail of the answer. This government wants to refocus on what we regard as disabled and make sure that the disability pension is there for people who have high support needs and not for other people who have a much lesser disability—like all of us with glasses, for example. We want it to be shifted so that people with high support needs will be on the disability pension. This means that our funding will be refocused towards those people, and also every other bit of disability funding provided by the states and the Commonwealth will be focused on people with a disability, people on the disability support pension—the people who are most disabled and who have the highest support needs.

This is a change we believe should be made, both in the interests of people who have a disability with high support needs and in the interests of others who should be on some other benefit. Senator Collins, your party is not interested in discussing the long-term interests of those people who have some lesser disability and getting them back into work and giving them all the opportunities that come with participating in the community. Your party is also not interested in tightening up the eligibility for DSP to stop others who should not be getting on it from getting on it. What you focus on is a question you allege you are interested in—because you asked the question—about what would happen under these changes which you have indicated you are not going to support. It does beg the question, ‘What is your interest?’ if you are not going to support them anyway.
What I have indicated—and I indicated this in an answer to a question to you in the last fortnight, and the answer has not changed—is that we would be looking at what we could do to ameliorate the transition to a new and better system for disabled people during that time, and we would discuss it and negotiate it. Your party is not interested in discussing it and negotiating it. So, it does beg the question as to why you asked that question. There would be some people who would move off to the Newstart allowance; there would be others who may, without any changes, have a reduction, and those with additional income would, of course, be subjected to a higher taper rate. We have given this very considerable thought and we do have some propositions that I believe would very fairly accommodate those people who would be in transition. But, Senator, your party is not interested. If your party is interested, my door is open.

Senator JACINTA COLLINS—Madam President, I ask a supplementary question. Minister, if the government has seriously looked at transition issues for these people, why can you not address the question of how many are affected by the proposals currently before us? It is a simple and straightforward question: how many would this impact? Further to your comments in question time yesterday, Minister, how does the government propose to treat different forms of income: award wages versus non-award wages? And what would such arrangements mean for the many disabled people with other sources of income, often established by their families to secure their future living with a disability?

Senator VANSTONE—The answer to the first part of your question, why do I come in unable to give the exact figures, is that I understand that the Democrats are not interested in discussing this matter and I understand that you are not. So forgive me when I think, ‘What will they be interested in discussing?’ I do not put in my pile detailed figures on something that I understand you are not interested in discussing. That seems to me a fairly sensible way to go about it.

In relation to your questions, Senator, I thought what I said yesterday was clear, and I specifically said it to assist you with some queries you genuinely made with respect to people working in business services. If the government had its way in the sense of achieving the long-term change, I can assure you that the ameliorating changes we would make would not affect anybody in a business service—

Senator Jacinta Collins interjecting—

Senator VANSTONE—Senator, do you want the answer or not?

The PRESIDENT—Order! Senator, address the chair.

Senator VANSTONE—The changes would not affect anybody in business services irrespective of whether they are now working on award rates or not and irrespective of whether they could work on award rates or not. Your party, Senator, are not interested in discussing it.

Health: Pharmaceutical Benefits Scheme

Senator PAYNE (2.16 p.m.)—My question without notice is to the Minister for Health and Ageing, Senator Patterson. Will the minister update the Senate on the government’s strategy to ensure that every Australian continues to have access to the medicines they need? Is the minister aware of any alternative strategies on this issue?

Senator PATTERSON—The Pharmaceutical Benefits Scheme has grown from $1 billion in 1990 to nearly $5 billion this financial year. It does not seem to be of any concern to the Labor Party that that has happened. At least Senator Meg Lees has been willing to come and have briefings about the raft of measures we are putting in place to try and curb the growth in the PBS. We cannot kid ourselves that in the future we will not be seeing medications come through the pipeline, medications costing thousands of dollars. We will have to consider whether or not we are able to put them on the PBS. A couple of those are to treat conditions such as arthritis and diabetes. Those drugs will cost the taxpayer about $1 billion a year. We want to make sure that we have a PBS which is sustainable and which is affordable so that we can actually consider those medications.

Right now the committee of experts, the PBAC, which advises the government on
medication that should go onto the PBS, is grappling with a medication that costs $50,000 per patient per year. Every Australian believes that they should have the right to access medications they require to enjoy a better quality of life, and we are committed to ensuring that that actually happens. One of the measures we are putting in place is to advise people about the amount at which their medications are subsidised. The most commonly prescribed medication on the PBS costs $80 per script per person and most people do not understand that; they think that their general copayment of $22.40 is the cost of the medication. If the PBS is to meet the needs of every Australian into the future, just as it has over the last 50 years, we need to put in place a range of measures to ensure that. The Intergenerational Report shows that, if growth continues as it has in the last 40 years, the PBS could cost taxpayers $60 billion.

I have been staggered by the misinformation that has come from members opposite. We have heard an enormous amount, from many members speaking about the PBS, about a study from Columbia University about how spending $1 on pharmaceuticals saves $3.65 in hospital costs. I can tell you that we have not saved billions of dollars in hospital costs. We have seen the Pharmaceutical Benefits Scheme go up $3.8 billion and we have not seen a concomitant decrease in hospital costs. I should remind senators on the other side that if they want to get a copy of this report then they should go to the Pfizer web site—because who subsidised that study at Columbia University? It was the largest drug company in the world. Here the Labor Party is using the study, pushing a barrow that increasing spending on medications will decrease hospital costs at a tremendous rate. We have demonstrated that that is not true; what we have demonstrated is that we will try and curb hospital costs.

I think the Labor Party need to go back and actually read the study and see what else it says. This study also says that the important conclusion to be drawn from the estimates analysis is that such restrictions as the use of generics would in fact increase total treatment costs. This study is saying that they do not recommend people using generic drugs. One of the measures in the budget is to encourage the use of generic drugs and the Labor Party are supporting that. So on the one hand they take something out of this study and on the other hand the study’s report opposes the Labor Party position. The Labor Party need to get their facts straight and to ensure that the community is informed appropriately. I am sure, Senator Payne, that I could tell people more about the way in which we need to have strategies which tell people the actual facts about the Pharmaceutical Benefits Scheme. Yesterday in the House the member for Shortland said that the Pharmaceutical Benefits Advisory Committee—(Time expired)

**Senator PAYNE**—Madam President, I ask a supplementary question. The minister mentioned that the growth of the PBS has been from $1 billion in 1990 to $5 billion in 2002. Can the minister advise the Senate what impact those alternative policies she was discussing might have on further growth of the PBS?

**Senator PATTERSON**—I do not know whether they have got alternative policies, but what the member for Shortland said was that the PBAC did not recommend the listing of Celebrex—and some other senators have said that here today. That is wrong; that is absolutely wrong.

**Senator Chris Evans**—Madam President, I rise on a point of order: the minister has constantly quoted from the second reading debate which has occurred in this place today and the second reading debate in the House of Representatives yesterday. She is debating the bill; she gets her right of reply. I would let her go on, but I think we ought to draw her attention to the standing orders. If she wants to debate the bill, she can go on the speakers list.

**The PRESIDENT**—The minister has not referred to the bill. She knows that she cannot refer to the bill.

**Senator Chris Evans**—She has referred to the debate.

**The PRESIDENT**—Order!

**Senator PATTERSON**—I am talking about strategy. One of the strategies is to
inform the Australian public correctly, and that is what I am doing. The member for Shortland said they did not approve it and the answer is, yes, they did, in March 2000. If the Labor Party knew anything about policy, they would know that the government cannot actually agree to list drugs unless the PBAC says so. Another error that was made was that one of the members said we should take Claratyne off the PBS because it would save money. Claratyne is not on the PBS. To cap it all off, yesterday in the chamber the shadow minister, who ought to know better, said we are proposing to raise the copayment from $4.60 to $5.60. That is absolutely wrong; he got it so wrong. he did not go into the chamber and correct it. So no wonder the Labor Party are up the creek without a paddle. They do not even know what the policy is. None of them even knows that the shadow minister has got it wrong when he says we are increasing it from $4.60 to $5.60. He is wrong. (Time expired)

Health: Disability Services Funding

Senator FORSHAW (2.23 p.m.)—My question is directed to Senator Vanstone, the Minister for Family and Community Services. Can the minister confirm the assurance made on air by the Prime Minister to Alan Jones on 3 June, in relation to the Commonwealth’s refusal to meet its share of the costs of the Social and Community Services Award in New South Wales, when the Prime Minister said:

... I’ve discussed the issue with Senator Vanstone. She has put some proposals to me and we’re working through that issue and I hope that we can have a sensible response to it...

Would not the sensible response be the fair response as well—that is, that the Commonwealth pay its fair share so that in 12 days time thousands of disability and community organisations do not have to close their doors or reduce their services to people with disabilities?

Senator VANSTONE—I thank the senator for his question and I welcome his interest in the disability area. I am not sure if it is a longstanding interest or a newly found one but, in any event, I welcome it.

Senator Forshaw—Go and ask the organisations in my electorate.

Senator VANSTONE—In any event, Senator, I welcome your interest. I met this morning with some representatives of a rally that is outside today in relation to this issue. The representatives of the rally came and basically said, ‘We have been told that the Commonwealth funds us and that if you do not give us extra money we will, by necessity, have to cut our services.’ They did not say ‘close’ but there might be others who feel that. I had about an hour with these people and I asked them why they were of the view that the Commonwealth funded them. They said it was because they had been told that by the state. Someone in my office produced for them the Commonwealth-State Disability Agreement and we highlighted for them that that agreement was entered into with the states—by a Labor government, incidentally, Senator, before you became a Labor senator.

That agreement makes it very clear that the Commonwealth is responsible for what we call business services—employment for disabled Australians. Of course, we are responsible for income support—that is, the disability support pension and other income support forms. The states look after the rest, which is primarily accommodation. That was an agreement entered into by the Labor government with the states. But the Commonwealth went further in clearing up what was a mess of funding arrangements and said to the states, ‘We will assist you with your responsibilities. Every five years we will have an agreement and we will agree on a lump sum that you will be given every year’—I think it is in quarterly payments, but it is a lump sum per annum—’and, furthermore, just so you know where you are going, we will index that to give some account of price increases that you might face.’ That is how the agreement works.

In relation to disability funding, we look after all the income support and pensions and we also look after employment. If you want to narrow it down, accommodation is a state responsibility, but we nonetheless give them a block amount of money for that which is indexed to take account of price increases. New South Wales have chosen to go around to a number of services and say, ‘You are Commonwealth funded.’ We give them a
block amount of money. I could not even get from New South Wales some time ago a list of the services that they allege they and we fund. How can we possibly fund services if we do not have the names and addresses of who we give the give money to? We do not fund accommodation services. We give the states a block amount to assist them with their responsibilities. New South Wales are trying to get out of their responsibility for the disabled in the accommodation area, for which they should be ashamed. They have a tremendous windfall of income in New South Wales from not reducing their stamp duty despite house prices going up. They do not spend anything like their gambling revenue on social matters—which they should. They have gone around to poor disability providers and said, ‘We want to pretend we are back in 1991 when you were funded by the Commonwealth, so we are not giving you any extra money,’ when for 10 years the system has been different. So if you have a message for disability people, Senator, take it from them to the New South Wales government and tell them the game they have been playing with disabled people is a bloody disgrace and they should get on with funding their responsibilities.

The PRESIDENT—Order, Minister! I ask you to withdraw that word.

Senator VANSTONE—Madam President, I withdraw that. The senator should simply tell them they are a disgrace and they should get on with meeting their funding responsibilities.

Senator FORSHAW—Madam President, I ask a supplementary question. I invite the minister to contact one of her own Liberal party members in New South Wales, Lorna Stone, who I have spoken to on a number of occasions about these issues.

The PRESIDENT—Order, Senator!

Senator FORSHAW—She has raised with me concerns about your policies.

The PRESIDENT—Senator Forshaw, this is not the time to debate the issue.

Senator FORSHAW—I am responding to the snide remarks of the minister in her answer.

The PRESIDENT—You can do that under take note of answers. What is your supplementary question?

Senator FORSHAW—Can the minister give an unequivocal guarantee that McCall Gardens Community Ltd in Box Hill in Sydney, which has operated since 1956, will not have to lay off staff or introduce client charges in 12 days time?

Senator VANSTONE—As the minister responsible for the Commonwealth’s contribution to the disabled, I can assure the senator that this government wants to refocus disability funding to those most in need, to those with high support needs, to the people who use these accommodation services, for example, and who really need a lot of help. That is where we want to refocus the funding. Your party, Senator, have just told us to get lost. They are not interested. They will leave it as it is. The cost will go on escalating and the assistance will not be focused on those most in need. That is what this government wants to do: refocus disability funding to those most in need. You go and speak to someone, Senator, who needs these services and you ask them if they think disability funding should be redirected to those most in need. You will get a resounding, ‘Yes, yes, yes.’

Defence: War on Terrorism

Senator STOTT DESPOJA (2.30 p.m.)—My question is addressed to the Minister for Defence. Can the minister confirm today’s reports that he supports a first strike policy particularly in relation to a possible US strike on Iraq?

Government senators interjecting—

The PRESIDENT—Order! I need to hear the question. Senators on my right will come to order so we can proceed with question time.

Senator STOTT DESPOJA—Thank you, Madam President. Can the minister confirm the reports in today’s papers regarding his support for a possible US-led strike on Iraq? In view of our existing military commitments, is Australia in any sort of military or economic position to participate in a major strike on Iraq? Will the minister give Australians and the Senate a commitment, on
behalf of the government, that the Senate will have an opportunity to debate any proposed military commitment before it is made?

Senator HILL—I have seen the reports to which Senator Stott Despoja refers. If it assists the Senate, I might just repeat what I said yesterday, which is the United States is clearly no longer going to allow problems to fester and threats to remain unresolved. The need to act swiftly and firmly before threats become attacks is perhaps the clearest lesson of 11 September and is one that is clearly driving US policy and strategy. I said that it is a position which we share in principle and I do believe that. It is the overwhelming lesson from the attack on New York and Washington that when a problem is being seen to develop that has the potential to turn into an attack of that level of violence then there is a very strong argument to take action to ensure that it does not occur.

I reflect back upon the circumstances of Afghanistan. It was known that terrorists were exporting terror from Afghanistan, that there were training facilities in place and that terrorists were being trained, and that they had exported and carried out terrorist attacks outside of Afghanistan. It was known that the Taliban was hosting them in those operations and yet it was not, apart from some limited intervention, seen as appropriate to interfere with the internal circumstances of Afghanistan. Many people now very much regret that assessment of what was a proper action or not. What we now know, since those events, is that that terrorist network has spread well beyond Afghanistan, there are significant cells across the world and those cells need to be addressed.

In relation to Iraq, as the President of the United States said last week—and I accept what he said—there are no plans on his desk to attack Iraq. But the US has made it clear that whilst Saddam Hussein continues to develop weapons of mass destruction then there is implied within that, a threat that is intolerable and that needs to be addressed. The United States and others within the civilised world have been seeking to respond to that through diplomatic means, through the United Nations efforts, through economic sanctions and in other ways. So far, Saddam Hussein has not been prepared to respond to that invitation but instead has continued to develop those weapons, and what the United States has said is that it is not prepared to wait forever and run the sorts of risks that have been run in other circumstances. In principle, we agree with that position. We have not been invited to participate in any action against Iraq. We have said before that, if we are so invited, we would consider it on its merits and at that time.

Senator STOTT DESPOJA—Madam President, I thank the minister for his answer, particularly the latter part of his answer, and ask a supplementary question. Does the minister understand that I was not simply asking about the so-called appropriateness of interference as he puts it? I do thank him for confirming his comment, but I am also asking if he will give a commitment to the Senate, on behalf of the government, that the government will endeavour to ensure that there is an opportunity for a Senate or parliamentary debate if we should consider allocating or deploying any troops to any theatre of war but, in particular, in relation to Iraq.

Senator HILL—The government, of course, will act under the defence power as it believes to be appropriate in the national interest. When there is an opportunity for matters of debate before the parliament to bring the parliament within the process, it may well be desirable. I can recall a number of circumstances in the past where that has occurred. In some circumstances that will be appropriate; in other circumstances, it may not.

Family and Community Services: Commonwealth State Territory Disability Agreement

Senator CROSSIN (2.37 p.m.)—My question is to Senator Vanstone, the Minister for Family and Community Services. I refer the minister to the decision by the Prime Minister to extend the current Commonwealth, state and territory disability agreement by four months? Does the extension include the $100 million unmet needs funding agreed to and announced by the government in July 2000, or is this so-called new
funding being held back until your disability support pension changes are passed?

Senator VANSTONE—I thank the senator for the question and for the clear intimation she has given that she does not talk to her state colleagues. If she did she would have access to the letter that I wrote to all state and territory colleagues indicating that I thought it was appropriate to roll over the agreement. I asked the Prime Minister if that was all right and he said that, yes, he thought that was a good way to go, and it has been rolled over.

You referred to the additional $100 million, sometimes referred to by people as unmet need money, and you asked if that money is rolled over as well. The answer to that is yes, it is. You also referred to an announcement that that money would continue in July 2000, and I assume you are referring to a communiqué from a joint ministers’ meeting, which was an announcement in principle. If I counted up the number of in-principle commitments that I have seen by the Labor Party that have never been delivered on, I would be dead—it would take too long to count them. In any event, you have asked whether that money is rolled over and the answer is yes.

The reason I made that earlier point, Senator, which is not aimed at you in particular but at those who might read this Hansard, is that your Western Australian minister consistently said, month after month in Western Australia, ‘The Liberals are cutting disability funding to the states because the money is not in the forward estimates.’ Then we put the money in the forward estimates and what did your colleague in Western Australia say? He said, ‘It’s not new money.’ You do not have to be an accounting genius to know that if it is not there in the beginning you can hardly say you have cut it because it was never there in the beginning. Then when it is there you can hardly say it is not new.

But that advice is not for you, Senator; it is for your Western Australian colleague.

Senator CROSSIN—I ask a supplementary question, Madam President. Perhaps the minister can provide us with the date on which she wrote to the state and territory governments about this. Also, does the minister recall stating in an interview on Radio National the day after the budget was brought down, and again on Sunday Sunrise a week later, that the continuation of the state and territory disability agreement, particularly the unmet needs money, was contingent on the passage of the government’s disability pension cuts? Will the minister repeat her threat to remove this funding if the Senate does not pass her budget measures?

Senator VANSTONE—The agreement has been rolled over for four months, which gives us the opportunity to do a number of things, the most important of which, I believe, is to get adequate accountability measures in the agreement from the states. The Commonwealth is no longer going to provide large amounts of block funding to the states to do whatever they will with and then, for example, after two years of additional money for this alleged unmet need—two years of funding from both the Commonwealth and the states—to find that not one person will say to me that respite services are better in any state. They cannot see where the money goes and they are not reporting adequately for what they do. So we will definitely be rolling over again if the states will not come to that accountability measure.

I am pleased to advise the Senate that all the ministers have agreed that there should be proper accountability, not to the Commonwealth—although, yes, to them—but primarily to disabled people. When we get to the end of four months and we see where we are with a whole range of matters including that, we will review the matter.

Immigration: Border Protection

Senator BROWN (2.40 p.m.)—My question is directed to the Minister representing the Minister for Immigration and Multicultural and Indigenous Affairs. In relation to the announcement by the minister that he will legislate to excise 3,000 islands from Australia as far as migration law is concerned if regulations do not pass the Senate, what new information is there about this mythical boat floating north of Java that has led to this high stakes push for legislation through the Australian parliament? Rather, is it an effort to set up a double dissolution so that the Prime Minister can win a fourth
election and be second to Mr Menzies or to keep Mr Costello at bay, or is it simply to put a whole new batch of Greens into the Senate?

Senator ELLISON—The only thing we are keeping at bay are people who want to enter Australia illegally. We will be tabling those migration regulations at the conclusion of question time today. Of course, Senator Brown has made it very clear that he intends to disallow those regulations. In view of that, the Minister for Immigration and Multicultural and Indigenous Affairs has made the decision that it is now appropriate that we do introduce a bill. He said that there would be a bill introduced in the other place tomorrow to deal with this very important question. Senator Brown has mentioned the reasons for this measure being taken by the government. Yesterday, I said in the Senate, and I say it again, that the advice that the government received from its People Smuggling Task Force was that there was intelligence that there were people and vessels in Indonesia intending to travel to Australia and the South Pacific region who were intent on illegally entering Australia and other places in the region. It was because of that intelligence that the government took the measure of excising those islands off the northern half of the Australian mainland. It is interesting that the opposition and others have made much of the fact that we have not seen a vessel emerge. The reason we most probably have not seen them is the deterrence effect of the excision of the islands which we have just carried out. The reason why we have not seen any attempts to enter Australia illegally—because of the successful policies of this government.

We received credible intelligence from the region that there were people in the pipeline intending to travel to Australia and gain illegal entrance into Australia, as well as vessels partaking in that. It was on that basis that we took the measures that we have in relation to regulations to excise these islands off the northern half of the continent. We did so on a sound basis—on the basis of advice from the People Smuggling Task Force that we have set up to look out for Australia’s interests in relation to protecting against illegal entrants into this country. We will pursue this matter regardless of any attempt to disallow these regulations. As I have said, I will be tabling these regulations at the conclusion of question time and if those are disallowed we will pursue other avenues.

Senator BROWN—I ask a supplementary question, Madam President. I congratulate the Labor Party on getting the minister to put the regulations on the table. What new information is there on this ship in Indonesia which set this whole process in motion, or is there none? Who are the members of the task force to which the minister referred? What is the mathematical presumption that the minister makes in assuming that regulations that cannot get through the Senate when turned into legislation will get through the Senate?

Senator ELLISON— Senator Brown is asking me to pre-empt what the Senate would do, and he knows that is improper. But I will say this: one would think that good common sense would prevail on the other side and the opposition would see what the Australian people want, because the opposition knows that it is way out of touch with what the Australian people want—and that is strong border protection. They want Australia to look after its borders and they expect that from the government and from the opposition. This had been a bipartisan approach until recently, when we have seen Labor backflip on border protection and change its position to join in supporting the disallowance of these regulations which are essential for Australia’s national interest.

Budget: Outcomes

Senator GEORGE CAMPBELL (2.45 p.m.)—My question is to Senator Coonan, the Assistant Treasurer and Minister for Revenue. Can the minister inform the Senate of the revenue implications flowing from the scrapping of the Printing Industry Competitiveness Scheme, the Enhanced Printing Industry Competitiveness Scheme, the TCF market development program, the Technology Development Fund and the National Framework for Excellence in TCF Education and Training programs, and whether the
scrapping of these programs was simply a matter of budget prioritisation? Was any economic modelling conducted to assess the employment impact on the government’s premature termination of these programs, specifically the impact on employment in rural and regional areas?

Senator COONAN—I thank Senator George Campbell for the question. We have very recently had a budget and all the revenue implications of the budgetary measures are published in the budget. I suggest that Senator Campbell have a look in the budget. In fact, I will check whether any modelling was done that I can inform the Senate about. As Senator Campbell and all opposition members would be well aware, Commonwealth taxation revenues depend on aggregate movements in the income and expenditure taxation bases over the entire financial year. Apart from what is published in the budget and what is published in MYEFO, there is little to be gained by asking me on a case-by-case basis in independence for some isolated economic parameter that is not considered together with all the other economic parameters in assessing the budget. You just cannot do it in isolation. I suggest that Senator Campbell can find the most recent figures in the budget.

Senator GEORGE CAMPBELL—I have a supplementary question, Madam President. While I am at it, I point out to the minister that I got the information for the question from the budget papers. Is the minister aware that, as a result of these budget cuts, Griffin Press in Adelaide have indicated that over 200 jobs are at risk and that 1,000 printing jobs in Maryborough, Victoria, representing a quarter of the town’s work force, are at risk as well?

Senator COONAN—I am not quite sure I heard the entire supplementary question. However, I—

Senator George Campbell—Madam President, I am happy to ask the question again if she did not hear it.

Senator COONAN—Senator Campbell has indicated that, just as I explained to him, the question and the answer as to the revenue implications are in the budget. I would suggest that, as far as worrying about scrapping jobs goes, he have a look at the labour figures that were announced today and bear in mind that it is the measures that this government has put in place that have enabled these employment figures to be so positive, together with the other positive economic parameters that this government has put in place.

Immigration: Border Protection

Senator EGGLESTON (2.49 p.m.)—My question is to the Leader of the Government in the Senate, Senator Hill. Will the minister inform the Senate how the Australian Defence Force is contributing to the Howard government’s efforts to secure Australia’s borders and combat people-smuggling? What further steps could be taken to complement these already successful measures? Is the minister aware of any alternative policies?

Senator HILL—The Howard government remains totally committed to protecting the integrity of Australia’s borders, and the Australian Defence Force has played a vital part in that strategy. The Australian Navy has committed ships to patrolling our borders, transit security elements from the Army have performed the often difficult task of securing illegal vessels and the RAAF has ably supported them with the provision of air surveillance. The government’s strategy is clearly working, and for that effectiveness we give great credit to the professionalism and capability of both the Australian Defence Force and the civilian law enforcement agencies that have been acting collaboratively in this national challenge.

I say the policy is clearly working because no boat has reached the mainland since April 2001. Between August and December, 1,847 potential unauthorised arrivals were prevented from reaching the Australian mainland. There have been no suspected illegal entry vessels in Australian waters since December 2001. Our strategy is comprehensive and integrated. It includes the provision of foreign aid to sources and transit countries to reduce incentives for leaving, extensive bilateral and multilateral cooperation with nations in the region, continuing strong surveillance of our northern waters and domes-
tic policy settings which make Australia an unattractive destination for people smugglers.

We refuse to allow Australia to become a soft target for people smugglers, and we intend to make it even tougher. We knew that the people smugglers would look to new avenues to reach Australia and thus we introduced legislation to excise islands to the northern half of our country. It was successful in excising Christmas Island and Ashmore Island. But the people smugglers— their illegal operations—were clearly going to look for other avenues, and it was necessary for the government to respond positively. We had intelligence which told us that people smugglers were planning to use alternative routes to the east of Christmas and Ashmore islands, possibly into the Torres Strait; thus the regulations which prescribe the islands along these routes as excised offshore places are a responsible and necessary component of the government’s anti people-smuggling strategy.

Where does Labor stand on this issue? One can only guess. Earlier, Labor was prepared to support us in excising Christmas Island and Ashmore Reef to make it more difficult for people smugglers to reach the mainland. When it is proven necessary to excise further islands to make it more difficult for people smugglers to reach the mainland, Labor says no. Labor in this instance has decided to go soft on people smuggling. Labor, in its effort to draw a distinction from the government, has offered a free kick to the people smugglers who have been so effectively answered by this government’s policy. In offering comfort and support to people smugglers, the Labor Party is not acting in Australia’s best interests. The Labor Party, in support of Senator Brown, of all people—one of the greatest wreckers to have joined this chamber—is going to vote down these necessary measures to protect Australia’s national interest. (Time expired)

Economy: Telstra

Senator LUNDY (2.54 p.m.)—My question is to Senator Minchin, the Minister for Finance and Administration. I ask the minister whether he is aware of the Treasurer’s statement to the Press Club on 15 May 2002 that:

... the proceeds of Telstra ... would allow the Commonwealth to completely retire all of its debt. That is, the Commonwealth would not be carrying any debt.

Is the minister also aware of the admission by the Parliamentary Secretary to the Treasurer and senior Treasury officials at Senate estimates on 6 June that the Treasurer may instead use the proceeds of asset sales to invest in other assets, including international shares? Can the minister clarify whether the Treasurer intends to use the proceeds of asset sales to retire debt, as he has repeatedly claimed, or is it his intention to sell Telstra to buy Microsoft?

Senator MINCHIN—As Senator Lundy and the Senate well know, the biggest problem we inherited from the former Labor government was a massive blow-out in government debt, the most extraordinary explosion in debt we have ever seen—$70 billion worth of extra debt in just five years. It is beyond belief that a government could rack up debt at that rate in such a short time and leave us in a situation where repayments just in interest were costing $8 billion a year out of the budget. That money would have been much better spent on helping the poor and needy. Instead, because of their debt, we had to use it to pay interest. This clear government policy is to use the proceeds of asset sales to retire debt, unlike our predecessors who used the proceeds of asset sales to pay recurrent spending—an outrageous perversion of the budget.

Opposition senators interjecting—

The PRESIDENT—Order! There is too much noise in the chamber. Senators should not be in breach of the standing orders.

Senator MINCHIN—Our clear policy is to use the proceeds of asset sales to reduce government debt, thereby reducing the burden on future taxpayers and reducing the amount of interest we have to pay. Indeed, our policies have resulted in a reduction in debt of some $60-odd billion and a decline in interest payments from $8 billion to under $4 billion a year. It will continue to be government policy to use the proceeds to retire debt.
If indeed we manage to persuade this Senate to allow us to sell the remainder of Telstra, we have recognised that there are implications for the market in Commonwealth government securities. We made it clear in the budget that we acknowledge that issue and that we intend to establish a mechanism whereby we consult with everyone interested in that matter as to the importance or otherwise of the continuation of a market in Commonwealth government securities. We will undertake that process, and we invite the Labor Party to be part of that process. We would be interested if they have any relevant views whatsoever, which I doubt.

Treasury officials at the estimates committee speculated about the possible options available to the government if (a) we manage to sell the rest of Telstra and (b) we decide we want to continue to have a market in Commonwealth government securities. They merely speculated on what those options are; they did not put forward policy. Obviously one of the options would be for the government to invest in a range of ways. That is not government policy, and there are a whole lot of hypotheticals involved in relation to the comments made by Treasury officials.

Senator LUNDY—Madam President, I ask a supplementary question. Given the minister’s willingness to canvass issues speculated upon both in estimates and by him, can he confirm that it would be the Australian Office of Financial Management that would manage such an asset portfolio? Is this the same Office of Financial Management that presided over the $5 billion losses in currency swaps?

Senator MINCHIN—This question really is surprising, given that it is the Labor Party’s policy to do everything it possibly can to prevent us selling the remainder of Telstra. If, regrettably, the Labor Party is successful in that, then of course this issue does not arise at all. In my view it would be a great tragedy for this nation if the government were to remain as a 50 per cent holder of Telstra. Nevertheless, it is my view that it is highly unlikely that the government would ever be in a situation where it would be investing in other market shares. I think that is a most unattractive option and is entirely inconsistent with our whole approach to debt reduction and management of Commonwealth government finances. We do not want to be a shareholder—that is the whole point. We should not be a shareholder in Telstra. We want to get out of those shares, and we believe the Senate should allow that to occur.

**Immigration: People-Smuggling**

Senator BARTLETT (2.59 p.m.)—My question is to the Minister for Defence. My question relates to issues surrounding the sinking of the vessel which has come to be known as SIEVX, which resulted in the deaths of 353 asylum seekers. Minister, why did the Prime Minister repeatedly say during the election campaign that this vessel sank in Indonesian waters, when the minutes of the meeting of the People Smuggling Task Force of 23 October 2001, which was attended by three staff from the Prime Minister’s department, state specifically that the vessel was ‘likely to have been in international waters’?

Senator HILL—The Prime Minister made that statement because that was the advice that he was given from his department. The location of the sinking of the vessel was based on what little information we knew about it, working from hindsight. We of course did not know at the time of the sinking of the vessel and, as it turned out, Australian naval vessels were not in the vicinity. We were not, in any event, able to assist. We subsequently learnt that the vessel had sunk, and we made a best estimate, on the basis of what information is able to be put together, as to where it did sink. I have referred to it as in the Sunda Strait; he referred to it as in Indonesian waters. The best evidence is that both of those answers are still correct.

It is a very sad event and a sad illustration of the horrible business of people-smuggling—that illegal people smugglers will put the gullible into leaky boats in an overcrowded environment and run the risk of loss of life at sea. We very much regret that life was lost at sea in this instance. If this evil practice of people-smuggling can be got rid of in a permanent way, the chance of a recurrence of this sad event will go with it. The best thing at the moment, we believe, is to
ensure that every possible disincentive is put in place to deter people smugglers from putting individuals at risk as they did in this instance.

Senator BARTLETT—Madam President, I ask a supplementary question. Minister, if, as you said in your answer, the Prime Minister said the vessel sank in Indonesian waters because that is what he was advised by his department, could you possibly try to find out what advice was provided to the People Smuggling Task Force—the high-level group that oversees and coordinates all activities to do with surveillance of potential illegal arrivals—that led to their minutes stating that the vessel was likely to have been in international waters? Could you also outline whether or not the defence department has completed its internal review of intelligence matters relating to SIEVX and whether the report provided by that review does finally clarify where the boat sank? Finally, could you clarify whether or not any Australian official—not the Navy—was aware of this at the time?

Senator HILL—No official was aware of it at the time. There had been some intelligence that a vessel was leaving, and there is considerable conflict as to the date of the voyage and whether the vessel had in fact left. But, to assist the Senate committee that has been looking at this issue, we are putting together a chronology of what information we have been able to gather—again, with the benefit of hindsight—and we are developing an unclassified version of that which we intend to provide to the committee. We hope that that will be of assistance to them in their work. Madam President, I ask that further questions be placed on the Notice Paper.

QUESTIONS WITHOUT NOTICE: ADDITIONAL ANSWERS
Superannuation: Australian Quarantine and Inspection Service

Senator IAN MACDONALD (Queensland—Minister for Forestry and Conservation) (3.04 p.m.)—Yesterday, questions were asked of me, Senator Minchin and Senator Coonan regarding AQIS and their contractors. I seek leave to incorporate an answer on behalf of all three ministers, to which is attached an AQIS bulletin. In doing so, I want to stress to the Senate that no individual affected by the retrospective decisions will be disadvantaged.

Leave granted.

The document read as follows—

This response is to questions that were asked to myself as the Minister representing the Minister for Agricultural, Fisheries and Forestry, Senator Minchin, the Minister for Finance and Administration and Senator Coonan, the Assistant Treasurer and Minister for Revenue.

The Government absolutely refutes any suggestion that AQIS has sought to avoid its obligations to persons who have accepted engagement under common law contractors as meat inspectors and veterinarians.

At the time of establishing the contractual arrangements for meat inspectors in 1998, AQIS received advice that for general legal purposes and for taxation purposes, these individuals were deemed to be contractors and AQIS considered on that basis that superannuation was not payable. The ATO advises that in 1998 it was not consulted by AQIS in relation to this matter.

It was only in late 2001, that AQIS was given advice from its internal legal advisers that a superannuation liability existed where contractors were principally engaged for their labour. AQIS was not made aware prior to this time that a person could be deemed to be a contractor in some circumstances but an employee in other circumstances such as, for the purposes of superannuation.

AQIS sought advice from the Australian Taxation Office and the Department of Finance and Administration on whether liability extended to meat inspector and veterinarian contractors because of the nature of work undertaken on its behalf. Immediately this confirmation was received, AQIS set about calculating the amounts owed both for the Superannuation Guarantee Levy and as interest on the amount to the 486 persons who had been utilised as contractors.

The amounts owing for the superannuation guarantee liability and as interest are prescribed in the legislation and AQIS is in the process of obtaining independent audit advice of the accuracy of its calculations.

The individuals affected by this retrospective decision have been notified that a backpayment will be lodged with the Australian Government Employees Superannuation Trust early in the next financial year, so they can hardly be described as having been somehow disadvantaged by AQIS’s
failure to make progressive payments since the contractor arrangements were introduced.

In 2002-03, for the third consecutive year, AQIS has delivered further savings through efficiency gains and the $2.75m cost of AQIS meeting its retrospective superannuation obligations will be met from this year’s savings without recourse to the Federal budget beyond the 40% Government contribution.

AQIS has conceded a misunderstanding on its part and has acted appropriately and responsibly in making good that error. There has been no attempt made to cover up the error or to resile from its responsibilities. The Labor/CPSU allegations floated by various members of the Opposition yesterday are rejected out of hand as nothing more than CPSU bitterness over falling memberships being aired by the union mouthpieces in the Senate.

The use of flexible resourcing arrangements such as the use of contractors is provided for under the Meat Program Agreement negotiated with the CPSU and has been a key plank in the very significant efficiency gains which have delivered huge savings to the Australian meat industry.

For 2002-03 for meat inspectors, AQIS has issued an amended contract offering $29.43 per hour. Of this amount $2.43 will be forwarded to AGEST for investment in an approved fund of the individual’s choice.

For veterinarians AQIS has decided that the 9% SGL will be deducted from the existing hourly rate.

AQIS is of the view that these rates will be sufficient to attract the number of common law contract service providers to meet its business needs in a contestable market. Again, it needs to be stressed that these are not employees of AQIS.

In relation to the specific questions asked of Senator Minchin, I advise that the Department of Finance and Administration has indicated that it is not aware of the former Minister or Department providing any advice to AQIS in relation to their decision in 1988. And further, individual Commonwealth agencies are responsible for ensuring they fulfil their obligations under the Superannuation (Productivity Benefit) Act 1988. However, the Department of Finance and Administration provides Commonwealth agencies with information through their web site, through a help line and also an annual circular to assist them in understanding their obligations under the Act. The annual circular provides information on those persons who are covered by the Act.

I table the AQIS Bulletin dated 23/05/02 sent to every relevant party.

AQIS BULLETIN
MEAT INSPECTION AND VETERINARY CONTRACTORS

Important announcement regarding superannuation

In the course of updating our legal advice about the meat inspection and veterinary contracts late last year, AQIS was informed, for the first time, that it had a potential liability under the Superannuation Guarantee (Administration) Act 1992. Under this legislation certain independent contractors are deemed to be employees for the purposes of the Act. One of the exclusions is an independent contractor who is incorporated.

AQIS has since confirmed its legal advice with the Australian Tax Office and the Department of Finance and Administration. In this process AQIS has been advised that superannuation payments under the Act must be paid to the default fund, despite AQIS having factored a component for superannuation into the hourly rate, which has already been paid direct to all independent contractors.

Importantly, the legal advice has reconfirmed that you remain an independent contractor for general legal purposes and therefore cannot be considered to have employee status for any purpose other than for that of the Superannuation Guarantee (Administration) Act 1992.

What does this mean for you with regard to a superannuation entitlement?

As a Commonwealth entity AQIS is obliged to make superannuation payments for you in accordance with rates outlined in the Superannuation (Productivity Benefit) Act 1988. AQIS has now completed all the necessary calculations for the period 1 July 1998 to 31 March 2002 and is currently making arrangements to transfer the total amount owing for the period, including interest, along with a breakdown of each individual’s entitlements to the Australian Government Employees Superannuation Trust (AGEST).

AGEST will shortly be writing to you to provide you with details and to also ask you whether you wish to remain with AGEST (the default fund for the purposes of the Act) or to transfer your superannuation entitlement into another approved superannuation fund of your choice.
AGEST has provided a brief overview (attached) of some of the issues you will need to be aware of.

Please do not contact AQIS or AGEST until you receive the written advice mentioned above. Unfortunately advance information about your entitlement cannot be provided.

What will happen from here on? Two things:

- AQIS will make a further calculation of the superannuation entitlement from 1 April 2002 to 30 June 2002 (for independent contractors providing services in that period) and subsequently make this payment to AGEST during the course of July 2002;
- New contracts will be offered in the middle of June 2002 for the 2002/03 financial year with on-going superannuation entitlements built into the package.

Any independent contractor who provided AQIS with meat inspection or veterinary services prior 1 July 1998 will need to contact the Export Manager in their State to provide details of the extent of the payments received for these services. In such instances AQIS will investigate any superannuation entitlement that pre-dates 1 July 1998.

Greg Read
Executive Manager
Exports
23 May 2002

STANDING ORDERS

Senator FAULKNER (New South Wales—Leader of the Opposition in the Senate) (3.05 p.m.)—Madam President, I do not want an immediate response to this, but I would ask you to give a considered response to it, if you would not mind. I decided not to raise this issue during question time, to allow maximum opportunity for senators to question members of the executive, but I would ask you to give some consideration to an answer that was given by Senator Patterson during question time today. There is no doubt in my mind that she was asked a question by Senator Bartlett in my capacity as Minister representing the Minister for Immigration and Multicultural and Indigenous Affairs, and I undertook to get further information for the Senate. I seek leave to incorporate that information in Hansard.

Leave granted.

The document read as follows—

Senator Bartlett asked the Minister representing the Minister for Immigration and Multicultural and Indigenous Affairs on 18 June 2002:

(1) I draw the Minister’s attention to figures produced by the Immigration Department, which show that on 8 April this year 311 people on Nauru and on Manus Island were assessed as refugees. Of those 311,176—well over half—have family already in Australia. How many of these 176 people have been accepted into Australia since that time and how many people, two months after being assessed as refugees and with immediate family in Australia, are still being kept in detention offshore? Will the Minister give a commitment to ensure that these facilities are no longer kept separated and will he immediately enable these refugees to enter Australia?

(2) I have the figures. I have quoted them to the Minister. They are from his Department. I
am asking how much longer the people are going to be kept locked up when they have already been assessed as refugees. I also note that prior to the most recent assessment, 757 out of 1,129 people were assessed as refugees, so a clear majority and a very high percentage of people have been assessed as refugees. How does the Minister justify continuing to detain hundreds of people since they have been assessed as genuine refugees?

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

Australia and the UNHCR are working together to determine the refugee status of asylum seekers on Nauru and Manus island. Of 340 asylum seekers on Manus and of 1,095 on Nauru, total 1,435, a total of 479 have been determined as refugees (226 on Manus and 253 on Nauru) as at 18 June 2002. More decisions are expected to be handed down in Nauru today.

The Government, at both Ministerial and senior officer levels, and UNHCR are in discussion with resettlement countries, seeking resettlement outcomes for those found to be refugees. As in any such situation around the world, these processes take time. To date, New Zealand has resettled 59 from Nauru. Canadian representatives visited Nauru recently to assess a number of cases. Australia will take its fair share and Australian processing for resettlement is under way, including verification of claimed family links. Already 12 refugees are in Australia. More will come to Australia progressively as processing continues.

Pending resettlement, refugees are being cared for by the International Organisation for Migration, which is internationally recognised for its care of refugees and asylum seekers.

Tasmania: Commonwealth Law Courts Library

Senator ELLISON (Western Australia—Minister for Justice and Customs) (3.07 p.m.)—Yesterday I was asked a question by Senator Harradine in relation to the Law Courts Library in Hobart, and I undertook to get further information for the Senate. I seek leave to incorporate that information in Hansard.

Leave granted.

The document read as follows—

Senator Harradine asked the Minister for Justice and Customs, upon notice, on 18 June 2002:

Hasn’t the Federal Court made a proposition that it would continue with the library? Didn’t the Federal Court offer to take over the management responsibility for the library, provided that a relatively small amount of appropriation funding was made available? Could not the minister have regard to that and also to the fact that, at a very high level—at the highest level in fact—the Federal Court was urging retention of the library?

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

I am advised that, after the Administrative Appeals Tribunal had indicated that it no longer wished to have management responsibility for the library, the views of the Federal Court (and the Family Court) were sought on a range of options. Initially, the Federal Court advised the Attorney-General’s Department that it considered the library should continue operations and that it was prepared, in principle, to take over the management of the library, subject to negotiation of conditions, particularly regarding funding and resources.

Subsequently, however, in discussions with the Court, the Attorney-General’s Department understood that although the Court’s preference would be for the library to continue, the Court would be prepared to accept the closure of the library provided that funds were transferred to the Court to assist with the provision of any necessary alternative arrangements for library services.

The Chief Justice of the Federal Court wrote to the Attorney-General in early June reiterating concern about the closure of the library but noting that discussions were taking place between the Registrar of the Court and the Attorney-General’s Department over funding. The Attorney-General is presently considering the Chief Justice’s letter.

MIGRATION AMENDMENT REGULATIONS 2002 (No. 4)

Tabling

Senator ELLISON (Western Australia—Minister for Justice and Customs) (3.08 p.m.)—Yesterday Senator Faulkner asked me a question in relation to the tabling of migration amendment regulations, and I now table Migration Amendment Regulations 2002 (No. 4) with an explanatory statement.

Motion for Disallowance

Senator FAULKNER (New South Wales—Leader of the Opposition in the Senate) (3.08 p.m.)—by leave—On behalf of the Labor Party, Senator Stott Despoja, Leader of the Australian Democrats, and Senator Brown, I move:
That the Migration Amendment Regulations 2002 (No. 4), as contained in Statutory Rules 2002 No. 129 and made under the Migration Act 1958, be disallowed.

I have moved this disallowance motion on the Migration Amendment Regulations 2002 (No. 4), about which there has been some debate in this chamber over the past couple of days. I am pleased that the government, when pushed to it by pressure from the Senate chamber, has tabled these regulations. I do think, in relation to Senate process, it is a more appropriate procedure for us to adopt that the government table these regulations and then the Senate make a determination about whether they should stand or whether they should be disallowed. The alternative course of action, which would be for a non-government senator to table the regulations and then proceed with a disallowance resolution, seems to me to be a less appropriate procedure. This is a better one.

Clearly, these regulations should have been tabled yesterday, given that they were gazetted some 12 days ago. The point should be made in relation to these regulations that the government has moved to table them only after a great deal of dragging of feet. We have seen, in that process, a fundamental disregard for proper parliamentary process, a fundamental disregard for parliamentary democracy. But you have to be fair: better late than never, and these regulations have now been tabled in the Senate. The tabling of the regulations gives the Senate the opportunity to use parliament as it is meant to be used, and it gives the opposition the opportunity to behave as a good and effective opposition should behave, and to behave as an effective Senate chamber should behave—that is, to support good policy in this place and to oppose bad policy.

These regulations are not just bad policy; they are atrocious. In moving to disallow these regulations, let me reaffirm Labor’s strong support for tough border protection, including a coastguard. Let me reaffirm our strong support for the excellent work being done by Defence and other relevant agencies in getting the people-smuggling problem under control. We believe that the capacity of Defence and other agencies to stop people-smuggling must be strengthened by appropriate international agreements—that is, agreements to process asylum seekers in countries of first asylum. There should be agreements for burden sharing in relation to refugees identified as in need of third-country resettlement and negotiations with transit countries to resolve the cross-border issues that affect a united international response to people-smuggling. The Senate needs to remember that people-smuggling is not an offence in Indonesia. The government is so concerned at the problem of people-smuggling that it appears to have done absolutely nothing to address that problem.

Let us look at what the government has done in relation to real problems of border protection. Minister Ruddock has admitted previously that none of the government’s policies have had any effect on the number of unauthorised arrivals. We say to the Senate and say it clearly, and we have said it consistently: this excision does not strengthen our border protection; it weakens it. You have to ask the question: how do you strengthen Australia’s borders by diminishing them? How do you strengthen border protection by rubbing out parts of Australia? Of course, the government claims that that is protecting our borders. And the government, I think, wants the Australian people to forget that border protection involves stopping hand guns, drugs, plant and animal diseases. Border protection is not just about people-smuggling. But, by excising parts of Australia, the government is saying that we cannot stop boats landing there, no matter what those boats might be carrying. And we are concerned that these regulations represent a white flag to smugglers of all stripes, not just people smugglers.

If excision is the government’s only solution to the problem of border protection, what are they going to try next? Are they going to try and meet the problem of unauthorised arrivals by excising Mascot and Tullamarine? If excision is the government’s only solution to the problem of people illegally in Australia, you are likely to see, in my home city, Bondi and Coogee excised. And Minister Ruddock, in contradiction to the Prime Minister, has indicated that further excisions
could occur. The Prime Minister has kept asking the rhetorical question: what is the difference between excision of Ashmore and Cartier reefs and excision of the Cocos (Keeling) Islands and Christmas Island.

Senator Robert Ray—They are all regarded differently under the Electoral Act for a start.

Senator Faulkner—As Senator Ray says, that is true. But the Prime Minister, you see—

Senator Hill interjecting—

Senator Robert Ray—You know the difference, don’t be an idiot!

Senator Faulkner—Your character assessment is correct, but—

The Deputy President—I did not hear it, but I hope it was not unparliamentary.

Senator Robert Ray—I withdraw.

The Deputy President—Thank you.

Senator Faulkner—The Prime Minister draws a distinction between the excision of Christmas and Cocos islands and Ashmore and Cartier reefs—which was supported by the opposition in 2001—and all of these other islands, the 3,000 other islands to the north of Australia. And there are important differences in relation to that first excision that occurred in 2001. Let me remind the Senate, in relation to what occurred last year, all those islands were named. All those areas are closer to Indonesia than they are to Australia. The other point that needs to be made is that, when that bill was passed, approval was not given to excise any other island willy-nilly.

The truth is that some of the islands that are excised under these regulations, for which we are proposing disallowance, are barely big enough to stand on at high tide. Some of the islands are in clear view of the Australian mainland. The other point that needs to be made is that, when that bill was passed, approval was not given to excise any other island willy-nilly.

Senator Faulkner—The Prime Minister has kept asking the rhetorical question: what is the difference between excision of Ashmore and Cartier reefs and excision of the Cocos (Keeling) Islands and Christmas Island.

Senator Ian Macdonald—The Australian government.

Senator Faulkner—Well, and the Australian government. The point of the excision is to give the government an opportunity to posture: posture on this issue while business confidence falls, posture while interest rates rise—anything for a political distraction. That is the way the current government does business.

Senator Ian Macdonald—Sounds a bit like sour grapes to me.

Senator Faulkner—The government is so determined to posture on this issue, so determined to use this proposal as a political wedge, that it has indicated today, in the event that its regulations are disallowed, it will introduce legislation to achieve the same objective. The government should know by now that Labor’s bipartisan support to protect our borders and combat people-smuggling is not about automatic agreement to whatever the government proposes, no matter how idiotic such a proposal might be.

Senator Ian Macdonald—It’s about going soft on border protection.

Senator Robert Ray—You wouldn’t know what bipartisanship was. You don’t want it!

Senator Faulkner—What we continue to do is offer our support for good policy. We are happy—

Senator Ian Macdonald—You’re soft on border protection.

Senator Robert Ray—Rubbish! It’s about time you protected our borders down south.

Senator Ian Macdonald—This is why Sword’s got the stabbing.

Senator Faulkner—We heard that, Senator Macdonald.

Senator Ian Macdonald—Did you?

Senator Faulkner—Yes. Let’s hope it is recorded a little differently in Hansard, and just get on with it.
The DEPUTY PRESIDENT—Senator Macdonald, it might help if you actually remained silent instead of interjecting.

Senator Faulkner—he probably thinks that now.

Senator Ian Macdonald—I was only responding to Senator Ray.

The DEPUTY PRESIDENT—Senator Macdonald!

Senator Ian Campbell—What about Senator Ray?

The DEPUTY PRESIDENT—Senator Faulkner has the call.

Senator Faulkner—Thank you, Madam Deputy President. I was saying that, as far as the opposition are concerned, we are willing to continue to offer our support for good policy. We are willing to offer continued support for sensible policy. We are willing to offer our support for policy that will fight people-smuggling and see that Australians are secure. We will not support policies that in our view injure Australia’s interests. We say that that is precisely what these regulations do. They are ill considered and politically motivated. For those reasons, these regulations should be disallowed. On behalf of those other senators in this chamber, I commend this motion to the Senate.

Senator Hill (South Australia—Minister for Defence) (3.23 p.m.)—The government obviously defends its regulations and opposes the disallowance motion. What must be appreciated is that we are dealing here with international criminal activity. It might be, as Senator Faulkner has said, that people-smuggling is not a crime in Indonesia, but a criminal conspiracy to breach Australian borders certainly is a crime in our country. People smugglers operate illegally, taking advantage of, in many ways, the disadvantaged to gain a reward. As I said in question time, this is often at great suffering and loss to those disadvantaged people, including the loss of life in one instance.

It is an evil trade and a trade that we believe needs to be discouraged in every way possible. It was a trade that was flourishing at one time. The numbers arriving in Australia through this illegal activity were growing rapidly. Some thousands of people were believed to have reached Indonesia in order to take advantage of the people-smuggling business. The Australian government had no alternative in protecting our national interest, but to address ways in which people-smuggling could be effectively countered.

You might ask: why was it so attractive for the people smugglers and those used by them to reach Australia? The answer of course was that we were regarded as a soft touch. Once illegal entrants got into the Australian jurisdiction, got the benefit of our very generous legal system—I say that without wanting to be disrespectful—their cases would be tied up for years. Certainly, there may be some unpleasantness associated with being detained for some time, but ultimately they would succeed in their endeavours. Thus, as I said, the people smugglers took advantage of this. They were rapidly expanding in their illegal businesses, and the Australian government believed that it had no alternative but to take firm action.

That firm action took a number of different courses. We have spoken already today about utilising the resources of both our defence forces and our civil law enforcement authorities more effectively. They do have assets that cover a wide spectrum of our very large coastline. It is expensive; it is not easy. Sometimes, it is unpleasant work, but it was, in the view of the Australian government, necessary to be undertaken. Through their professionalism, they have done an excellent job for Australia.

Having said that, we still had to find a way so the people smugglers could not take advantage of the shortcuts to the Australian jurisdiction. The shortcuts were simply to get to Christmas Island, Cocos Island, Cartier Island or Ashmore Reef. When we took the action of excising those areas from the Migration Act, it contributed to what has been a remarkably effective policy. Basically, when the people smugglers were unable to get their clients—if that is the right expression—to Australian jurisdiction through the shortcuts, they lost business very quickly.

We knew that it was not going to be an answer that would totally solve the issue. We knew that the people smugglers were resourceful. We knew that there are large sums
of money involved in this trade in human-kind. We knew that they would look for other ways to offer a service to these desperate clients in terms of getting them into the Australian jurisdiction. As I said in question time, intelligence was building that one way they were going to do that was, instead of taking what had been the traditional shortcuts across to Christmas Island or Ashmore Reef, that boats would move along the Indonesian archipelago and basically get into the Torres Strait. Once there, of course, they would be able to deposit their customers on islands within the Australian jurisdiction and the efforts that we had made that had proven so successful in the past ran the risk of being defeated. Therefore, the government again saw no real alternative but to take the logical next step in fighting this scourge of illegal trade in people to make it more difficult for them. The logical next step apparent to the government was to excise the islands that ran the risk of being the next example of a shortcut to the Australian jurisdiction.

In the view of the government, it was not a major step beyond what had been done before. The principle is exactly the same. The principle, when implemented in the past, has proven effective. The government, wishing to stay ahead of the illegal traders in humankind, decided that the next step was to excise the Torres Strait Islands in order to effectively combat this illegal activity. That is what it did, under the law. It is not just the government that has this responsibility to protect our borders; it is the community, through the parliamentary process, as well. In this instance, the Labor Party, in conjunction with Senator Brown—he claims credit for it; I am not sure whether Labor is responding to his initiative or he is responding to theirs—and the Australian Democrats, has decided to defeat the government’s effort to provide this extra obstacle to the conduct of people smuggling operations. They intend to do it today in this place by taking action to disallow these regulations—to disallow the efforts the Australian government has taken to remove this shortcut to Australia from the people smugglers.

The consequence, of course, will be that the message sent abroad will be that the government does not have broad parliamentary support for its strong position against illegal entry through people smuggling operations; that there is division. The Labor Party—which holds itself out as an alternative government and which in the past has been willing to join with the government in order to demonstrate bipartisan support for a strong line on people smuggling—no longer holds that view; it holds a different view. In that way, there can be no interpretation for those who want to engage in this illegal activity other than that the Australian government is not getting the support that it has had in the past from the alternative government, the Australian Labor Party. We very much regret that.

We are committed to a policy of strong border control. It is not true, as Senator Faulkner said in this debate, that it is a single policy. We have a broad suite of policies to address this illegal activity, of which this is nevertheless a critical part. The difficulties we provide in reaching the jurisdiction are a critical part of the total package that Australia has so successfully presented, but it is only one part. Another part is the developing relationship with the Asian nations that are being used—and abused, in many ways—in transit operations. Another part is tackling the situation at source. It is great to see a situation in Afghanistan where a source has so improved that over 600,000 people have been able to return, obviously no longer fearing persecution. There are a whole range of things that need to be done, from tackling the source of people movements across the world through to providing adequate protection at our borders, and the government is committed to the whole suite of policies that make up this package that has proven to be so successful. Without the critical aspect of making it difficult to reach the jurisdiction, there will be an enormous hole in the policy package as we have developed it—and which, as I said, has proven to be so successful in the past.

The Labor Party may feel that it needs to distinguish its product. We know that it suffered serious division on this issue when it last addressed it; the agony was made public. Mr Beazley, the last leader, was significantly
criticised internally for backing the government’s position. We know that it now has a new leader who wants to present a different position to his party, and this has now boiled up into a change of policy. Whatever the reasons—whatever the internal dimensions of the Labor Party that have led to this change of policy—that is a matter of domestic interest. The consequence of it will be that it will weaken our border protection. It means the Labor Party gives a wink and a nod to the people smugglers. It will make it more difficult for the government to prevent the abuse of our borders and that, we would say, is a matter of great regret.

As was indicated in question time today, we know the numbers are here in the Senate to defeat our efforts to combat people smuggling in this way. But, if they are defeated today, we will continue to develop a suite of alternative measures to again try to plug this gap. We are not simply going to accept the defeat expression of this Senate today as the end of the matter. We think it is important in the national interest to protect our borders; we are going to continue to seek to do so in every way that is reasonable; we want to continue to send the message, contrary to the wish of Labor, that we do take a strong line on border control. As a result of that, if anyone thinks that this is going to be the end of the process, they are very much mistaken.

Senator BARTLETT (Queensland) (3.36 p.m.)—I would like to speak in support of this motion on behalf of all of my Democrat colleagues, including Democrat leader, Senator Stott Despoja, who is a cosponsor of the motion. It is important to specifically outline what is being done here today by the Senate. We have had debate not just today but yesterday and comment during question time about some of the political name-calling around the issue as part of the political posturing. But we need to put all that to one side to some extent and outline clearly what is being done and what the government’s policy in this area means.

One thing I do agree with Minister Hill on is that this measure is not a measure in isolation; it is part of a broad suite of policies. That broad suite of policies this government has brought into being, particularly in the last nine months or so, consists of policies that the Democrats are comprehensively opposed to for a wide range of reasons. The regulation needs to be put in the context of the whole so-called Pacific solution approach that this government has adopted. The government likes to say that this measure is about targeting people smugglers, that their whole policy is about people smugglers. What they like to ignore is that it may target people smugglers obliquely, but the people it really targets are asylum seekers. They are the ones, way over and above virtually any of the people involved in organising people-smuggling activity, who are being made to suffer and who are being punished as a consequence of these government policies. The government likes to say—as was said in question time today—that, since adopting this policy of intercepting boats at sea and trying to turn them around or preventing them from getting to the mainland, no boat has landed on the mainland. And that is true; no boat has arrived on the mainland since that time. But there still are boats and those boats still have people on them. They do not disappear just because we rub these islands off the map.

The boats still get to those islands and there are still people on those boats. Australia is still intercepting those people. Australian law is still being applied—albeit, in a very unjust way—to those people. Hundreds of millions of Australian dollars are being spent because of those people, and ongoing enormous suffering is being inflicted on those people by the Australian government. Just because we change the line on the map and say, ‘These islands are not part of Australia any more for the purposes of people wanting protection’ does not mean that the people wanting protection vanish. The people are still there; it is just that the way they are treated is much more inhumane. The expense the Australian government has gone to in dealing with these people has gone through the roof, and the length of time it has taken to assess these people has increased significantly.

We are not preventing people-smuggling or preventing people from arriving. What we are doing is intercepting these people and
adopting a different approach. It is not ‘nothing happening’ instead of ‘something happening’. We are still dealing with the issue—we are just dealing with it differently. The suggestion that, somehow or other, the government has solved the issue is simply wrong. The issue is still there, it is just that it has been put out of sight on Pacific islands and on Christmas Island, and the amount of taxpayers’ money used to keep it out of sight has increased enormously. We are all paying, as Australians, hundreds of millions of dollars to enable this government to keep its approach of out of the sight of Australian people and out of the glare of public scrutiny. The people are still there.

The people are there not because Australia is the soft touch that they all flock to for a so-called migration outcome but because they are fleeing persecution. If the persecution stopped, they would not be coming here—at least not through these mechanisms. Nobody gives up all they own, all they know, risks their lives and the lives of their family, and often separating from their family, just because they feel like shifting country. They do it because they are fleeing persecution. Those basic facts need to be put into this debate. They should not be scrubbed up and covered up by misleading and false terms like ‘queue jumpers’ or ‘criminals’ or anything like that.

These people certainly should not be put in the same category as people smugglers. No person—particularly, from the Democrats’ point of view—in this chamber supports people-smuggling as an activity, because it exploits desperate people and it puts their lives at risk. They are desperate because there are no other options. If there were other options the people smugglers would go out of business tomorrow. That is where we should be directing our energies, not at making life more and more unbearable for the victims of persecution. Yesterday, in the Senate, the Democrats questioned the minister representing Mr Ruddock, Senator Ellison, about some of the people who have been intercepted under this policy who went to Christmas Island, which had then been excised from the zone by the Senate.

They went to an excised place, in the same way that this regulation seeks to increase the excised places around the north of Australia, but they did not disappear. They were taken there and then they were transported by large Navy vessels to Nauru and to Manus Island in Papua New Guinea at enormous extra expense to the taxpayer—and, I might add, at extra strain on Defence capacity. This comes at a time when we are talking about the importance of having a properly resourced Defence Force. By doing this we are actually draining the ADF’s capacity doing something that should basically be a matter of administrative handling of people who arrive in Australia. We have managed to deal, for 100 years, with people arriving in Australia without putting immense pressure on our Defence resources. But now, for political purposes, of course, that expense is being incurred. We had people taken across to Manus Island and Nauru, and some of them have been there now for up to 10 months. The first any of them who got assessed by Australia had word of their assessment outcome was in April—much longer, on average, than what it takes to assess people in Australia.

There are 311 people who in April this year were assessed as refugees—well over half. Of that 311, 176 have family here in Australia and half of them are immediate family, which means spouse and children. The chances are that the reason those people were on the boat was that it was the only way they could reunite with their spouse or their children or, in the case of children, reunite with their parents here in Australia. Because of this government’s policy, that boat was their only option. The suite of policies that Senator Hill is so proud of are actually the policies which have meant that, in many circumstances, the only way for families to reunite is to try to get on a boat. Tragically, we saw that with the boat that sank, the so-called SIEVX, with 353 people on board, more than half of whom were women and children. There are two things that never really get mentioned about that boat. We know about the number of people on that boat who drowned. There was publicity about three children who drowned, but they were not the only ones to drown. Chil-
dren on board that boat were trying to reunite with parents here in Australia, and that was the only way they could get here. They lost their lives trying to reunite with their families; they lost their lives because they were given no other option because of the policy approach that has been put in place by this government, with the support—up until this moment—of the ALP.

The other thing often not mentioned is that a large number of people on that boat had applied to the UNHCR. They had used the so-called proper process and they had been assessed as refugees, but they still had nowhere to go. Indonesia is not a safe third country in terms of resettling refugees. They can stay there, but they cannot settle there. They have no security there at all. They have no protection against being sent back to persecution at any stage in the future. In addition to all the money Australia pays to try to push people out of sight, we also pay money to Indonesia and to organisations in Indonesia, including the UNHCR, to care for, monitor and deal with people in Indonesia. I am not saying that we should not be assisting in that regard, but we are actually providing money there as well as part of this approach. However, that is money that does not provide these people with security. So many of those people had followed the proper process, many of those people had already been declared refugees, but they still had nowhere to go. They still had no option but the boat, and they paid with their lives.

As Minister Ellison admitted yesterday, the 311 people who were notified in April are still imprisoned in Nauru and PNG two months after we have determined that they are refugees. Half of those people have family in Australia—half of those immediate family—and yet virtually none have come to Australia: 12 have come to Australia. Some have gone to other countries but a large number of those, particularly those with immediate family here, are still imprisoned out of public view, at public expense, and kept separate from their families. That is the result of this policy. This regulation simply seeks to extend it. We have heard all the arguments about the absurdity of saying that the law can apply in one part of Australia and not in another part. I find it offensive that, under this law, islands off the coast of Queensland are not deemed to be part of Australia but the rest of Queensland is. There is no logical distinction there. There is nothing particular about being an island which means that the law should not apply to it. I think that highlights what the government’s real agenda is. You could fudge it with Christmas Island by saying it is an external territory and so a bit different, but all of these other islands are part of Australia. If this principle is accepted in any way, there is no logical difference in then exempting any or all of the mainland from the Migration Act in the same way for the purposes of people seeking protection.

I would not be surprised if that is the long-term agenda of the government. Once it is an accepted principle, once it is adopted as law, then we say to the international community, ‘This is what we do when people come to parts of Australia seeking protection: we do not give it to them.’ Once that is accepted for, say, the Torres Strait islands, then it is acceptable for the rest of Queensland and it is acceptable for the mainland. Australia can say, ‘We now have a precedent. If people come to Australian soil seeking protection, we do not have any obligation to provide it to them. We will ensure in the short term that they do not get sent back to face that persecution, but we have no obligation to provide that protection ourselves. It is the rest of the world’s problem as well.’ If we accept that as a principle and give that to the rest of the world as a way of dealing with the refugee issue, you can bet your life that all those other countries that have to deal with many more people than we do will say, ‘If Australia says it can deport people arriving in Australia to any other country it likes, the Pacific islands or anywhere, we will do the same.’

We already know the momentum to the Right in Europe is gaining strength, and these people have pointed to the example given by the Australian government. The far right parties in Europe are saying, ‘The Australian government is doing this. They are “getting tough” on refugees. We should be able to accept those same policies here in Europe.’ If Australia as a nation, and the
Australian government, adopts a policy that says, ‘We have no obligation to provide protection to people who land in our county, on our soil, even if they are refugees’—as many of these people on Nauru are—then you can bet your life that parties in Europe will be pushing to adopt the same thing. They will say, ‘If refugees come here, we have no obligation at all to keep them here. We will scoop them all up and put them in a prison hulk somewhere off in the Mediterranean and then try to bargain for the rest of the world to see who takes them.’ If this policy were adopted worldwide, that is what it would mean. That, among many other reasons, is why it needs to be opposed most categorically: we need to send a message to the rest of the world community that there is not wide acceptance of this policy. In that sense, I think it is important not just on the policy grounds of this particular measure but in terms of the whole approach that the government has taken in this regard.

I would like to mention again the human reality of what this policy means. As I said, the excising that occurred earlier last year did not stop boats arriving; it just stopped the way that people were dealt with. If anything, I think the biggest disincentive—and something that has had a big impact on people not coming in recent times—has been the well-publicised boat that sank with 353 lives lost. That was a pretty big disincentive. That was reported worldwide, and there is no doubt that people contemplating getting on a boat in Indonesia and elsewhere had second thoughts when they heard about the fate of that particular boat. I think that was a big disincentive. That was reported worldwide, and there is no doubt that people contemplating getting on a boat in Indonesia and elsewhere had second thoughts when they heard about the fate of that particular boat. I think that was a big disincentive. There are some questions which need answering about that particular boat, not in terms of whether or not the Navy knew it was there—I think it is quite clear that it did not—but in terms of things that happened on the Indonesian side.

The ‘children overboard’ committee, from my point of view, has not just been focusing on whether or not Mr Reith was telling the truth, because I think it is quite clear that Mr Reith was not telling the truth. It is quite clear that the ability to now trust the announcements or pronouncements of our Prime Minister on any issue to do with this is simply not there. It is quite clear that the word of the Prime Minister cannot be relied on in relation to pronouncements about refugee issues.

One of the boats that appeared, called SIEV3—and information was provided about it to the Senate committee—had 129 people on board. It was overcrowded, as all these boats are, and not in particularly good condition, as all these boats are. Fifty-four of those people were children and 28 of them were women. So well over half of the 129 were women and children and well over a third were children. These people sailed from Indonesia on about 10 September. They were intercepted by the Navy on the 12th. Before this policy was put in place, what would have happened is that they would have been intercepted and taken to safety, perhaps on Christmas Island, transported to the mainland and processed. They would have been deported if they were not refugees and allowed into the community if they were, at some cost in dollars, obviously, over the course of a few months in most cases. Instead, in this case, the boat was intercepted on 12 September, there were repeated attempts to turn it around and it was then continually held up in Australian waters off the islands until 22 September. As well as the 54 children, the 129 included a nine-month pregnant woman who actually ended up giving birth on the Navy vessel as they were being transported to Nauru.

So there were 12 days at sea—10 extra days at sea in an overcrowded boat with 54 children plus a woman about to give birth—and they were then transported across to Nauru on HMAS Tobruk. They did not get there until 15 October. That group of people were at sea for over a month, at taxpayer expense, in conditions that none of us would like to spend more than a day in, in a vessel way smaller than the size of this chamber. I think spending even a day in this chamber with each other would be enough to stretch our tolerance. They spent over a month in a much smaller vessel with 129 people, 54 of them children. So there was an extra month at sea, all that extra cost, all that extra suffering and all that extra danger, to send them off to an island where we then spend longer
to process them and where they continue to be in conditions worse than detention centres here. Eventually—according to the minister’s own answer today—many of them will end up where? Back here. That is a really good policy—good stuff! It is stupid. I am glad we are opposing it and I am really pleased that the Labor Party is opposing this particular part of it.

**Senator BOSWELL** (Queensland—Leader of the National Party of Australia in the Senate and Parliamentary Secretary to the Minister for Transport and Regional Services) (3.56 p.m.)—The circumstances of these people are unfortunate and sad. I would be the first to agree with that, but the reality of life is that there are 22 million people in refugee camps worldwide who are seeking a place to live. The problem Australia faces is that, if we allow boats to come in, we will have boats gunwale to gunwale, as I said in an interview with Senator Bartlett during the election. Australia is prepared to play a role and take its share of refugees. In fact, we have increased our share of refugee places in Australia by some 12,000. We cannot accept the fact that people find $5,000 or $6,000 or $7,000, get on a boat and land on Christmas Island, Ashmore Reef or any of those islands, or even in Australia. As a responsible country, we will take our share of refugees. In fact, we take more than our share of refugees on a pro rata, worldwide basis.

Since April 2001, no boat has reached the mainland. I do not think any boats have actually come into Australia or into the territory in the past 12 months—certainly not in the last six or seven months. So what Australia is doing is working, and we have had bipartisan support to achieve this. What we are going to give now is a signal: drop in on a Torres Strait island and you will get the full ‘all you can eat’ treatment, you will be processed through the courts of Australia and go through all sorts of legal exercises that may prolong your chances of staying in Australia. In the end, if you are not a genuine refugee, you will be sent back to where you came from—and many of these people are not genuine refugees. There are some that are, but many are not and are taking the opportunity to come to Australia. We have stopped that. It has been very successful. But we have not stopped it and then turned our backs on refugees; we have increased our numbers. I do not have the figures offhand but I think we are No. 3 or No. 4 in the world in resettling refugees. No-one can say Australia has not done what is right and what is responsible in its reassessment of refugees.

We come now to where the Labor Party is going to divert from its course of bipartisan support. I know that the Labor Party is in an unenviable position. It has two forces or two parts of a constituency. It has what I would call the ‘chardonnay set’ socialists, and it has the blue-collar workers. For as long as you try to appease those two forces in your constituency, you will sit over there, perhaps for the rest of your lives. You cannot flip from the one and flop to the other. You cannot go out and say, ‘Look, men, rally around; we’re in the unions, the brotherhood of unions, and shoulder to shoulder we will defeat the boss’ and then, the next time around, be on the other side and not support your blue-collar workers. All I say to you is, if you want consistency in government, if you ever want to get back on this side, you have to pick where you are going; you have to pick your mark. But you are trying to walk both sides of the street, and you are really appeasing no-one.

It was never more obvious to me than it was on the day of the republic referendum at the polling booths. My wife and I live in what is virtually a Labor area, and my wife was on a particular polling booth—and I want the Labor side to listen to this because it will give you some idea—handing out promonarchy cards. All the old Labor guys who had been polling at that booth for a number of years walked up to her and said, ‘Good on ya, dearie; good on ya, girlie,’ and refused to take a card from the Labor Party. It was never so evident to me as on that occasion that you had lost your blue-collar workers.

I tell you this, and I will give you a bit of gratuitous advice: people want consistency, people want to know where they are going and people will follow you, if you give them a lead. But what they will not do is flip flop between the chardonnay set and the blue-collar workers. You have to make up your minds: are you a party that represents the...
aspirations of the working men and women of Australia, or are you a group of people who want to represent the chardonnay set? You are in a pincer movement. The Greens are working away at you from the left, the Democrats are taking your vote, and the blue-collar workers are coming over to the Howard Liberals and the National Party. So your vote is eroding away; it is getting smaller and smaller. Senator Brown is eroding it from the left, Howard is eroding it from the right, and you are getting smaller and smaller. Senator George Campbell understands this: in the end what you are doing is depending totally on preferences from the Democrats and the Greens to hold your seats. In some seats—and Melbourne Ports is one, I think—the Labor vote is down to about 28 per cent or 29 per cent, the Green vote is about seven per cent and the Democrats vote is about seven per cent. You have got yourselves in a terrible situation where you are totally dependent on preferences to get elected in some of your seats— and you have abandoned the seats in the bush, and so you do not even worry about those. If you do not come in and show some consistency, you will not even be in opposition. We are debating this issue, and I am giving the Labor Party a lesson on consistency and how to achieve. The silly part of this is that everyone over there knows you cannot go from being on one side of the street and then walk to the other, because you will not have anyone backing you.

I am totally in sympathy with the plight of some of these people—and everyone has got to say that. But the fact is that there are 22 million refugees and some are in camps in Australia. Are we going to encourage people by letting them get on a boat for five or six thousand bucks to come over here on a three-day trip from Indonesia, get into a refugee camp and then access the courts system of Australia, which will cost thousands and thousands of dollars? The people have clearly said no. At the last election, they clearly said, ‘No, we don’t want that.’ Your blue-collar workers said that and your chardonnay set might have said that, but now you are trying to appease both. My advice to you is this. If you want to aspire to this side of the House ever again, pick your mark, go out and win it and be consistent. Listen to the working-class men and women who have held your party together over a number of years.

This is a difficult debate because we have to recognise that there is a lot of sadness in the people who get on these boats for one reason or another—whether they are genuine refugees, economic refugees or just people seeking a better place to live. But, if we offer a place to everyone in the world who wants to come to Australia—because it probably has one of the best ways of living—it is going to be pretty crowded here, and we will not be able to place them. We have increased our number of refugees. I think our country has the third highest intake of refugees of any country in the world. And I believe that, in connection with the world’s refugee problems, Australia is playing its role as a decent world citizen.

Senator BROWN (Tasmania) (4.07 p.m.)—It is remarkable to hear Senator Boswell—who is just about to put through a massive superannuation tax break for the chardonnay set while whamming home extra pharmaceutical benefits costs to the poor in this country, including pensioners, and robbing disabled people of their right to a pension by the thousands as well—say he is for the blue-collar section of the community. It does not stack up very well.

We are dealing with the Migration Amendment Regulations. These regulations will excise islands right around the north of Australia; if they are defeated, we are told the government will bring them back in the form of legislation. What we are getting here is 3,000 islands dressing—first in regulation form, then in legislation form—on Mr Howard’s double dissolution salad. We can see the course that is being taken here. Mr Howard has got his problems; Mr Costello, the Treasurer, is on his way to Queensland for the first of his sallies to dress up his own image. It has not missed very many people that Prime Minister Howard is on shaky ground, particularly following his appalling performance in the United States last week, which curled the toes of millions of Australians, but would very much like to have a fourth term as Prime Minister. To win a
fourth election would put him in the hall of fame for the Liberals—one notch above former Prime Minister the Rt Hon. Malcolm Fraser and the doyen of the Liberals, the Rt Hon. Robert Menzies. Mr Fraser won three elections and Mr Menzies won a good many more. Coursing through the mind of the Prime Minister are such thoughts. I do not flag them lightly here, but I do believe that there is more to this simply than so-called protecting our borders to the north.

There is a great deal of political engineering going on here, and it is self-interested political engineering at the cost of this great country of ours. Repeatedly earlier today, Senator Hill referred to international criminal activity, except for one instance of using the term ‘desperate people’. He did not get to the point that those folk seeking asylum in this country are indeed desperate. They are people who have escaped extraordinarily dangerous and destructive situations elsewhere in the world in the main, if they are true asylum seekers, and they deserve to have access to the migration laws in this country the same as they would deserve to have access to the migration laws of countries in Europe. Belgium, for example, which has a much smaller population than ours, faces 10 times the number of asylum seekers that we saw coming to our shores in boats until last year.

Certainly there is criminal activity involved in people-smuggling, and nobody is going to curry this activity, but behind this is the push of people in desperate circumstances around the world who are just like us, who aspire to finding a better world, just like us, and who want to protect and bring prosperity to their families, just like us, but who, unlike us, have found themselves in life-threatening, torturous situations, sickening situations, in their countries of origin, if they are true asylum seekers.

I reiterate the Greens position: when the cheats arrive they should be processed quickly and sent home—sent packing. But the asylum seekers should be treated differently. They should be treated with humanity. They should be treated under the strict application of the international treaties which we have signed in this country. They should be given dignified entry into our community where they will become great Australian citizens and, as all studies have shown, productive units of the Australian economy.

However, in the last year we have seen a descent into vilification of these very people—vilification sometimes through lies such as in the ‘children overboard’ affair. On this occasion, to help promulgate regulations to excise 3,000 islands from the north of Australia as far as migration laws are concerned, the best the government could come up with was a legendary boat somewhere north of Java—on the other side of Java from Australia—which headed east somewhere into the Pacific but not Australia and which, we are led to believe, was carrying perhaps Vietnamese refugees. I note, by the way, that at the moment the government is regulating again to deny Vietnamese refugees who find their way into China access to our country. These people are routinely sent straight back to China if they do happen to arrive here. The Senate might take note of the regulation before it at the moment which does just that.

Let us look at how the government treats other people who are illegally in this country, some of whom at least are seeking asylum in this country. Is it not a fact that over 60,000 people are in this country right now who have overstayed their visas having arrived by air? These are the better-off people in the world who can afford to get a tourist visa or some other form of visa, arrive in this country and then stay on. Where are the multimillion dollar resources chasing those people down in anything like comparable measure to the resources we are seeing put into chasing down the 4,000 boat people who arrived last year—a much smaller number this year? Hundreds of millions of dollars. Is the difference that many of the visa overstayers speak English and come from Europe or North America?

Then there is the so-called skilled migration scheme which the honourable minister, Mr Ruddock, implemented a couple of years ago, which allows 12,000 people—not 4,000 boat people, but 12,000 people—a year to come to the country for the economic benefit of Australia. When you look carefully at the rules, you see that if you have $A250,000 in
your back pocket then you can come here any time. It does not matter what country you come from. If you have been in a company which employs 50 people, you can come to this country any time; it does not matter what country you come from. So if you have a thick wallet you can come here, because it is not heart and humanitarianism that measures the immigration policy to this country; it is purely dollars and monetary advantage—

Senator George Campbell—You can buy respect.

Senator BROWN—You can buy respect, as the good senator says, but you will not get respect if you happen to be a human being who has stood up for some point of view which is immediately mowed down in a dictatorship somewhere else in the world. If you are a braveheart who stood up for democracy or freedom in a country like Iraq or Afghanistan, you will be denied access to this country if the only way you can find to approach is by boat coming from the north. So there is not just a double standard here. There is a standard that says: you are not judged by who you are; you are judged by how much money you have in your pocket.

The regulations will be opposed by the Greens, as will legislation if it comes back to this chamber in the same form. Who knows what twist the Prime Minister and the minister for immigration will put into the legislation when bringing it back here—if indeed a double dissolution is in their mind, and I think it is. I would caution the government and the executive to think again about taking that liberty with the Australian people. There is no doubt that, with an opposition supporting them all the way, they won the last election in part through the immigration measures that they took in the run to last November. It will be a matter forever discussed as to how honest that was, how proper it was and how politically motivated it was.

Senator McGauran—Let’s test it again!

Senator BROWN—Here we have Senator McGauran of the National Party from Victoria saying, ‘Let’s test it again.’ He is running for the double dissolution, so, quite clearly, we do have a ‘Let’s test it again; let’s have another election on this issue’ component at work on the government side.

I want to finish by saying that I hope the opposition, which has now taken a different position from the government on this component of the legislation, stands firm. I believe the Australian people will go with them. In the run to the last election, there was no choice as far as major parties were concerned in the matter of immigration law and the handling of asylum seekers coming to this country. But I believe, if the opposition takes a strong and more humanitarian stand and does not allow itself to be dictated to by the executive of the Howard government, it will be rewarded for doing that. It is certainly not going to take the Greens’ extremely humanitarian point of view—I accept that—but nor should it take the hard-hearted view of the Howard government.

I congratulate the opposition of Mr Crean for taking a different point of view on this. Not only is it a more compassionate point of view, but I think the opposition would argue it was much more logical. In fact, Senator Faulkner said earlier in this debate that this provision for excising 3,000 islands is actually counterproductive, in his view. It is going to make things worse as far as dealing with asylum seekers is concerned. Whatever the argument, I hope that the time when the opposition simply said, ‘If the government is going to do it, we will go with them,’ is well behind us and that we are on the more fertile ground of a bipartisan debate with an opposition offering an alternative to the Australian people. That alternative has to be strong, it has to be clear and it must be distinct, but it should also be more humanitarian and in line with best practice overseas in countries like Belgium and Germany which do not deal with asylum seekers as if they were criminals, which do not herd children into camps in the desert and which do not turn away desperate people from the borders when they are genuine asylum seekers.

Senator IAN CAMPBELL (Western Australia—Parliamentary Secretary to the Treasurer) (4.21 p.m.)—I want to make one very short point—and it is not meant to be a flippant point—in relation to a couple of comments made by Senator Boswell and
Senator Brown with regard to the use of the term ‘chardonnay set’ to describe some factions of the political spectrum. I believe, as a senator from a state that produces world quality wines, many from the chardonnay variety, that we should find some other way of describing that segment of the political spectrum. Chardonnay is an extraordinarily fine variety of grape, particularly in the Margaret River area and other parts of Western Australia and certainly in some other areas of Australia. It certainly cannot be good for Australia’s primary producers and downstream producers of chardonnay based wines to denigrate the variety by comparing it to soft, left, socialist leaning, Labor or ex-Labor voters. I do hope that people like Senator Boswell and, to a lesser extent, Senator Brown can find some term for describing the metropolitan based Labor supporters who have—

Senator George Campbell—Come off it! You are being flippant now.

Senator IAN CAMPBELL—No, it is a serious point; I am not being flippant. I think it is bad for chardonnay and it is bad for the wine industry to use that term to describe a part of the political spectrum. I do not want to denigrate cappuccino drinkers either. We probably have to find another substance to label those people with. Please steer away from denigrating chardonnay. Having said that, I will be opposing Senator Faulkner’s motion.

Senator MURPHY (Tasmania) (4.23 p.m.)—I have listened to the debate and have considered the issues with regard to what has been taken as a step to further excise parts of Australia for the purposes of the migration regulations and in an attempt to deal with what the government seems to deem as illegal immigration. I was curious as to Senator Ellison’s description of ‘illegal asylum seekers’. I am not sure when asylum seeking became an illegal activity. I have never been aware of that being a fact. I thought asylum seekers from anywhere sought asylum on the basis of very genuine reasons and should not be deemed to be illegal. People-smuggling is illegal, but I do not think you can blame and deem to be illegal people who start off from somewhere for a very specific purpose—that is, fear for their own lives—and seek asylum in another country. That denigrates those people, and I do not think that is something that Australians would want to do.

So far as the regulations and the motion to disallow them are concerned, I do not see the regulations as a real solution to the problem. It says in the regulations that the following islands are prescribed:

(a) all islands that:
   (i) form part of Queensland; and
   (ii) are north of latitude 12° south;

And:

(b) all islands that:
   (i) form part of Western Australia; and
   (ii) are north of latitude 23° south;

I am not sure what that actually determines: whether it ought to be the line where the boats would stop or not stop or that the boats would not go past that particular point. There have been many quite valid questions raised—for example, given the closeness to the mainland of some of the islands, why would people bother to get off on an island; why not just go to the mainland? I have had quite valid points raised with me with regard to environmental issues. What are we doing about that? If there were a reason for having some sort of excision like this, then it ought to be more appropriately placed on the grounds of environmental protection. But we do not see anything in that context coming from the government—or anywhere else, for that matter.

I am not convinced by the argument that further excision will solve the problem. I did not believe the excision of Cocos and Christmas islands would solve the problem either. I do believe that there are other mechanisms that can be put in place to deal with this problem of people-smuggling. Of course, there have been some unfortunate circumstances with regard to our relationship with Indonesia that have not assisted in that. We are heading towards a process that is going to put huge costs on this country in terms of just dealing with people who are, in some cases—not all—not genuine asylum seekers. As I think Senator Brown said, if asylum seekers are not able to be proven to be genuine asylum seekers they should be
sent back. We should have a process that deals with that much more quickly. I do not think saying, ‘Let’s move the line further south,’ will solve the problem or will stop people from coming.

We know that there is a period of time when boats tend to come and we know that they come via Indonesia. We know that there is a specific period of time when those boats seek to come in. The Defence people are well aware of that. I have been to briefings on the monitoring of the boat people exercises and they have known full well. I think Senator Bartlett in his speech mentioned the SIEVX incident. I have my own view about just how much might have been known about the location of that boat. I find it rather intriguing that it has been said that they had very limited intelligence. We seem to have even more limited intelligence with regard to this boat that seems to have been the precedent for the proposal to bring in these regulations.

Rather than addressing this issue as part of what has been a very political process, when are we going to address the issue properly? When are we going to put in place sound policy to deal with asylum seeker problems? What the government is doing here is seeking to employ the same mechanism that it did prior to and during the course of the last federal election—an approach which I think a Senate inquiry has proven conclusively to have been a quite false approach. We should not be seeking to continue that. The people of Australia expect there to be a full and educated debate about this. I hope the government considers that issue—because it is obvious that these regulations will be disallowed—and brings forward a more sensible approach to dealing with this problem for the long term.

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

The Senate divided. [4.35 p.m.]
(The President—Senator the Hon. Margaret Reid)

Ayes............. 37
Noes............. 34
Majority......... 3

AYES
Allison, L.F.
Bishop, T.M.
Bourne, V.W.
Buckland, G. *
Carr, K.J.
Collins, J.M.A.
Cook, P.F.S.
Crossin, P.M.
Denman, K.J.
Forshaw, M.G.
Groig, B.
Hutchins, S.P.
Ludwig, J.W.
Mackay, S.M.
McLucas, J.E.
Murray, A.J.M.
Ray, R.F.
Schacht, C.C.
West, S.M.

Bartlett, A.J.J.
Bolkus, N.
Brown, B.J.
Campbell, G.
Cherry, J.C.
Conroy, S.M.
Cooney, B.C.
Crowley, R.A.
Faulkner, J.P.
Gibbs, B.
Hogg, J.J.
Lees, M.H.
Lundy, K.A.
McKiernan, J.P.
Murphy, S.M.
O’Brien, K.W.K.
Ridgway, A.D.
Stott Despoja, N.

NOES
Abetz, E.
Alston, R.K.R.
Barnett, G.
Brandis, G.H.
Campbell, I.G.
Colbeck, R.
Eggleston, A.
Ferguson, A.B.
Heffernan, W.
Hill, R.M.
Knowles, S.C.
Macdonald, I.
Mason, B.J.
Minchin, N.H.
Payne, M.A.
Scullion, N.G.
Tierney, J.W.
Vanstone, A.E.

Alston, R.K.R.
Boswell, R.L.D.
Calvert, P.H. *
Chapman, H.G.P.
Coonan, H.L.
Ellison, C.M.
Harris, L.
Herron, J.J.
Kemp, C.R.
Lightfoot, P.R.
Macdonald, J.A.L.
McGauran, J.J.J.
Patterson, K.C.
Reid, M.E.
Tchen, T.
Troeth, J.M.
Watson, J.O.W.

PAIRS
Evans, C.V.
Ferris, J.M.
Sherry, N.J.
Crane, A.W.

* denotes teller

Question agreed to.

QUESTIONS WITHOUT NOTICE:
TAKE NOTE OF ANSWERS

International Criminal Court

Senator COOK (Western Australia) (4.40 p.m.)—I move:

That the Senate take note of the answer given by the Minister for Defence (Senator Hill) to a question without notice asked by Senator Cook today relating to the International Criminal Court.
The Leader of the Government in the Senate and Minister for Defence, Senator Hill, answered my question about the statement attributed to the member for Mackellar, Mrs Bronwyn Bishop, that the International Criminal Court has ‘the power to charge our brave soldiers with genocide just for doing their job’ by in effect saying that, no, that was not true. I am gratified to see that the leader of the government in this chamber is prepared to put clearly on the record that this statement—on this occasion attributed to the member for Mackellar but typical of what I regard as a lot of right-wing, loopy criticism of the International Criminal Court—is in fact untrue. There is a campaign to demonise the court and to misrepresent its function, and that is partly to embarrass, it would seem, the Minister for Foreign Affairs and the Attorney-General. The fact that the Leader of the Government in the Senate is prepared to put the lie to those rumours is appreciated by the opposition.

We in the opposition support the ratification of the statute for the establishment of the International Criminal Court. The International Criminal Court is designed to deal with three heinous crimes: crimes of genocide, crimes against humanity and war crimes. Those crimes, taken together, since World War II are responsible for 170 million casualties in the 250-plus conflicts that have occurred in the years since the end of the Second World War. There is a real problem in the world that has to be addressed globally, and there is a need for a court of this nature. The Minister for Foreign Affairs played a role in helping to establish it, with the Rome Statute of the International Criminal Court in 1998, and has proselytised around the world. There is a real need for this court, and it should be adopted.

In taking note of that answer, it would be easy for me to make a speech criticising the government for disarray and division in their own ranks over what should be done about this court, criticising the Prime Minister for temporising and for failing to show the leadership that a Prime Minister of this nation should show on such an important matter and pointing to the divisions within the coalition. The National Party apparently en bloc has one view—although that is not now confirmed—and there are deep, riven divisions within the Liberal Party itself. But I will not stoop to that, because there is a wider and more serious question.

The International Criminal Court is something that the Australian Labor Party, and I believe other parties in this chamber, support. If the government put the legislation before us, we will vote for it, and we will then have an international process through which the crimes to which I have referred can be properly addressed. It is in Australia’s national interest that we be a foundation participant in the establishment of this court and that we do that forthwith and before 1 July. If we do that then we will have some say in how the court is structured and set up, and that is important because of this country’s proud record in international human rights—a record that we need to continue. It is important, too, because the Australian government—with our support—have said around the world that they support this court. To not now proceed would be to humiliate the public and internationally respected position taken by the government and the Minister for Foreign Affairs, Mr Downer, and supported by the Attorney-General.

When the Minister for Defence, the leader of the government in this chamber, indicates that the malicious rumour mongering from the loopy right—the sort of thing that has been put around to demonise this court—is not true, we appreciate that candour and that directness. The wrong thing now would be for this division within the government ranks to be papered over by some weaseling out of the process by invoking some special arrangement under section 124. That would be the wrong thing to do, and I hope the government does not opt to do that. (Time expired)

Senator McGauran (Victoria) (4.45 p.m.)—I rise to respond to Senator Cook in this very late motion—unprecedented, I must say—to take note of answers. The government outright rejects Senator Cook’s accusation that there is disarray in the government over this very important and lofty issue—this we do not deny. But he seems to mistake open and proper debate for disarray. That
may be the case in the Labor Party—when they debate they are at each other’s throats; they hate each other—but we on this side quite openly, quite happily admit to you that there is a very vigorous debate going on in relation to the International Criminal Court, and we are very proud of that debate. It has been going on over several joint party meetings. There is nothing unusual about that at all.

But I will tell you something about this side of the parliament that does not happen on the other side of the parliament. When we sign up to a treaty we do not, in the depths of night, sign treaties like you did when you were in government. If I remember the last treaty signed by your side of the parliament it was when Paul Keating signed, in the middle of the night, with the Indonesian government—no less than that dictatorship of President Suharto—a defence agreement which not even his own foreign minister knew about. That was a treaty that that Prime Minister signed us up to—no accountability to the people, no accountability to the parliament, no accountability to his own cabinet. That is how you sign up your international agreements; that is your record and form.

We on this side quite happily have an open and vigorous debate before we sign up to any treaty or agreement, because we happen to hold with great value the sovereign rights of this country. We just do not jump into international agreements, as you would have us do. Was it not this government that brought to the parliament the accountability of the hundreds, if not thousands, of international treaties you signed up to without accountability when you were in government? This government introduced accountability to the parliament by way of the Joint Standing Committee on Treaties. I happen to be a member of that treaties committee and I know that for 18 months we have been scrutinising the pros and cons of the International Criminal Court. And so we should.

Would you have us just rush in and sign any agreement according to the United Nations? We place them under the dutiful scrutiny that they absolutely deserve, unlike you who, when you were in government, signed hundreds, if not thousands, of agreements with no accountability. Your own Prime Minister signed up to perhaps one of the biggest agreements this country was ever committed to, in relation to a defence agreement with the then dictatorship of Indonesia, which of course fell apart the day that you lost office. It had absolutely no credibility at all. The International Criminal Court is worthy of debate, as I said.

Senator George Campbell—Do you support it?

Senator McGauran—I can tell you, as your interjections would have it, the National Party believe that we should not rush in and sign the agreement. The National Party do not support wholeheartedly the signing up for the International Criminal Court. But this is a whole of government decision on which, in good time, in good debate, we will come to an agreement. We are not going to rush into it, as you may well have noticed. There are international pressures, as we are told, to sign up quickly so we may have an influence on the appointment of the judges. These are influences that ultimately do not force us to make a decision any more ahead of time than need be. So, unlike you, we see this as a matter of debate, not a matter of division. If you want to talk about division, time is against me but I would love to be able to spend a bit of time—and as the week unfolds I will—on the divisions on your side of the parliament with regard to your own factions and policies in Victoria no less.

We in the government have brought accountability to the agreements and to the treaties that governments must sign up to. They inevitably lead to debates on the pros and cons. And there is absolutely no reason or purpose to rush into agreeing to the International Criminal Court.

Senator Cooney (Victoria) (4.50 p.m.)—It is clear that on the other side there is some considerable debate about this statute and whether or not this country ought to adopt it. What does this statute do? It punishes people; it does not punish countries, it punishes individual people who, for example, commit crimes against humanity. And what is a crime against humanity? Article 7
tells you what a crime against humanity is. It is a crime that consists of:

(a) Murder;
(b) Extermination;
(c) Enslavement;
(d) Deportation or forcible transfer of population;
(e) Imprisonment or other severe deprivation of physical liberty in violation of fundamental rules of international law;
(f) Torture;
(g) Rape, sexual slavery, enforced prostitution, forced pregnancy, enforced sterilization, or any other form of sexual violence of comparable gravity ...

and it goes on. What I want to know is: what is it about those sorts of crimes that the other side has concerns about? We on this side of the chamber want to punish people who murder or exterminate or enslave or rape or enforce prostitution on people. We want to do something about that, and we will. And it would be helpful to know what it is about this statute that plans to punish these sorts of things that has the other side concerned.

Let us make this clear. This statute deals with individuals and it says to states that sign up to it, ‘You punish your individuals, you put your people on trial for these things, and if you do not—and if you have signed up for this treaty—we will.’ It is not only Australians that that might happen to; it happens to people who do these things to Australians. If an Australian is overseas, travelling around the world, and is murdered, enslaved or raped, this statute is a means whereby he or she can be vindicated on an international basis by a court, in circumstances where the country in which they have become a victim of crime does not move to do something about it. In a world where there are more people travelling around from country to country, where more and more there is international trade and international contact, should we not take on board a statute which gives protection to our own people?

We gain a lot by international agreements. I have in front of me a booklet dealing with an inquiry into Australia’s relationship with the World Trade Organisation. I think people in this chamber would agree with the World Trade Organisation. I see Senator Minchin there, a man who has done much for the economy and for the trade of this nation, and he would be a person who would support the World Trade Organisation. I would expect him, likewise, to support Australia’s signing of the statute of Rome.

Senator McGauran—That sounds like something the Vatican would put out.

Senator COONEY—You talk about the Vatican, Senator McGauran; this is the sort of thing that the Vatican would certainly support. You ought to think very seriously about that, Senator McGauran. You find yourself in circumstances where His Holiness might well take a different point of view. This is a matter I would have thought that people of good conscience would be quick to sign up with. It is something our international partners have already signed up with. It is a statute that we had a great deal to do with and that we were in full support of until very recently. It is wrong to raise the expectation of the world just to dash that expectation simply because of some internal political problems.

Senator Barnett (Tasmania) (4.55 p.m.)—I find it quite concerning to hear the responses from the other side of the chamber because their track record on treaties and treaty signing is not a good one. They have a history. The evidence on the books says that they have signed these treaties willy-nilly.

Senator George Campbell—What is the evidence?

Senator Barnett—There is heaps of evidence in the 1980s and 1990s. Mr Keating and Mr Brereton, prior to a particular federal election, signed up to an International Labour Organisation treaty and, after that election, as a result of their so-called obligations under that particular treaty, then tried to bring in some of Labor’s industrial relations laws which have been very constraining to the Australian work force. That treaty was signed in the middle of the night without any accountability. The type of thing that we are demonstrating on this side of the house is the characteristic of caution. I applaud this side of the house for expressing that characteristic.
I will share some of the concerns I have about the International Criminal Court and the ratification of that treaty. In this house we all have an abhorrence of war crimes and crimes against humanity. It is a matter of how you express that abhorrence for those crimes. There are those who use the argument that the statute binds a nonparty state—that whether you have signed up or not, it does make Australians subject to that particular treaty. It is not an adequate argument to say, ‘We are going to be subject to it anyway.’ My philosophy would be that in Australia we should be, and we are, authors of our own destiny and we should stand strong in that regard. One of the major concerns they have in the United States is that a non-party state can be bound by the treaty. Let me refer to the Vienna convention. Article 34 of the Vienna convention says that a treaty cannot violate the rights of a third-party state without consent. It requires the consent of a third-party state, so how can it actually purport to bind a third-party state without its consent? That is a good reason to express serious concern.

We have a rigorous and functional legal system in this country which is the envy of the world. I am very proud of our legal system and I think it is tremendous that Australians can be judged by Australian law and by Australians. In this country, sovereignty was established under the Australia Act 1986. We did away with appeals to the Privy Council and we gained very important sovereignty at that time. So the statute is a concern in that it really is an anathema to the legal principles we hold dear. It is also a worrying precedent. If it is signed and it is binding on a nonparty or a third party, then what sort of precedent are we setting for the future?

A reference was made from the other side regarding the definitions of the treaty. I am concerned and I express caution about some of the definitions and their vagueness, specifically the definition regarding genocide and another definition regarding crimes against humanity. Article 7(1)(k) says:

Other inhumane acts of a similar character intentionally causing ... serious injury to ... mental ... health ...

Exactly what does that mean? I also refer to the Rome statute, war crimes article 8(2)(b)(iv). If you read this in a certain way, this may actually require an environmental impact study prior to going to war. What a curious requirement that would be. It reads:

Intentionally launching an attack in the knowledge that such attack will cause ... widespread, long-term and severe damage to the natural environment which would be clearly excessive in relation to the concrete and direct military advantage anticipated ...

How would you judge past experience in that regard with, let us say, Hiroshima or the Dam Busters?

Senator George Campbell—Mr Acting Deputy President, I raise a point of order. The time for the debate has expired.

The ACTING DEPUTY PRESIDENT (Senator Bartlett)—Thank you for bringing that to my attention.

Senator McKIERNAN (Western Australia) (5.00 p.m.)—Perhaps I might answer the question that the honourable senator was posing. This treaty has no retrospective effect at all. It will come into force on 1 July this year, and if Australia signs up to it that is when its effect will begin here. For all the crimes that have been committed over the years for which people have never been brought to account—and many are mentioned in the report of the Joint Standing Committee on Treaties: the genocide, the ethnic cleansing, the crimes against humanity that have been committed in countries such as the former Yugoslavia, Rwanda, Cambodia, Guatemala, El Salvador, Iraq, Liberia, Somalia, Sierra Leone, Burundi and East Timor—there will be no retrospective effect of this treaty. This treaty will have no retrospective effect against the perpetrators of those crimes. Those perpetrators are wandering free around the world, some of them living in great luxury, but there has been nothing available to bring them to justice.

Senator McGauran—who in Guatemala?

Senator McKIERNAN—I am a great believer in the parliamentary system. I am going to give you an accolade, Senator McGauran, so you ought to sit down in your
proper seat in order to receive it properly. I am a great believer in the parliamentary committee system. I am aware that the Joint Standing Committee on Treaties have examined this particular treaty. As Senator McGauran said in his contribution earlier, they spent a considerable time in examining the treaty, its provisions and the public evidence from people right around Australia.

The joint treaties committee is a great committee. Two Western Australians lead the committee: Ms Bishop and Mr Kim Wilkie. They are the chair and deputy chair. It is a committee that is not particularly balanced: there are nine government members on the committee but only six Labor Party people and one Democrat. The committee members put in a unanimous report, which is a bit odd when you hear some of the comments that are being made now by representatives from the other side, some of whom are coming out opposing the provisions. While it was a unanimous report, there was a reservation put in signed by five individuals—five of the 16. They did not oppose any of the recommendations, but they put in reservations. The five individuals were Mr Kerry Bartlett, Mr Steven Ciobo, Senator Brett Mason, Senator Tsebin Tchen and, lo and behold, Senator Julian McGauran. What has gone wrong between the deliberations on the report and the National Party meeting room? I bet Senator Minchin, who is in the chamber, is very keen to find out what is going on here. Senator Minchin would want the National Party meeting together with the Liberal Party as part of the Liberal Party. You ought to do that. You are at the beck and call of the Liberal Party in any case.

Now let us get really serious on this. One of the very important questions addressed by Senator Cook during question time—which, for a change, he did get a response on from the minister—was on the matter of whether or not there was any truth in the allegations made by the member for Mackellar, Mrs Bishop, when she stated that the ICC had the power to charge our brave soldiers with genocide just for doing their job. The Minister for Defence, thankfully, put that allegation to bed. I hope it will never be resurrected again.

At page 91 of the report, the committee go into some detail on this very vexed question of what would happen with the ADF personnel. The committee note that they were reassured by advice that, at the highest ranks of the Australian Defence Force, there is support for the establishment of the ICC. At the conclusion of this section, they say:

In the committee’s view, the risk of false charges would be no greater following the establishment of the ICC than it is at present.

I commend the report of the committee to the Senate and to the other place. But, importantly, I commend it to the cabinet. If it is going to be a wider cabinet, including the outer ministry, I commend it to them. Hopefully, we will get a positive decision coming out of cabinet—coming out of at least the government party room, which will be the party room of the Liberals, tagging on the Nationals behind them—so that we will sign up to the ICC next week. By doing that before 2 July, Australia can be a full member.

We have heard mention of the Vatican but we have not had mention of the Bishops Conference. There is a real need for a Bishops Conference on this matter. (Time expired)

Question agreed to.

Immigration: People-Smuggling

Defence: War on Terrorism

Senator BARTLETT (Queensland) (5.06 p.m.)—I move:

That the Senate take note of the answers given by the Minister for Defence (Senator Hill) to questions without notice asked today in response to questions by Senator Bartlett and Senator Stott Despoja.

In relation to the matter that has just been under discussion, I should briefly put on the record the Democrats’ strong support for the International Criminal Court. As the Democrat member on the Joint Standing Committee on Treaties, I can assure the Senate and the public that the matter was examined in great detail and that significant recommendations were put forward to maximise and ensure protection of Australia’s interests. I should also mention that the Mr Bartlett who put in reservations is Kerry Bartlett, the Liberal member for Macquarie, not me. Cer-
tainly I and other Democrats strongly and fully support adoption of the criminal court as soon as possible.

In relation to other answers in question time today, it is appropriate to highlight what was not answered, in many ways, by Minister Hill in response to my question, or to Senator Stott Despoja’s, which was about Australia’s adopting and falling in behind the US policy on Iraq. Firstly, my question dealt with what information was available to Australian officials about the SIEVX—the vessel that sank with the loss of many hundreds of lives, including many children—and the uncertainty there has been about that. I can understand that there is always some uncertainty about intelligence reports, but we now have clear evidence about the sinking of that vessel, based on documentation provided to the Senate Select Committee on a Certain Maritime Incident by the People Smuggling Task Force, the high-level interdepartmental committee of senior officials from all departments who meet daily and coordinate daily responses to issues in relation to potential unauthorised vessels and assess and collate all information.

That task force and the minutes of the meeting on 23 October last year detailed a report on the sinking of that vessel. It gives quite a lot of detail—for these minutes, anyway. It has a number of lines about the vessel, the number of people on board, the number of people who drowned, the time they were in the water, the time they were rescued, when they departed from Indonesia and where they stopped off on the way, and it concludes with the words ‘vessel likely to have been in international waters south of Java’. There are two points in relation to that. Firstly, for a boat that we reputedly know nothing, or very little, about, there is a fair bit of detail about the number of people on board, when they went into the water and when they were taken out, yet we continue to be given the message that it is all very vague. ‘We didn’t know much about it; the first we heard about it was when we saw it on CNN,’ said one of the officials before the Senate committee.

More importantly, continual statements were made by the Prime Minister at policy launches and at speeches to the media on 23 October last year—the same day—and subsequently. People will recall that the Prime Minister took great umbrage at a comment made by Mr Beazley, the then Leader of the Opposition, about this incident. The Prime Minister said, ‘This vessel sank in Indonesian waters.’ The minister said today that the Prime Minister said that because that is what his department would have advised him. I would love to know who in his department advised him. Surely that advice would have come from one of the three officials from Prime Minister and Cabinet who were at the meeting of the People Smuggling Task Force. If they were at that meeting, they would have received the information that the vessel was likely to be in international waters. So why the Prime Minister would have been advised on the same day by his department that it happened in Indonesian waters is a bit of a mystery and one that I believe the government has the responsibility to clear up, along with other unanswered questions in relation to what happened on the Indonesian side of things.

Apart from anything else—and, again, I do not impute any improper motive or action on the part of the Navy; I should emphasise that all information to date indicates they were not aware of this vessel’s location—it gets back to the situation that you simply cannot rely on the word of the Prime Minister on any matters to do with this or to do with national security, national sovereignty, border protection and the like. We have, again, the Prime Minister repeatedly making a statement to the public in the middle of an election campaign about quite a key piece of information when his own task force and his own officials are being told something completely different.

Question agreed to.

**NOTICES**

**Presentation**

**Senator Mason** to move on the next day of sitting:

Senator Allison to move on the next day of sitting:

That the Senate—

(a) notes that legislation has now been passed in the Victorian State Parliament to create a system of 13 fully-protected marine national parks and 11 fully-protected marine sanctuaries, making up 5.3 per cent of Victorian coastal waters;
(b) congratulates:
   (i) the Victorian State Government for providing this important protection for Victoria’s diverse and unique marine environment,
   (ii) the Environment Conservation Council for its detailed studies and proposals on marine protection over many years; and
   (iii) the Victorian National Parks Association for its ongoing advocacy; and
(c) urges other states to implement legislation to protect their marine environments.

Senator Allison to move on the next day of sitting:

That the Senate—

(a) notes that:
   (i) a shipment of plutonium mixed oxide was delivered to Japan in 1999 from British Nuclear Fuels Limited (BNFL) but, because crucial safety data was found to be falsified by BNFL, Japan refused to accept the fuel and it is now being returned to the United Kingdom, and
   (ii) the fuel is proposed to be shipped through the exclusive economic zones of several Pacific nations, despite their opposition, and will compromise the integrity and safety of those nations’ marine environments; and
(b) calls on the Government to:
   (i) expressly deny permission to transport this shipment of mixed oxide plutonium nuclear fuel through our region through the bilateral nuclear cooperation agreement, ‘Australia/ Japan Nuclear Safeguard Agreement’, and
   (ii) conduct an urgent public review of Australia’s bilateral nuclear cooperation agreement with Japan.

Senator Cook to move on the next day of sitting:

That the time for the presentation of the report of the Select Committee on a Certain Maritime Incident be extended to 21 August 2002.

Senator Crossin to move on the next day of sitting:

That the following matter be referred to the Environment, Communications, Information Technology and the Arts References Committee for inquiry and report by 5 December 2002:

(v) 63 per cent support the introduction of new laws to improve energy efficiency; and
(b) calls on the Government to:
   (i) introduce measures to phase-out coal-fired power stations, replacing them with renewable energy and gas generation,
   (ii) reintroduce fuel excise indexation and use funds raised to promote cleaner fuels and public transport, and
   (iii) mandate national energy efficiency performance standards.

Senator Allison to move on the next day of sitting:

That the Senate—

(a) notes the recent report, Community Attitudes to Climate Change, by research firm Taylor Nelson Sofres, which found that:
   (i) 85 per cent believe that global warming is mostly a result of human interference in the global climate system,
   (ii) 80 per cent support government subsidies for companies to build renewable power stations,
   (iii) 77 per cent believe that the Government should be planning the progressive replacement of all coal-fired power stations with renewable energy and gas power stations over the next 20 years,
   (iv) 64 per cent support paying higher prices for petrol if some of the revenue is used to develop environmentally-friendly fuels and provide improved public transport,
The regulatory, monitoring, and reporting regimes that govern environmental performance at the Ranger and Jabiluka uranium operations in the Northern Territory and the Beverley and Honeymoon in situ leach operations in South Australia, with particular reference to:

(a) the adequacy, effectiveness and performance of existing monitoring and reporting regimes and regulations;

(b) the adequacy and effectiveness of those Commonwealth agencies responsible for the oversight and implementation of these regimes; and

(c) a review of Commonwealth responsibilities and mechanisms to realise improved environmental performance and transparency of reporting.

Senator Harris to move on the next day of sitting:


Senator BROWN (Tasmania) (5.12 p.m.)—I give notice that on the next day of sitting I shall move:

That the Senate supports the establishment of the International Criminal Court.

This motion for tomorrow will ask the Senate to support the establishment of the International Criminal Court. I commend that there be a free, or conscience, vote on the matter.

The ACTING DEPUTY PRESIDENT (Senator Crowley)—We note your comments, Senator. I believe they are already on the record.

COMMITTEES

Selection of Bills Committee

Report

Senator TIERNEY (New South Wales) (5.13 p.m.)—I present the fourth report of 2002 of the Selection of Bills Committee and I move:

That the report be adopted.

Senator CONROY (Victoria) (5.13 p.m.)—I move the following amendment to the motion:

Add the words:

“and, in respect of:

(a) the New Business Tax System (Consolidation) Bill (No. 1) 2002, the Economics Legislation Committee report on 26 June 2002;

(b) the Taxation Laws Amendment (Superannuation) Bill (No. 2) 2002 and a related bill, the Select Committee on Superannuation report on 26 June 2002; and

(c) the Taxation Laws Amendment Bill (No. 4) 2002, the provisions of the bill be referred to the Economics Legislation Committee for report on 26 June 2002”.

I understand that this amendment is acceptable to the government, so I thank the government for that and I will not delay the chamber.

Question agreed to.

Original question, as amended, agreed to.

Senator TIERNEY (New South Wales) (5.14 p.m.)—I seek leave to have the report incorporated in Hansard.

Leave granted.

The report read as follows—

SELECTION OF BILLS COMMITTEE

REPORT NO. 4 OF 2002

1. The committee met on Tuesday, 18 June 2002.

2. The committee resolved to recommend—

(a) That, the following bills be referred immediately to committees as follows:

<table>
<thead>
<tr>
<th>Bill title</th>
<th>Committee</th>
<th>Reporting date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Diesel Fuel Rebate Scheme Amendment Bill 2002</td>
<td>Economics Legislation</td>
<td>24 June 2002</td>
</tr>
<tr>
<td>Bill title</td>
<td>Committee</td>
<td>Reporting date</td>
</tr>
<tr>
<td>---------------------------------------------------------------------------</td>
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<td>------------------------</td>
</tr>
<tr>
<td>Taxation Laws Amendment (Superannuation) Bill (No. 2) 2002 (see appendix 4 &amp; 4b for statement of reasons for referral)</td>
<td>Select Committee on Superannuation</td>
<td>25 June 2002</td>
</tr>
<tr>
<td>Superannuation Guarantee Charge Amendment Bill 2002 (see appendix 4 &amp; 4a for statement of reasons for referral)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Workplace Relations Amendment (Paid Maternity Leave) Bill 2002 (see appendix 5 for statement of reasons for referral)</td>
<td>Employment, Workplace Relations and Education Legislation</td>
<td>18 September 2002</td>
</tr>
</tbody>
</table>

(b) That the *provisions* of the Higher Education Funding Amendment Bill 2002 be referred to the Employment, Workplace Relations and Education Legislation Committee for report by 20 August 2002 (see appendix 2 for statement of reasons for referral).

(c) That the following bills *not* be referred to committees:

- Agriculture, Fisheries and Forestry Legislation Amendment Bill (No. 1) 2002
- Australian Radiation Protection and Nuclear Safety (Licence Charges) Amendment Bill 2002
- Export Market Development Grants Amendment Bill 2002
- Family and Community Services Legislation Amendment (Disability Reform) Bill 2002
- Financial Sector Legislation Amendment Bill (No. 1) 2002
- National Health Amendment (Pharmaceutical Benefits—Budget Measures) Bill 2002
- New Business Tax System (Imputation) Bill 2002
- New Business Tax System (Franking Deficit Tax) Bill 2002
- Petroleum (Submerged Lands) Amendment Bill 2002
- Plant Breeder’s Rights Amendment Bill 2002
- Statute Law Revision Bill 2002
- Social Security and Veterans’ Entitlements Legislation Amendment (Disposal of Assets—Integrity of Means Testing) Bill 2002
- Taxation Laws Amendment (Medicare Levy and Medicare Levy Surcharge) Bill 2002
- Taxation Laws Amendment Bill (No. 2) 2002
- Therapeutic Goods and Other Legislation Amendment Bill 2002
- Vocational Education and Training Funding Amendment Bill 2002

*The committee recommends accordingly.*

3. The committee *deferred* consideration of the following bills to the next meeting:

- *Bills deferred from meeting of 19 March 2002*
  - Aviation Legislation Amendment Bill 2002
  - Copyright Amendment (Parallel Importation) Bill 2002

- *Bills deferred from meeting of 14 May 2002*
  - Great Barrier Reef Marine Park (Boundary Extension) Amendment Bill 2002
  - Health Insurance Commission Amendment Bill 2002
  - Health Legislation Amendment (Private Health Industry Measures) Bill 2002
  - Research Agencies Legislation Amendment Bill 2002

- *Bills deferred from meeting of 18 June 2002*
  - Australian Broadcasting Corporation (Scrutiny of Board Appointments) Amendment Bill 2002
  - Family and Community Services Legislation Amendment (Australians Working Together and other 2001 Budget Measures) Bill 2002
  - Taxation Laws Amendment Bill (No. 4) 2002
  - Taxation Laws Amendment (Structured Settlements) Bill 2002

(Paul Calvert)

Chair

19 June 2002
Appendix 1
Proposal to refer a bill to a committee
Name of bill(s):
Diesel Fuel Rebate Scheme Amendment Bill 2002
Reasons for referral/principal issues for consideration
To examine the provisions of the bill providing for the extension of the diesel fuel rebate scheme to power generation by retail/hospitality businesses in terms of the possible impacts on the uptake of renewable and alternative fuels.
Possible submissions or evidence from:
State Sustainable Energy Departments/Authorities
Australian Greenhouse Office
Australian EcoGeneration Association
Elgas Limited—Mr Warring Neilsen, Manager Corporate Affairs
Committee to which bill is referred:
Economics Legislation Committee
Possible hearing date:
Possible reporting date(s): as soon as practicable
(signed)
Vicki Bourne
Whip/Selection of Bills Committee member

Appendix 2
Proposal to refer a bill to a committee
Name of bill(s):
Higher Education Funding Amendment Bill 2002
Reasons for referral/principal issues for consideration
Examine the provisions of the bill which extends the Postgraduate Education Loans Scheme (PELS) to students at four private institutions, three of which are not universities, and the effect of creating a new list of eligible unfunded institutions in regards to the framework of eligible institutions in the Higher Education Funding Act.
Also, examine the issues in regard to access in private education markets, including public support of discriminatory selection criteria; consider the appropriate accountability mechanisms for institutions who are not on List A or B of the s.4 of the HEFA (1988), and issues that go to the robustness of courses, assessment and accreditation of institutions that do not engage in research or lack relevant infrastructure associated with university teaching and learning.
Possible submissions or evidence from:
AVCC
NTEU
NUS
CAPA
Bond University
Melbourne College of Divinity
Tabor College
Christian. Heritage College
ACPET
Professor Bruce Chapman
Professor Simon Marginson
Committee to which bill is referred:
Employment, Workplace Relations and Education Legislation Committee
Possible hearing date:
Possible reporting date(s): as soon as practicable
(signed)
Vicki Bourne
Whip/Selection of Bills Committee member

Appendix 3
Proposal to refer a bill to a committee
Name of bill(s):
New Business Tax System (Consolidation) Bill (No. 1) 2002
Reasons for referral/principal issues for consideration
To explore the detail behind the costings of the measure, especially with regard to costs to the revenue, and costs to business
Possible submissions or evidence from:
Treasury, ATO, COSBOA, ACCI, CPA, ICA, National Institute of Accountants, BCA, Tax Institute of Australia.
Committee to which bill is referred:
Economics Legislation Committee
Possible hearing date: In the week 19-22 August 2002
Possible reporting date(s): In the week 26-29 August 2002
(signed)
Sue Mackay
Whip/Selection of Bills Committee member
Appendix 4
Proposal to refer a bill to a committee
Name of bill(s):
Taxation Laws Amendment (Superannuation) Bill (No.2) 2002
Superannuation Guarantee Charge Amendment Bill 2002
Reasons for referral/principal issues for consideration
To examine the impact of the bills in relation to requiring employers to make at least quarterly superannuation contributions on small and large business; to consider concerns regarding the impact on casual and part time wage earners of amending the earnings amending the superannuation guarantee earnings threshold to $1350 per quarter; and the costing and number of persons impacted by these provisions.
Possible submissions or evidence from:
Association of Superannuation Funds of Australia Ltd
Superannuation Australia
Corporate Superannuation Association Inc
Institute of Chartered Accountants in Australia
Committee to which bill is referred:
Select Committee on Superannuation
Possible hearing date:
Possible reporting date(s): As soon as practicable
(signed)
Vicki Bourne
Whip/Selection of Bills Committee member

Appendix 4a
Proposal to refer a bill to a committee
Name of bill(s):
Superannuation Guarantee Charge Amendment Bill 2002
Reasons for referral/principal issues for consideration
To examine the impact of the bills in relation to requiring employers to make at least quarterly superannuation contributions on small and large business; to consider concerns regarding the impact on casual and part time wage earners of amending the earnings amending the superannuation guarantee earnings threshold to $1350 per quarter; and the costing and number of persons impacted by these provisions.
Possible submissions or evidence from:
Treasury, ATO ASFA, Australian Consumers Association, ACTU, ISFA
Committee to which bill is referred:
Select Committee on Superannuation
Possible hearing date: 20 June 2002
Possible reporting date(s): 26 June 2002
(signed)
Sue Mackay
Whip/Selection of Bills Committee member

Appendix 4b
Proposal to refer a bill to a committee
Name of bill(s):
Taxation Laws Amendment (Superannuation) Bill (No. 2) 2002
Reasons for referral/principal issues for consideration
• Bills confer an unfair tax cut to only high income earners
• Some existing casual employees will be cut out of the super system
Possible submissions or evidence from:
Treasury, ATO ASFA, Australian Consumers Association, ACTU, ISFA
Committee to which bill is referred:
Select Committee on Superannuation
Possible hearing date: 20 June 2002
Possible reporting date(s): 26 June 2002
(signed)
Sue Mackay
Whip/Selection of Bills Committee member

Appendix 5
Proposal to refer a bill to a committee
Name of Bill:
Workplace Relations Amendment (Paid Maternity Leave) Bill 2002
Reasons for referral/principal issues for consideration:
To examine the provisions of the bill in relation to paid maternity leave, its length, level of payment, eligibility, coverage and exclusions, administrative arrangements, impact on women workers and their families, impact on employers and workplaces, impact on government (including financial impact), impact on government employees, relationship with international conventions and stan-
Possible submission or evidence from:
State and federal governments
Local Government, including Local Government Association
Employer organisations (ACCT, AIG, COSBOA)
Individual employers (Westpac, Guinness, Esprit, Savings and Loans Building Society, Australian Catholic University)
Individual small businesses
Women’s organisations (WEL, Business and Professional Women, National Pay Equity Coalition)
ACTU
Individual unions (ASU, SDA, AEU, AMWU, LHMU, ANF, CPSU)

Committee to which bill is to be referred:
Employment, Workplace Relations and Education Legislation Committee

Possible hearing date(s):
Possible reporting date: As soon as practicable.

(Signed)
Sue Mackay
Whip/Selection of Bills Committee member

LEAVE OF ABSENCE
Senator TIERNEY (New South Wales) (5.15 p.m.)—by leave—I move:
That leave of absence be granted to Senator Crane for the period 17 June to 20 June 2002, inclusive, on account of ill health.
Question agreed to.

COMMITTEES
Superannuation Committee

Meeting
Senator TIERNEY (New South Wales) (5.15 p.m.)—by leave—I move:
That the Select Committee on Superannuation be authorised to hold a public meeting during the sitting of the Senate on Thursday, 20 June 2002, from 3.30 pm, to take evidence for the committee’s inquiry into the Taxation Laws Amendment (Superannuation) Bill (No. 2) 2002 and the Superannuation Guarantee Charge Amendment Bill 2002.
Question agreed to.

Rural and Regional Affairs and Transport Legislation Committee

Meeting
Senator TIERNEY (New South Wales) (5.16 p.m.)—by leave—I move:
That the Rural and Regional Affairs and Transport Legislation Committee be authorised to hold a public meeting during the sitting of the Senate on Thursday, 20 June 2002, from 4 pm, to take evidence for the committee’s inquiry into the quota management control on Australian beef exports to the United States.
Question agreed to.

NOTICES
Withdrawal
Senator BROWN (Tasmania) (5.17 p.m.)—I withdraw business of the Senate notice of motion No. 5.

Postponement
Items of business were postponed as follows:

Business of the Senate notice of motion no. 1 standing in the name of the Leader of the Australian Democrats (Senator Stott Despoja) for today, relating to the reference of matters to the Standing Committee of Privileges, postponed till 26 June 2002.
Business of the Senate notice of motion no. 3 standing in the name of Senator O’Brien for today, relating to the reference of a matter to the Rural and Regional Affairs and Transport References Committee, postponed till 20 June 2002.
Business of the Senate notice of motion no. 6 standing in the name of Senator Murphy for today, relating to the reference of matters to the Rural and Regional Affairs and Transport References Committee, postponed till 20 June 2002.
Business of the Senate notice of motion no. 1 standing in the name of Senator Bartlett for 25 June 2002, relating to the reference of matters to the Legal and Constitutional References Committee, postponed till 29 August 2002.
General business notice of motion no. 14 standing in the name of Senator Harris for today, relating to the establishment of a select committee on the Lindeberg grievance, postponed till 26 June 2002.
General business notice of motion no. 82 standing in the name of Senator Sherry for today, proposing an order for the production of documents relating to superannuation, postponed till 24 June 2002.

Presentation

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

That the Senate—

(a) notes comments by the Minister for Defence (Senator Hill) in relation to a possible first strike against Iraq; and

(b) calls upon the Government to refrain from committing to any military involvement without first putting any proposed commitment to the Senate for debate.

COMMITTEES

Community Affairs References Committee

Reference

Senator MARK BISHOP (Western Australia) (5.18 p.m.)—I move:

(1) That the following matters be referred to the Community Affairs References Committee for inquiry and report by 13 September 2002:

(a) consideration of the adequacy, effectiveness and fairness of proposed legislative participation requirements for parents and mature-age unemployed Australians; and

(b) the Family and Community Services Legislation Amendment (Australians Working Together and other 2001 Budget Measures) Bill 2002, with particular reference to:

(i) the nature of the participation requirements proposed in the bills for parents and older unemployed people, including how they compare to existing requirements for other workforce-age income support recipients,

(ii) the nature of penalty (breaching) provisions provided in the bill for parents and older unemployed people, including how they compare to existing requirements for other workforce-age income support recipients, and

(iii) the fairness, efficiency and effectiveness of proposed legislative social security penalty provisions.

(2) That in undertaking this reference, the committee will consider the report of the Independent Review of Breaches and Penalties in the Social Security System (the Pearce Review) to determine whether implementation of its recommendations would improve the capacity of the participation requirement regime to provide effective and efficient support to workforce-age income support payment recipients while improving rates of compliance.

Question agreed to.

INTERNATIONAL CRIMINAL COURT

Senator GREIG (Western Australia) (5.19 p.m.)—I move:

That the Senate—

(a) notes that:

(i) Australia was among the leading advocates of the Rome Statute, which created the legal basis for the International Criminal Court (ICC) in 1998,

(ii) the ICC will provide an avenue for the prosecution of war crimes, crimes against humanity and genocide, where domestic legal systems are unable or unwilling to deliver justice,

(iii) the Rome Statute will enter into force on 1 July 2002, having been ratified by more than 60 nations, and

(iv) Australia will be excluded from participation in the first Assembly of States Parties if it does not ratify by 2 July 2002; and

(b) calls on the Government to ratify the Rome Statute for the ICC before 2 July 2002.

Question agreed to.

COMMITTEES

Foreign Affairs, Defence and Trade Legislation Committee

Extension of Time

Senator TIERNEY (New South Wales) (5.20 p.m.)—On behalf of Senator Sandy Macdonald, I move:

That the time for the presentation of the report of the Foreign Affairs, Defence and Trade Legislation Committee on the 2002-03 Budget estimates be extended to 26 June 2002.

Question agreed to.
National Crime Authority Committee
Meeting

Senator TIERNEY (New South Wales) (5.20 p.m.)—On behalf of Senator Ferris, I move:

That the Parliamentary Joint Committee on the National Crime Authority be authorised to hold a public meeting during the sitting of the Senate on Monday, 24 June 2002, from 8 pm, to take evidence for the committee’s inquiry into the National Crime Authority annual report 2000-01.

Question agreed to.

Native Title and the Aboriginal and Torres Strait Islander Land Fund Committee
Meeting

Senator TIERNEY (New South Wales) (5.21 p.m.)—On behalf of Senator Ferris, I move:

That the Parliamentary Joint Committee on Native Title and the Aboriginal and Torres Strait Islander Land Fund be authorised to hold a public meeting during the sitting of the Senate on Tuesday, 25 June 2002, from 4 pm, to take evidence for the committee’s inquiry into the National Native Title Tribunal annual report 2000-01.

Question agreed to.

Legal and Constitutional Legislation Committee
Extension of Time

Senator TIERNEY (New South Wales) (5.21 p.m.)—On behalf of Senator Payne, I move:

That the time for the presentation of the report of the Legal and Constitutional Legislation Committee on the 2002-03 Budget estimates be extended to 25 June 2002.

Question agreed to.

Employment, Workplace Relations and Education Legislation Committee
Extension of Time

Senator TIERNEY (New South Wales) (5.21 p.m.)—I move:

That the time for the presentation of the report of the Employment, Workplace Relations and Education Legislation Committee on the 2002-03 Budget estimates be extended to 27 June 2002.

Question agreed to.

CHRISTMAS ISLAND: PHOSPHATE MINING

Senator BARTLETT (Queensland) (5.22 p.m.)—I move:

That there be laid on the table, no later that 4 pm on Tuesday, 25 June 2002, the following documents:

(a) the current mine lease or leases on Christmas Island held by Phosphate Resource Ltd (PRL), including all conditions;
(b) the Environment Management Plan for the lease or leases;
(c) any Environment Australia (EA) documents relating to compliance, oversight and enforcement of the lease or leases and conditions;
(d) all materials relating to breaches of conditions, including claims, investigations and actions;
(e) any audits of PRL’s rehabilitation program;
(f) any new mining proposals for Christmas Island;
(g) a current tenure map of all blocks that have been mined;
(h) any documents relating to the transfer of any lots to or from PRL;
(i) any documents relating to the current mine rehabilitation budget for EA on Christmas Island;
(j) any documents relating to the current status of rehabilitation on lease block 138;
(k) any documents relating to the payment or non-payment of power bills by PRL;
(l) any documents relating to alternative locations for the proposed detention centre on Christmas Island;
(m) any documents containing responses of EA to the detention centre proposal; and
(n) current funds held for purposes of mine rehabilitation on Christmas Island.

Question agreed to.

COMMITTEES

Procedure Committee
Report

The DEPUTY PRESIDENT—I present the first report of 2002 of the Procedure Committee relating to the adjournment debate and unanswered questions on notice.
Ordered that the report be printed.
Ordered that consideration of the report be made an order of the day for the next day of sitting.

Scrutiny of Bills Committee
Report
Senator MACKAY (Tasmania) (5.23 p.m.)—On behalf of Senator Cooney, I present the 5th report of 2002 of the Senate Standing Committee for the Scrutiny of Bills. I also lay on the table Scrutiny of Bills Alert Digest No. 5 of 2002, dated 19 June 2002.

Ordered that the report be printed.

Public Accounts and Audit Committee
Report
Senator CROSSIN (Northern Territory) (5.23 p.m.)—On behalf of the Joint Committee of Public Accounts and Audit and Senator Hogg, I present the following report of the committee: Report No. 388: Review of the accrual budget documentation. 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—
Since 1999–2000 the Commonwealth’s Budget documentation has been based on an accrual-based outcome and outputs framework. This is designed to allow Parliamentarians and the public to see the real cost of delivering benefits to the Australian community—referred to as outcomes—and agency goods and services—referred to as outputs. The real cost includes indirect costs such as corporate overheads, depreciation and maintenance, and the opportunity cost of capital.
The review was begun by the Committee in the previous Parliament and completed in the present Parliament. The Committee has taken a broad view of the budget documentation and reviewed the budget papers and associated portfolio budget statements (PBSs), the portfolio additional estimates statements (PAESs), agency annual reports, and the documents which report the final outcome for the financial year.
The report focuses on:
• the structure of the outcomes and outputs framework;
• the continuity of financial and performance information;
• the level of detail in the PBSs;
• the appropriateness of performance information; and
• various accounting issues.
The Committee examined the links between the various components of the framework in a sample of agencies. The Committee acknowledges that with any new system there will be a period of adjustment. However, while the Committee is satisfied that agencies have to date endeavoured to achieve consistency, there is still room for improvement.
One area which needs work is that of cross-portfolio information. The Committee believes that some agency outcomes are so broad and far reaching as to be in effect outcomes shared with other agencies. These shared outcomes should be identified. The Committee has recommended that agencies with shared outcomes should determine a lead agency with prime responsibility for the outcome. However, all involved agencies should identify and report on their contribution to the outcome in their PBS and annual report. The Committee encourages the use of memorandums of understanding between agencies to clarify responsibilities.
The Committee has considered two aspects of continuity—the provision of timely information and the year by year continuity of information. Timeliness of information can be enhanced by the provision of earlier annual reports and the Committee has recommended that the tabling of agency annual reports be brought forward by one month to the end of the first quarter of the subsequent financial year.
Where outputs span across several years of funding, consistency is particularly important. Unfortunately, when changes occur, sometimes only a simple statement that there has been a change appears in the documentation. This is insufficient and unacceptable. Agencies need to explain what the change is and how stakeholders can compare the previous format to the current format. There also needs to be an explanation of the underlying reasons for the change and the implications for the funding of agency programs.
Some agency outcome statements do not provide enough detail because they are too highly aggregated to describe agency objectives in a meaningful way. This prevents Parliament adequately assessing proposed resource allocation and agency performance. This is particularly the case with Defence which has a single broad ranging outcome. The Committee has recommended that agency outcome statements should provide more detail. Where agencies have a single broad rang-
The Committee observed that there was a wide variation in the level of disaggregation of departmental outputs provided in PBSs and annual reports. The Committee therefore strongly encourages Finance, in consultation with relevant Parliamentary Committees, to identify and make available to the Parliament, agencies, and the public, examples of better practice where agencies have provided appropriately disaggregated outcomes and outputs information in a cost-effective manner.

The Committee received evidence that while forward estimates information by outcomes and outputs is not currently included in the PBSs, the information is available and in fact is being provided by one agency in an appendix to its PBS. The Committee concludes there would be benefit in all agencies providing such information in their PBSs.

A practical and informative performance information framework is an integral element of the new outcomes and outputs budget framework as it enables the understanding and monitoring of agency outcomes and outputs. Agency progress in this area is patchy and indeed the Committee noted examples of performance measures which did not provide a target against which performance could be measured. The Committee has recommended that agency performance measures in the PBSs must always be accompanied by a comparative standard. Agency performance against this comparative standard, whether it has been a success or failure, can be discussed in the agency annual report.

The Committee is satisfied that the guidance advice provided to agencies by Finance and the ANAO is at an appropriate level. However, it is important to determine whether this guidance is adopted or has some other positive outcome. The Committee therefore considers Finance and the ANAO should monitor the improvements shown by agencies. Further, the Committee recommended that Finance and the ANAO should develop performance measures with targets for the advice they provide.

The Charter of Budget Honesty requires the Government to publish a Final Budget Outcome (FBO) report within three months of the end of the financial year. The Committee has discovered that the FBO is not audited. The reason given was that auditing the FBO would compromise its timeliness and end of year usefulness. Nevertheless the Committee concluded that the information in the FBO is sufficiently important to warrant an audit to provide additional assurance.

Overall, the Committee considers that, despite its criticisms, the structure of the accrual budget documentation framework is sound. However, there will need to be continuous refinement and this may take a number of years. The Committee has a keen interest in accountability and transparency of government and will maintain its interest in the accrual budget documentation into the future.

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 the public hearing.

I wish to also thank the members of the two Sectional Committees involved for their time and dedication in conducting this inquiry. I also thank the secretariat staff: —the secretary to the Committee, Dr Margot Kerley; inquiry secretary, Dr John Carter; research officers, Mr Mark Rogala and Ms Rebecca Perkin and administrative officer Ms Maria Pappas.

Madam President, I commend the Report to the Senate.

Question agreed to.

BROADCASTING SERVICES AMENDMENT (MEDIA OWNERSHIP) BILL 2002

Report of Environment, Communications, Information Technology and the Arts Legislation Committee

The ACTING DEPUTY PRESIDENT (Senator Crowley)—Pursuant to standing order 38, I present the report of the Environment, Communications, Information Technology and the Arts Legislation Committee on the provisions of the Broadcasting Services Amendment (Media Ownership) Bill 2002, together with the Hansard record of proceedings and documents presented to the committee, which was presented to Madam President on 18 June 2002. In accordance with the terms of the standing order, the publication of the report was authorised.

Ordered that the report be printed.

Senator MACKAY (Tasmania) (5.25 p.m.)—by leave—I move:

That the Senate take note of the report.
As Deputy Chair of the Environment, Communications, Information Technology and the Arts Legislation Committee that considered the submissions and evidence given during the committee’s inquiry into the Broadcasting Services Amendment (Media Ownership) Bill 2002, I would like on behalf of the minority report to summarise some of the points made in that. Labor senators believe that passage of this bill would lead to a dramatic further concentration of ownership in the Australian media industry. A plausible outcome of the passage of this bill is Australia ending up with as few as three main commercial media companies, which is as many free-to-air networks as are currently permitted. This bill, in our view, shows a complete absence of any long-term planning for the media industry that could deliver social as well as economic benefits to the community, just short-term gains for the existing media giants. Until an openly competitive market is established with new free-to-air television entrants allowed in to compete against the existing players and new opportunities such as data casting and multichanneling introduced, the cross-media restrictions in our view should stay.

As it stands we believe this bill would lead to less competition in the media industry—not more. At present the ACCC has no capacity to deal with cross-media mergers and acquisitions. As it stands, interestingly, in the evidence it was established that there was nothing the ACCC could do to stop a merger between Telstra, the Nine Network, Fairfax, Radio 2UE and Nova. We know this because Labor senators put this scenario to Professor Fels and he said—and I quote directly from the evidence:

... it might well be quite okay under the Trade Practices Act.

This was an admission that we sought to clarify later in the hearings and was in fact confirmed. Two years ago the Productivity Commission recommended a media-specific public interest test as a key instrument for ensuring greater competition. That this bill does not include this test as part of the proposed new regime shows how weak the government’s commitment to competition in the media industry really is.

The big media companies do not want real competition, and government policy appears to be disposed to helping them maintain their dominance in the media industry. Why else would the government be trying to get this bill passed? It has already failed several times. On any reasonable and rational examination of the issue, abandoning the cross-media restrictions is media monopoly madness. The government does not appear to care about Australian values of diversity and localism or the free flow of information and different opinions. They want to auction these off to their media mates. There is no public benefit or public interest test that would result from this bill, but it is a certainty, in our view, that this bill would mean less media diversity in Australia. Regional Australia would be particularly at risk as smaller media operations get swallowed up by the big metropolitan media companies.

The evidence presented to the committee was overwhelmingly against the passage of this bill except from the major media companies themselves. Consequently Labor senators, joined by the Democrats, find that they cannot agree with either the arguments or the recommendations contained in the chair’s report. It is of particular note that recommendation 3 of the chair’s report is to retain a version of the cross-media laws for regional media only. This recommendation seeks to create a new dual system of regulation for media ownership in Australia and suggests a whole new set of problems that have not properly been considered in our view. Our belief is this recommendation would add enormous complications to the already complicated regulatory regime proposed in this bill.

This recommendation also openly acknowledges what Minister Alston pretends is not true—that is, there will be further concentration of media ownership if the bill is passed. Government senators who read the submissions, heard the evidence and questioned the witnesses from regional media companies have blinked on this issue. Under the bill as it stands, some regional towns could see their major newspaper, radio station and television station fall into the hands of one owner. This cannot be in the interests
of regional Australians—and it is not. Labor senators believe that if regional media warrant protection against media monoliths so does the rest of Australia.

This bill also contains provisions that would require some regional broadcasters to provide local news services. While Labor senators recognise the attempts by the government to maintain local news services in regional Australia, the mechanism by which the government proposes to achieve this is an inconsistent and inequitable instrument that applies only to cross-media owners. Further, in our view it pre-empts the findings of a thorough inquiry into the issue that is currently being conducted by the ABA. Recommendation 2 of the chair’s report recognises these problems but in our view proposes an ad hoc solution that further complicates the mechanisms of the bill. The more reasoned and sensible approach, preferred by Labor senators, is to recognise that regional news obligations are an entirely separate issue from cross-media ownership and require a separate solution.

Labor senators believe that the profit-making imperative of a large media company seeking to maximise cost-effectiveness and other synergies would not be circumvented by the superficial and unworkable editorial separation regime that the bill proposes as a condition of the exemption certificates. Many witnesses who presented evidence to the inquiry took particular issue with the government’s editorial separation proposal. In fact, almost no submissions proposed this move. Fairfax even suggested that the government could find itself facing a constitutional challenge, as this provision allows government intrusion into the print media while the constitution only allows for regulation of the broadcasting media.

Some highly astute witnesses could not get past the fact that Professor Flint would be the watchdog guarding the media companies on this measure. Their scepticism may well have something to do with his record in the ‘cash for comment’ scandal, where the ABA was found wanting in maintaining the rules under another self-regulatory regime. Professor Flint is a strong critic of the cross-media laws, yet he is the person the government has suggested should preside over the issue of exemption certificates which would enable media mergers to take place. The editorial separation proposal is unworkable, conceptually flawed and highly impractical. That is why Labor senators do not believe this measure would ensure media industry competition or maintain diversity between media companies which have merged.

The government believes that the advent of some forms of technology for delivering media content means the dominance of traditional technology is over. In our view, this is premature to say the least. Labor senators reject the argument that new technologies are delivering diversity so great that they make the current cross-media restrictions outdated or redundant. The Internet and pay TV have provided new platforms for the existing mass media but have not led to any new players in daily news production. Economies of scale will ensure that this remains the case. The existing mass media can transfer their content to the new media at marginal cost, whereas a new player would require massive capital. The lack of revenue associated with new media will also discourage new providers.

Labor senators believe that reliance on arguments about new technology also wrongly ignores the issue of content. Technology, new or traditional, is irrelevant in ensuring diversity if that content originates from the same source. The major new technology now frequently used for information on news and current affairs is the Internet. However, market analysis shows that the most popular web sites are those dominated by major media organisations, such as PBL’s ninemsm, Fairfax’s F2 and the ABC’s abc.net.au. This argument also ignores the fact that, according to a 2001 ABA study, 88 per cent of people still use free-to-air TV as their primary source of news. This same study found that 76 per cent use radio, 76 per cent use newspapers, 10 per cent use pay TV and only 11 per cent currently use the Internet.

The objective of the cross-media rules is to ensure that the Australian population has access to a diversity of readily available sources of information on the daily developments in Australian society. Only the daily
newspapers, free-to-air TV and radio—the ‘mass media’—fulfil this role. That is why the cross-media rules only apply to these platforms. Labor senators believe that diversity is about many different voices expressing many different points of view.

Senator EGGLESTON (Western Australia) (5.35 p.m.)—I speak as Chair of the Environment, Communications, Information Technology and the Arts Legislation Committee to the report on the Broadcasting Services Amendment (Media Ownership) Bill 2002, which was tabled out of session last night. The committee received 40 submissions, and public hearings were held in Canberra on 21 and 22 May. The committee—that is, the majority of the committee—is of the view that there is a need for reform of Australia’s outdated media ownership laws. The committee accepts that the present restrictions on ownership have limited opportunities to exploit economies of scale and scope and have encouraged the creation of new financial instruments and other arrangements to avoid the regulations. Accordingly, the committee has recommended that the bill be agreed to, subject to four recommendations.

The committee has been persuaded of the benefits to media companies, advertisers and consumers that would result from lifting restrictions on foreign ownership, bearing in mind that foreign investment in the media will be regulated under the Foreign Acquisitions and Takeovers Act 1975 and Australia’s general foreign investment policy. It considers that the repeal of restrictions will provide opportunities for access to global capital, resources and expertise for Australian companies as well as possibilities for Australian expertise to be promoted and advanced internationally. As for fears that an increase in foreign ownership will lead to less local content, the committee notes that Australian audiences have shown a marked preference for locally produced programs. There is therefore a commercial imperative for broadcasters to include Australian content. Furthermore, it is crucial to note that this bill will in no way alter the existing Australian content rules. Therefore, the committee considers that concerns about a diminution of locally produced programming should this bill proceed are unfounded.

Schedule (2) of the bill relates to the cross-media rules. The bill does not abolish the cross-media rules but, instead, proposes the granting of exemption certificates subject to the application of a public interest test administered by the Australian Broadcasting Authority. The committee believes that reforming cross-media ownership in this manner will permit the generation of synergies, allowing for a more efficient industry with enhanced economies of scale, which will ensure better quality and more diverse content for consumers.

There has been considerable attention focused on the question of the need for a broad based public interest test. In considering the need for a broad based, media specific, public interest test, the committee posed the question of what would such a test, if introduced, seek to achieve. The committee concluded that such a test would, firstly, need to maintain diversity of ownership and opinion in the media as well as preserve Australian content at levels acceptable to the community. Having established these objectives, consideration was then given to what the situation in the media would be if this bill became law and whether or not there was any specific threat to the protection of public interest in terms of these objectives.

The committee concluded that the public interest is protected by the editorial separation requirements administered by the ABA, the preservation of the concentration rules and the retention of the rules regarding Australian content, and that a broad based, media specific, public interest test is thus not required. More importantly, in the light of all the evidence, the committee is of the view that the actual impact of the changes proposed in the bill to the regulation of cross-media ownership will not be great—in fact, we feel the impact will be very small. The outcome will be that around 90 per cent of Australians will continue to have access to three commercial television channels plus the national broadcasters and, as well, there will continue to be a diversity of radio and press.
The recent A.T. Kearney study into media ownership restrictions in Australia found that even in the extreme case of consolidation of ownership into a single company of the dominant newspaper, television and radio groups currently owned by News Limited, PBL and Austereo, the estimated relative influence of such a company, as measured by the market share of national metropolitan consumption of daily news, would, when averaged, be relatively unchanged. Moreover, such a scenario would also see the maintenance of at least three other major media groups in addition to the national broadcasters, and the percentage reach likely to be achieved by the consolidated company would still be significantly less than the total of that achieved by all other companies. However, the committee believes that it would further protect the public interest if there was a requirement that commercial interests should be disclosed in the context of任何 article or editorial comment where co-ownership exists under a cross-media exemption, when one co-owned media outlet made editorial comment about another in the same locality.

Some organisations raised concerns about the editorial separation requirements of the bill, especially that they would allow for undue intrusion into the operations of media companies by the ABA, and facilitate government intrusion into the freedom of the media. The committee is convinced that the ABA will act both responsibly and appropriately in administering the editorial separation requirements. It rejects the view that these requirements will be the thin end of the wedge in facilitating government intrusion into the freedom of the media, and I add that, of course, the government already has the power to regulate newspaper organisations under the Corporations Law.

The committee acknowledges the special problems faced by regional media—in particular, their higher operating costs and lower revenue base in comparison with their metropolitan counterparts. Regional media companies, for example, often have to operate over very large, sparsely populated areas and, on top of these higher operating costs, have lower advertising revenue than the metropolitan media. In relation to cross-media holdings of regional media and concerns about undue concentration of ownership in regional Australia, the committee recommended that the bill be amended so that, in regional markets, cross-media exemptions only be allowed in relation to proposals that could result in a media company having cross-ownership in only two of the three generic categories of newspapers, radio and television.

In relation to concerns that have been expressed that the local news and information requirements of the bill for regional media, which are the subject of a cross-media exemption, are discriminatory, the committee has recommended that the requirement for provision of local news apply to all media companies operating in regional areas. Further, to encourage regional media to provide local news and information, the committee has recommended that the government investigate the feasibility of providing appropriate incentives for regional media to provide local content, such as licence fee rebates. This would be an appropriate recognition of the higher operating costs and lower revenue base of regional media.

In conclusion, I would like to use this opportunity to extend my thanks to the staff of the committee secretariat for all of their endeavours throughout this inquiry, and also to those who made submissions and to the members of the committee for their consideration of the issues which came before the committee. I commend this report to the Senate.

Senator BOURNE (New South Wales) (5.44 p.m.)—I will be quick with this speech because I want to speak on the next paper as well and I want us to get up to it before we have to rise. As far as all Democrat senators are concerned—this is not just me; it includes Senator John Cherry, who will be taking over the area of broadcasting from me on 1 July, and everybody else—we consider that the best way to have and maintain diversity in the Australian media sector is to make sure that the cross-media rules are not scrapped and are not changed in the way that this bill wants to change them. We believe that foreign ownership should not be altered
at this time. In fact, we think it is something that needs a lot more discussion and a lot more looking at before we even consider it.

One of the minister’s favourite statements about why we should get rid of the cross-media rules is that we should get rid of them because everybody can get a lot more media on their computers, either at home or at work, and that that is what people will be doing in the future, so we do not have to worry about it because there will be huge diversity available on the computer. As part of the dissenting report which was put in by both the Democrats and the Labor Party concurrently, we cited a recent ABA inquiry. I will quote a little from the dissenting report where it refers to the ABA inquiry because I think it is very instructive. The dissenting report said:

The ABA study found that 87.5% of participants reported using television for news and current affairs, while 75.8% used the radio and 75.5% used newspapers. By comparison, only 22.8% of those participants reporting Internet access also reported using it to obtain news and current affairs.

That is about 22.8 per cent of about 60 per cent of Australians, which is way under the number of those who use television, radio and newspapers to get their news and current affairs information. One of the other points we made right at the end of the report which I think it is worth mentioning—I do not think anyone has mentioned it yet—is that we believe a broader inquiry into the media industry would be a good idea at this point. Nobody believes that the cross-media rules that we have at the moment are the best that you can have; absolutely nobody believes that. But I do not believe that this bill goes anywhere near giving us the best rules. In fact, it would give us almost no rules at all; and, for those that it would give us, we had some evidence that they may be found to be unconstitutional. So I believe it is time to have a look at where we want to go on this. It is time to find out what we want to do and how to get there. That would be, of course, a much larger inquiry.

The final point I make is that one of the best ways of ensuring diversity in media in news and current affairs in this country is to have a strong, well-resourced and vibrant ABC and SBS. Sadly, the ABC is underresourced. I know the minister keeps telling me that it is not, but it is. There is no question that it is. It is vastly underresourced. I think it was $127 million that was taken out by the ALP during its term of office and then $66-point-something million was taken out just in the first year and a half of this government’s term of office. Nothing has been returned. More and more things have been required to be done by the ABC and SBS. Digitisation is a requirement on both of them but it is not being adequately resourced at all; it is not being anywhere near adequately resourced. They have to find the money from somewhere.

In a recent newspaper article that the minister wrote about cross-media rules, he made this point:

Since 1987, ABC News Radio has begun providing in-depth coverage of local, national and international news, ...

Yes, that is right; it has. It has not been given a lot of extra money to do it with; in fact, none. The fact is that News Radio is only available in the capital cities. I understand that it would only cost about $11 million to get News Radio out to the regions to centres of 10,000-plus people. I think that would be money well spent, but the government, I dare say, is not prepared to spend it. So the ABC is vastly underresourced. If anybody wants me to detail that, I can detail it; I am more than happy to do so.

SBS could use a lot more money. SBS have just started up their multichannel in world news, which looks to me to be a very interesting and vibrant channel, but they need more money. They need money to be able to produce in Australia for it. They are getting feeds from all over the world, they are putting that on; that is excellent. But if they want any Australian production, they need money for it. I think the figure that I last heard was $18.6 million, and the government is not going to come up with that either. I hope to goodness they do, but I doubt it very much. I would imagine that they will stay underresourced in that area. I would imagine that the ABC will stay vastly underresourced in just about all areas. I do
not know what is in the Macquarie Bank’s independent study of how much the ABC would need to actually carry out its charter responsibilities and to digitise properly, but when I added all that money up it ended up at about $200 million extra just to carry out its charter responsibilities. I imagine that the Macquarie Bank report has probably come up with much the same. I do not know if the minister has it yet; I do not even know if the board has it yet. But I think it is something that should eventually be tabled in this chamber and I hope that I can see it.

The point that I have to make is that the resourcing of the ABC and SBS is not adequate. The resourcing of the ABC is nowhere near adequate for it to fulfil its charter responsibilities and to digitise properly—let alone the archives issue. We could go into the archives and into Radio Australia and Cox Peninsula, but we had better not because I do not have that much time and I want to get on to East Timor; I could mention Cox Peninsula there as well. In conclusion, the Democrats will not be voting for this bill because we do not think it is adequate. If the minister would like to go back and try again, he can; but I cannot imagine anything that he could come up with that we will think is adequate. As far as this bill is concerned, we will not be voting for it.

Senator TIERNEY (New South Wales) (5.51 p.m.)—I also rise to, I think, conclude the debate on the report of the Environment, Communications, Information Technology and the Arts Legislation Committee on the Broadcasting Services Amendment (Media Ownership) Bill 2002. Before I start, let me pay tribute to Senator Bourne and her contribution to the media debate in this chamber over many years. We have not always agreed with the things that you have said, particularly relating to the ABC and other matters, Senator Bourne, but you have certainly provided very lively debate in the chamber on these issues, and that has been most welcome. While I am handing out bouquets, let me also hand one to Senator Eggleston, who chaired this inquiry into the bill. We actually moved through the issues in terms of government members examining the issues and the committee examining the issues and it has been a very worthwhile experience for all of us as we consider what is one of the most important issues facing this country as a free democracy; that is, how to regulate and help the free press and media develop in this country.

I want to lay to rest a myth about the whole process of change that is being put forward by the government. People seem to be conducting this debate in a way that would indicate that we are abolishing the cross-media rules. We are not doing any such thing. What we are doing is allowing companies, if this legislation passes, to apply for exemptions from the cross-media rules. The difference is very important, and I would really like to underline that. We are taking a very different approach from a country like New Zealand which 17 years ago abolished regulation in this area and left the whole matter of control to the normal market control mechanism, such as the Trade Practices Act. But in Australia it is very different. We are proposing that on a case by case basis companies can apply to vary the arrangements under the cross-media rules.

We have a slow motion roll-out of change which is in sympathy with the changing nature of media in this country. Unfortunately, if we leave the cross-media laws exactly where they are at the moment, we will be kept in a time warp created by Paul Keating in 1986, but the whole nature of communications, broadcasting and information technology has changed dramatically over that time. We need a more flexible regime to respond to that sort of change.

At the time when the Keating government brought in the cross-media rules they were trying, in the different markets, to separate out control because they were worried about the concentration of opinion and opinion leadership in the media. The way Paul Keating put it was that in a particular market, such as Sydney, a company could be the ‘prince of print’ or the ‘queen of screen’. In other words, you could not control newspapers and TV in the one market. Although that might have been appropriate for 1986, by the time we got to 1996, when this government came into power, this whole regime was no longer really tenable. What we have been
grappling with in the first stages of the Howard government is: how do we respond to the rapid changes?

I will give one example. When the Keating government brought in this legislation, there was no Internet; the Internet did not exist. We also did not have pay TV. So we now have a greater diversity of mediums. We also have greater diversity of ownership. As this medium develops in a much more dynamic way over time, it is going to be increasingly difficult for people not only to concentrate ownership but also to concentrate the opinion leadership through the press. I would like to make that very basic point because the time for this debate is almost up. This point has not been made. We are not abolishing cross-media laws; we are just modifying them. (Time expired)

DELEGATION REPORTS
Parliamentary Delegation to East Timor

Senator PAYNE (New South Wales) (5.56 p.m.)—by leave—I present the report of the Australian Official Observer Delegation to the 2002 presidential election in East Timor, which took place from 12 to 15 April 2002. I seek leave to move a motion in relation to the report.

Leave granted.

Senator PAYNE—I move:

That the Senate take note of the report.

The Australian Official Observer Delegation, which I had the great honour of leading, visited East Timor from 12 to 15 April this year to observe the 14 April presidential election. The delegation observed voting at eight polling centres in the district of Bobonaro, which adjoins the border with West Timor, Indonesia. We also observed the start of counting in Dili. Over a relatively brief period of time, we had the opportunity to speak with a broad range of international and national observers and party agents in both the Bobonaro district and Dili.

Our role, from the Australian perspective, was to ensure that the election was free, fair and transparent—an assessment which we were able to make from our observations. It was run in a very efficient and orderly manner by the Independent Electoral Commission. Their preparation for this election rectified some minor deficiencies of the 2001 vote, in particular the very long voter queues. The time spent waiting to vote was significantly shortened from that of 2001.

Of enormous significance was that this was the first election where East Timorese electoral officials had a majority hand in managing the ballot. The process ran more smoothly and with fewer procedural errors than it had during 2001. I think that that augurs well for the conduct of elections in an independent East Timor. This was a ballot conducted without a new voter or civil registration process. Records of newly recorded citizens, including first-time voters, and any amendments to the civil register were made at the instigation of individual East Timorese people, and with the encouragement of the UNDP voter education campaign.

In the 1999 popular consultation, the ballot of 2001 and this ballot, three different approaches have been utilised to develop and maintain an electoral roll. In this report, the delegation observes that it will be vital for the effective operation of future ballots and for the maintenance of an accurate electoral roll that the system is refined, and one method of establishing and maintaining a roll is settled upon. The next ballot will not occur for five years so East Timorese polling officials have the opportunity and should be involved in continuing electoral training and education to maintain their skills.

Voter turnout was very high at 86.2 per cent. The campaign period and the election itself were peaceful. That is further testimony to the importance that the East Timorese people placed on their participation in the democratic process. In our report, and on a personal note, I think it is important that the delegation congratulates the East Timorese people for the exemplary manner in which they undertook this final electoral step in advance of independence on 20 May 2002.

We made two recommendations in the report of the delegation. The first was that Australia continues to provide assistance to East Timor to strengthen democratic institutions and electoral processes, in particular through continuing training programs by the
Australian Electoral Commission and in support for UN and UNDP civic education programs. We also recommended that the Australian parliament move quickly to establish an Australia-East Timor parliamentary friendship group. I am acutely aware that, as I speak, the annual general meeting of the IPU is considering that very matter, and I suspect that Senator Bourne and I would be there were we not here. We do hope that that is a recommendation taken up by the IPU.

This is the third ballot in East Timor in which I have participated in a very small way as an observer. Beginning with the UN-supervised ballot of 1999, the popular consultation, where the East Timorese voters delivered an overwhelming vote, rejecting the option of special autonomy and supporting independence, moving to the ballot in 2001 to elect their first constituent assembly and then coming to the election of the president with the ballot in April of this year. These have been very important and extraordinary experiences and opportunities in many ways for me as a member of this Senate.

In going to the Bobinaro district of East Timor in particular, I was again observing a ballot for the third time in that particular area. It is impossible to describe, in the time available to me this afternoon, the changes in that district, in those people and in the approach they have taken to participating in the democratic process that I have seen between 1999, 2001 and 2002. Suffice it to say, they have been all positive—all moving towards maximising the involvement of the East Timorese people in the process, all moving towards a free, fair and transparent election process and achieving that on every count and all ensuring a good solid foundation for the democratic future of this tiny nation.

In 2002, the International Electoral Commission ran 282 polling centres. To actually see the East Timorese in those centres carrying out the electoral work themselves was a very significant change, and a very welcome one from previous ballots. In the opportunity that we had to inspect polling booths, polling centres, and to meet with local officials and discuss the arrangements for the ballot we received universally positive responses from local people in relation to the entire process.

I place on record the very important contribution of the Australian Electoral Commission to that process and of Mr Michael Maley, in particular. To see an educational video on electoral training put together by the work of the AEC and Mr Maley, and to see the enthusiasm of the East Timorese participating in that video, was not just a heart-warming experience but an enormously reassuring one for where the processes might go from here.

There are some people that it is very important for me to thank in this brief series of remarks. This was a campaign period and an election itself which can only be described as peaceful. A lot of the credit for that, most of credit for that, goes to the East Timorese people themselves, but also to the international civilian police in place in East Timor, including many Australians, members of the Australian Federal Police and the various state services. To UNPOL and the East Timor police service itself, a growing organisation, we place on record our thanks and appreciation of their work.

I particularly want to thank Australia’s first ambassador to East Timor, James Bailey. I first met James in 1999 in what can only be described as very challenging circumstances. Since that time, he has represented our nation in an exceptional manner in his capacity as head of the mission in East Timor, and his appointment as Australia’s first ambassador was highly meritorious and well-deserved. I am very pleased to have had the honour of working with him. On this most recent visit, I also want to thank his deputy, Mr John Michell, and a representative of the Department of Foreign Affairs and Trade, Mr Alan Sweetman, who accompanied us and also made enormous efforts to assist us with translating and interpreting some of the more difficult conversations that one has.

I want to thank the members of the Australian Defence Force who supported not only this process, but the previous ballot in 2001. I want to thank Lieutenant Colonel Angus Campbell, CO of AUSBATT at the time, who ensured that he and his troops
looked after us in an exemplary manner, including accommodating us in Maliana in their own facilities which was extremely generous of them. I want to thank and commend Lieutenant Phil Hickey who was responsible for compiling an extraordinarily comprehensive program for the delegation on both the day prior to and the day of polling.

One of the highlights of having been involved in this process since 1999—and my involvement is a mere drop in the ocean compared with that of my colleague Senator Bourne—was to see Australia welcome the newly elected president of East Timor to our parliament this week, to see President Xanana Gusmao welcomed here. That is a fitting beginning to the rest of East Timor’s future from the Australian parliamentary perspective, and I was very honoured to have the opportunity to meet him here again this week.

I want to thank my parliamentary colleagues who accompanied us on this delegation, Senator McLucas, who is in the chamber and Mr Hartsuyker, the member for Cowper from the other place. From previous delegations, I also want to acknowledge Mr Fischer. Without some of the work that he had done previously, this would not have been as successful as it was.

In closing I want to thank and acknowledge my friend and colleague, Senator Vicki Bourne, not only for her professional support in this delegation and the two preceding delegations, but for her friendship and for her moral support in what has at times, since we began this process in 1999, had its difficult moments. Without that friendship and moral support, it would have been so much more difficult. Australia can be rightly proud of the small role that we have played in this electoral process, but the East Timorese can be exceptionally proud of the decisions they have made and the roles they have carried out themselves.

**Senator BOURNE (New South Wales)** (6.07 p.m.)—Mr Acting Deputy President, through you, let me thank Senator Payne for her very kind words. Senator Payne has mentioned most of the aspects of the report of the Australian Official Observer Delegation to the 2002 Presidential election in East Timor which need to be mentioned. I would like to reiterate in particular her thanks to our first ambassador to East Timor, James Batley, who was the head of mission there from the time we set up that mission in 1999 and stayed on until after East Timor became a nation, so he became our first ambassador. I think that is a very just way to finish the cycle of his participation in what was a very tumultuous, essential and interesting part of East Timor’s history—probably the most interesting, the most essential and the best part so far of East Timor’s history. Also, Senator Payne mentioned Michael Maley, who is a very important part of that history. He has been very considerably involved in the electoral process in East Timor since 1999 and he deserves far more recognition than we can give him, and probably far more recognition than he is going to get, for his part in bringing East Timor to the place where it is now.

Mostly, the people to acknowledge and to thank for their strength and their bravery are, of course, the East Timorese people. The strength and bravery that was shown by these people in 1999 is just so spectacular that it is really hard to think of it without bursting into tears—as I am going to do again! And if you have read Tim Fischer’s book you will realise that is what I did all through 1999: burst into tears constantly. But it was just the most spectacular thing to be there and to see these people who in 1999 knew what would happen to them. Everybody told us what would happen to them, and it did. But they were so keen, they were so desperate to own their country and to get rid of the blight on it, which had particularly been the actions of Kopassus in East Timor, that they just said, ‘Right, we will put up with anything.’ And they did. They put up with so much more than any of us are ever going to be called on to do, thank heavens. And they came through it.

In the 2001 election, there were real differences. Senator Payne and I had gone back just after the destruction in 1999. We went back in December 1999 and the place was such a wreck. It was burnt out; there were no roofs. We came in by helicopter to Suai, in
the south of the island, and there was not a roof on any buildings at all except the ones that were being used by the Australian or the New Zealand battalions.

Now it is so different, so alive. We watched the markets go from five buildings, where the old Portuguese markets were, to a huge conglomeration of a market on the same site. Now the markets are out somewhere else; they are just too big to be there. And that market building has been turned, as an independence gift from Australia, into an exhibition centre. I think it is a very worthwhile gift, something that we can all be very proud of. It looks fantastic now; it looks excellent. The market started as five little booths of people who were really quite scared of what was going on around them—and who could blame them; so was I—and has turned into a huge mass of people and makeshift buildings. You would not believe how many things you could buy there, from baby formula to socks with frilly lace around them, to vegetables and meat, from the butcher shop in the middle—as if you would put it in the middle but they did. It was extraordinary—I saw Lego there too. So you could get anything in those markets. And the difference was just mammoth.

I should give a few snapshots of when we were in East Timor this last time. We went out with the Australian Army. This was a first for me; I had not done it before in a ballot. They took us in four-wheel drives to booths that were reasonably remote. I was interested to see how well they were accepted by the East Timorese people and by the international community. The level of acceptance was extraordinary. Without any prompting from us at all, the international community, the people at the polling booths, found out we were Australian and praised our civilian military liaison officers. One person said to me that he thought that they should be giving lessons to everybody else and that they were certainly the most polite—which I thought was remarkable, but excellent.

We need not have worried at all about how well they were accepted by East Timorese people. The officers were not allowed to come any closer than, I think, 200 metres from the polling booth opening, so they would drop us off and we would walk down to the polling booth. We would go and do everything we had to do and come back and try to find them. It was easy to find them because you just had to listen, and where there were children laughing and screaming that is where they were. On one occasion they looked like they were playing water buffalo, with some little girls chasing after them. On another occasion they were playing soccer with some boys. They were obviously completely and utterly accepted. These are people who were in military uniforms and carrying guns. In 1999 that would have been the most terrifying sight any of these children could have seen. Now it is just accepted.

When we went there in 2001, one of the Federal Police officers who was travelling with us pointed out a little girl who was carrying her baby brother. He made the point—and it still sticks in my mind—that the baby brother would never have known the Indonesian rule because he was born after it; he would never have known what it was like to have Kopassus out there and not know whether his family was going to come home that night. It was wonderful to hear that; it was such a wonderful thought.

I do not want to take up too much time, so in conclusion I would like to thank my parliamentary colleagues, particularly those on this delegation, who were a particularly pleasant bunch to get on with, thank heavens. I thank Senator Payne in particular because, as she says, we have been on three together now. On the first one we were sharing a room. Mind you, it was the best room in East Timor at the time because not only did it have a toilet and a shower but also what they called a mini bar, which was in fact a small fridge, I think probably from World War II. It had the only cold beer on the island at one point and neither of us drinks beer, so we were very popular with other people. It was fun. Who would have thought that would be fun? It was, and so was 2001 and so was this one.

I cannot say how privileged I feel to have been part of these three delegations after I do not know how many years. I think it was in
1978 that I started on about this topic and started getting really stroppy about East Timor and independence, and I have been stroppy ever since! After all those years of wanting to see it, finally seeing it was the most wonderful, wonderful thing. Seeing that flag raised in the independence ceremony—even though it was only on television because I did not get the invitation on my email until it was too late to get a flight—just felt fantastic. I am so pleased, despite the fact that I am leaving next week, that all this has happened while I have been here.

I would like to thank the Minister for Foreign Affairs for inviting me to go on this delegation. I would like to thank my own colleagues for letting me go—it was their turn, really, and they let me go. So I would like to thank everybody for allowing me the huge privilege of being at those three ballots for the people of East Timor, and I would like to congratulate the East Timor people again.

Senator McLUCAS (Queensland) (6.16 p.m.)—I would also like to make some comments at this the tabling of the report of the delegation sent by the Australian government to East Timor to monitor the presidential elections. In doing so, I also pay tribute first of all to the leader of our delegation, Senator Payne, for the lovely and accommodating way that she provided the two of us who had not been to East Timor before with information, advice and support. I commend her for her commitment to the people of East Timor over a long period of time. I also want to commend you, Senator Bourne, for your longstanding commitment to the people of East Timor and for your work on their behalf. I share your joy at the fact that democracy has been installed in East Timor in the time that you have been in the parliament. Thank you for the work that you have done on Australia’s behalf to bring us to this point in time. I would also like to thank Mr Hartsuyker from the House of Representatives. I agree with Senator Bourne that we made an interesting—but very happy—group of people doing the job that we did.

I also thank the Minister for Foreign Affairs for the invitation and my party for their support in allowing me to be part of the delegation to East Timor. It was an honour and a privilege to go to such a new country. For me, it was a first-time trip and therefore I did not have anything to compare it with except the television footage. I have to say that, whilst Senator Payne and Senator Bourne talk about the change that they had witnessed and how wonderful things are, for me it was rather a shock. I have travelled in Third World countries before, I have travelled in countries that have been touched by war but I have not travelled in a country so soon after such horrific events have occurred. It did trouble me for some time afterwards, and I have a special place in my heart as a result of this trip for the people of East Timor, for their commitment and for their eyes-down, let’s-get-on-with-it approach to their nation.

I also congratulate the people of East Timor and their leadership for the way they conducted the ballot. They were supported by a range of countries internationally who assisted them to deliver the electoral process on the day. I also commend Mr Michael Maley and all of the officers of the AEC who have been supporting the people of East Timor over the last few years for the very free and open way they have passed on their skills. The training that has obviously been delivered to the people of East Timor certainly by the Australian Electoral Commission, and potentially by others, has been delivered in a sustainable way. Most of the ballot places that we went to were completely managed by East Timorese. They were efficient, courteous and very effective. They knew their role exactly, and they knew our role. I have to commend everyone for the way the ballot was operated.

For someone like me, in my first experience in this situation, I could see trepidation on people’s faces. This was the third time they had been through a ballot in a very short period of time. I expected more joy, but the very recent history of the people of East Timor going through an electoral process must have been in all those people’s minds as they walked in to vote. We went to eight polling places, and at each place the ballot was conducted properly. People did go early. In all the places we went to polling was pretty well finished by 11 o’clock in the
morning—it opened at seven—and there were very few people who voted later in the afternoon. In the one place that we did go where there was a queue, I remember the people pressed up against each other, very keen to get in and have their vote.

As Senator Payne mentioned, the people conducting the ballot decided that they would not use a formal electoral roll because of the difficulties in maintaining that roll. The system that was adopted was perfectly legitimate. People went to vote and then their right index finger was placed in ink that could not be removed. A number of times we saw people walking in the street with that finger up, as a sign of ‘Yes, I’ve been to vote.’ That was a positive event.

I also thank Mr James Batley and congratulate him on his appointment to the position of first ambassador to the newest nation in the world. I thank him for his assistance in making our trip easy. It must be difficult to organise a trip for four parliamentarians. There were no hitches at all, and I thank him for that. I also thank him for his hospitality and for putting on drinks for us on the Friday night that we arrived there so that we could meet with both East Timorese and Australians working in East Timor. I also thank the Australian battalion, particularly Lieutenant Colonel Angus Campbell for his hospitality. We stayed with the battalion at Maliana. As Senator Payne said, Lieutenant Phil Hickey was a wonderful host. It was a privilege to be there. I was also very fortunate in that many of the personnel who were in Maliana at the time were based at Lavarack Barracks in Townsville. It was interesting to sit down and read the Townsville Daily Bulletin with them—something that I do every day when I am at home.

I congratulate President Xanana Gusmao. It was wonderful that he was here in Australia this week. The election result was outstanding. There is certainly strong support for him and for democracy in East Timor. I wish him best wishes for the next five years of his presidency. Finally, I thank Senator Payne and Senator Bourne for their commitment to this new nation.

Question agreed to.
ASSENT

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

- Student Assistance Amendment Act 2002
- Taxation Laws Amendment (Baby Bonus) Act 2002
- Financial Corporations (Transfer of Assets and Liabilities) Amendment Act 2002

SOCIAL SECURITY AND VETERANS' ENTITLEMENTS LEGISLATION AMENDMENT (DISPOSAL OF ASSETS—INTEGRITY OF MEANS TESTING) BILL 2002

First Reading

Bill received from the House of Representatives.

Senator IAN MACDONALD (Queensland—Minister for Forestry and Conservation) (6.26 p.m.)—I move:

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

Question agreed to.

Bill read a first time.

Second Reading

Senator IAN MACDONALD (Queensland—Minister for Forestry and Conservation) (6.27 p.m.)—I move:

That this bill be now read a second time.

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

Leave granted.

The speech read as follows—

This Government is committed to the effective delivery of its income support measures. Part of this commitment involves encouraging people to provide for themselves where they have capacity to do so.

This bill amends those provisions of the Social Security Act 1991 and the Veterans’ Entitlements Act 1986 that set out how much a person or couple may give away as gifts without the value of those gifts still counting as part of their assets for means testing purposes.

Currently, if a person or couple gives away up to $10,000 a year this may result in them getting a higher rate of income support. This is particularly the case for customers whose rate is affected by the assets test: that is, pensioners with quite significant levels of assets.

If a person or couple gives away more than $10,000 in a year, then the amount in excess of $10,000 is still counted as forming part of their assets for the next five years. Accordingly, the excess of the gift over the free area will not result in a further increase in income support over that period.

The Government considers that this annual $10,000 “free area” is generous given that it is almost equal to the maximum single pension rate—some $10,670 per year.

Nevertheless, the Government recognises that there may be compelling reasons where, for example, family circumstances necessitate gifts of this nature. Accordingly, this bill won’t change the $10,000 in a single year rule.

The Government is concerned, however, that “gifting” has become a favourite tool for many financial planners who exploit gifting to increase the income support entitlement of their clients. There are a significant number of cases where such gifts appear to be annual occurrences designed to reduce assets and increase income support rather than to provide assistance to a family member in response to “one-off” compelling events.

This bill addresses this problem by introducing a further rule. Simply put, the bill introduces a new free area of $25,000 that will apply over a rolling five year period and that will operate concurrently with the “$10,000 in a single year” free area. Any gifts in excess of either of these free areas will be assessed as a deprived asset of the person or couple for five years, with the same effect as present.

The bill reduces the capacity of those with significant assets to use regular gifting strategies to increase their taxpayer funded income support entitlements.

It is important to realise that no matter how much cash or other financial assets a person gives away, these rules cannot and will not result in them getting less income support than they are receiving before they make a gift.

These new rules will apply to amounts disposed of on and after 1 July 2002.

The bill also takes the opportunity to change the basis of the gifting rules from a “pension year” to the more widely understood “financial year”.

Debate (on motion by Senator Mackay) adjourned.
TAXATION LAWS AMENDMENT BILL  
(No. 4) 2002

First Reading

Bill received from the House of Representatives.

Senator IAN MACDONALD (Queensland—Minister for Forestry and Conservation) (6.27 p.m.)—I move:

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

Question agreed to.

Bill read a first time.

Second Reading

Senator IAN MACDONALD (Queensland—Minister for Forestry and Conservation) (6.28 p.m.)—I move:

That this bill be now read a second time.

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

Leave granted.

The speech read as follows—

This bill amends the Income Tax Assessment Act 1936 and the Income Tax Assessment Act 1997 to give effect to several measures that have been announced by the Government.

This bill includes amendments to the thin capitalisation regime to ensure the regime operates as intended. The amendments, while largely technical in nature and apply from 1 July 2001, will improve the integrity of the regime and clarify the operation of the law.

The key features of the amendments are the exclusion of assets that are used principally for private or domestic purposes; ensuring that the Australian assets threshold rule operates as intended. It will provide for consistent treatment of ‘interest-free’ loans; and ensuring that a number of technical concepts in the legislation have their intended meanings.

Also contained in this bill is new capital gains tax roll-over, which will facilitate a trust converting into a company by disposing of all its assets to the company. The roll-over will not apply to discretionary trusts. It is intended to increase the commercial flexibility available in selecting an appropriate business structure for the changing needs of business. This roll-over is optional and will be available for disposals of assets by the trust on or after 11 November 1999. It will also be available for the exchange of interests in the trust for shares in the company on or after that date.

Schedule 3 to this bill will introduce changes, which come into effect from 1 July 2002, which are designed to assist Australian businesses seeking to attract key personnel to Australia. This will be achieved by reducing the tax burden on people who are considered to be temporary residents of Australia for taxation purposes.

There is also a provision for an exemption from Australian tax on all foreign source income and capital gains for a maximum period of 4 years to individuals who are considered to be temporary residents. This exemption applies only where that income or gain is not associated with Australian employment or with services performed while a resident of Australia. The bill will also exempt temporary residents from interest withholding tax obligations associated with overseas liabilities. This assists those Australian businesses seeking to employ key personnel from overseas, as it will reduce the cost of doing business in Australia.

Finally, under the current uniform capital allowances regime, the Commissioner of Taxation is progressively reviewing, and making updated determinations of, the ‘safe harbour’ effective lives. The Commissioner cannot take into account economic policy considerations such as impact on investment decisions in particular industries or the wider economy. Therefore, the Government has decided to introduce certain statutory ‘caps’. These ‘caps’ will be the effective life used to calculate the deduction for those depreciating assets if the taxpayer chooses to use an effective life determined by the Commissioner of Taxation. The ‘cap’, if any, that applies to that asset is shorter than the effective life determined by the Commissioner. This means the taxpayer will be able to deduct the cost of the asset over a shorter period of time than would otherwise be the case.

I commend the bill to the Chamber.

Debate (on motion by Senator Mackay) adjourned.

CHRISTMAS ISLAND SPACE CENTRE  
(APSC PROPOSAL) REGULATIONS  
2001

Motion for Disallowance

Senator BROWN (Tasmania) (6.29 p.m.)—I move:

(1) That the Christmas Island Space Centre (APSC Proposal) Regulations 2001, as contained in the Territory of Christmas Island Regulations 2001 No. 1, and made under the Christmas Island Space Centre (APSC Proposal) Ordinance 2001, be disallowed.
(2) That the Christmas Island Space Centre (APSC Proposal) Ordinance 2001, as contained in the Territory of Christmas Island Ordinance No. 4 of 2001, and made under the Christmas Island Act 1958, be disallowed.

I want to speak to the Senate about why the Greens are proposing that these regulations facilitating the building of a space centre, which will, amongst other things, facilitate rocket launches from Christmas Island, be disallowed. I am indebted to Christine Milne in my office for much of the information which I am about to give to the Senate.

I am moving the disallowance for three fundamental reasons. Firstly, the environmental impact of this space centre development, combined with the impacts of the detention centre for asylum seekers that the government is building and the proposed increase in mining leases—Christmas Island is being mined for phosphate—is such that the proposal should not proceed to the stage of a fully developed proposal under this ordinance until the full extent of its environmental impact is determined. Secondly, the ordinance provides a mechanism for the declaration of exclusion zones where yet another part of Australia is excluded from the provisions of the law—in this case the Local Government Act 1995 of Western Australia, the Local Government (Miscellaneous Provisions) Act of Western Australia and the Town Planning and Development Act of Western Australia. Thirdly, the ordinance excludes a community of Australian citizens—those on Christmas Island—from their rights under the law, and it leaves them to the mercy of the minister and the developer of the space station with regard to consultation about a development which will affect their day-to-day lives for a long while to come.

If we look at the environmental impact, it needs to be said at the outset that Christmas Island is an ecologically precious 135-square-kilometre Australian territory in the Indian Ocean. It is best known for its red crab migrations and fantastic rainforests, and it has numerous endemic species, many of which are endangered. Christmas Island is recognised as a world-class seabird breeding colony and has been listed in BirdLife Inter-
national as a key area of bird endemcity. The forest on Christmas Island is the only remaining habitat for the endangered Abbott’s booby, which is found nowhere else in the world. Christmas Island is home to the endangered Christmas Island shrew, the Christmas Island goshawk and the vulnerable Christmas Island frigatebird and Christmas Island hawk owl. Less obvious is the internationally significant terrestrial and aquatic subterranean fauna that occurs in caves, crevices and groundwater systems on the island and of which very little is known. The Procaris species, which are Aytid shrimps found on the island, is one of only three species known from this genus in the whole world. The other two are from Hawaii and from the Ascension Islands in the South Atlantic.

The habitat of Christmas Island includes limestone scree slopes; inland cliffs and pinnacles; perennial springs and surface water; sealiffs; karst—cave formations; mangrove forests; coral and shell beaches and a few sand beaches; shoreline rock platforms; and a shallow water area supporting corals and sand areas extending 50 to 100 metres out from the land before the sea floor plunges towards the Java Trench, one of the deepest points of ocean in the world. This complex ecological interrelationship on the island and in its surrounding reefs makes it a fragile ecosystem which is worthy of the highest protection. As incredibly complex as it may be, the interrelated ecosystem is under sustained threat from both an invasive species, the yellow crazy ant, and a federal government which is failing in its responsibility to conserve biodiversity in Commonwealth areas. It is impossible to try to deal with issues on Christmas Island in an ad hoc manner, as is being attempted by producing this ordinance for one project without reference to the others. The whole ecological system is interlinked, so a holistic approach has to be taken to the impacts of a space launching facility, the detention centre—which is massive in itself—a new port and additional mining leases.

In recent years, Christmas Island has been under threat from the explosion in the number of yellow crazy ants, which have devel-
The document discusses the threat to the small island's environment due to the government's decision to build a detention centre and to exempt that construction and all its ancillary facilities, including a new port and an extension of the runway, from the provisions of the Environment Protection and Biodiversity Conservation Act. Coincidentally, the space base requires a new port facility and a runway upgrade.

As if that is not enough, the government is at the same time encouraging an expansion of the phosphate mining and the construction of a space station or, more explicitly, a satellite launching facility. In spite of federal government assurances in the late 1980s—this was the Hawke government and I think the year was 1988—that no further clearance of rainforest would be permitted on the island, the Howard government is now considering an application by Phosphate Resources Ltd to develop new mining leases, 448 hectares in total, of which 320 hectares are primary rainforest. It should be unthinkable in this century that any government would consider the destruction of rainforest on an island such as this, but the Howard government appears to be determined—so determined that one has to ask just what commitments or arrangements the government has offered in its talks with the company involved.

Now we have before us an ordinance to facilitate a proposal by Asia Pacific Space Centre Pty Ltd, APSC, for the establishment on the island of a commercial facility for launching space objects, including satellites, and for related purposes. The ordinance is premature. Before a framework for decision making with regard to this project is approved, the parliament should be certain that there will be no detrimental environmental impact. What is the point of approving this ordinance and allowing the government to proceed to a fully developed proposal when the government still does not know what the environmental impacts of this project are and whether they can be mitigated? It is entirely possible that the impacts will be severe and that they cannot be avoided, in which case the project should not be approved. By this ordinance, the government is setting the taxpayers up for compensation to the company if final approvals were not to be granted. Or has APSC agreed to absorb all of the risk in what would then be a venture capital investment? I think not.

Why are earthworks already proceeding? This ordinance appears to be a catch-up after the fact. In other words, the government is pre-empting this ordinance and is therefore pre-empting this parliament and its right to deal with this ordinance. It is not good enough for section 13(2)(e) of the ordinance to state: The Minister must not approve a proposal unless the Minister is satisfied that an Environmental Management Plan will be established and necessary environmental approvals under Australian law will be given, for the construction and operation of the facility and any associated infrastructure.

In the absence of such an approved final EMP—environment management plan—for the proposal, on what basis can the minister be satisfied that all approvals under Australian law will be given? It stands to reason that this ordinance should be withdrawn in line with the recommendations of Environment Australia, the federal government’s overseer of the environmental impact. In its assessment report of the project Environment Australia recommended that the Minister for the Environment and Heritage:

... must approve the Environment Management Plan prior to the commencement of the construction of the project.

Yet earthworks are already under way at the site, because the minister has approved an interim environment management plan for earthworks. Drilling in the area of the launch pad is proceeding. This is a de facto approval for the project without a final environment management plan and without the necessary parliamentary approval. The kinds of works required are extensive, including construction of underground storage tanks for the
petrol station and of huge storage facilities for highly dangerous rocket fuels, such as nitrogen tetroxide and dimethyl hydrazine. Storage of 710,000 litres of fuel is required. A hazardous store for pyrotechnic items used for launch vehicles needs to be constructed. There will also be an on-site diesel power station providing 12 megawatts of electricity—that is enough for a small city—a liquid oxygen plant, fire station and vehicle maintenance and wash down areas, not to mention storage areas for kerosene.

Furthermore, by allowing the earthworks at the space centre site to proceed, the mining schedule elsewhere on the island is being completely disrupted. Areas that should have had mining completed and that should be now under rehabilitation for the endangered Abbott’s booby habitat are not being rehabilitated, as all effort from mining works is being redirected to the space site. This is precisely what I mean when I say that this development cannot be assessed without reference to others. This is normal fare for this government, but it should not be accepted by the Senate.

On 13 March this year, the Department of Transport and Regional Services illegally allowed survey work to commence on the detention centre facility before that proposal was referred to the Australian Heritage Commission, as required by law, therefore making a total farce of the so-called “prudent and feasible alternative” provisions of the act. The fact is that, as Environment Australia states at page 94 of its environmental assessment report:

Environment Australia is of the view that the proposed establishment of a launch facility on Christmas Island may not be an activity that will be compatible with the natural environment of Christmas Island and in particular the environment of South Point.

That is where the rocket station is going to be. It continues:

The proposal if undertaken would present this important natural environment with a range of potential impacts which cannot be completely ruled out through mitigation measures ...

While adaptive management of the launch facility may offer solutions in some cases, APSC—the company—has not been able to demonstrate to our satisfaction that it would in all cases be able to modify launch activities so that they might continue without causing further significant negative impacts upon the seabird colony. Therefore the only course of action to protect the colonies would be to discontinue rocket launches from the facility.

Environment Australia identified a range of environmental impacts of this proposal. The first was the unknown level of impact upon the South Point seabird colonies as a result of launches and a possible launch vehicle explosion over the island. Counts of the actual number of seabirds estimated to nest on the coastal terraces reveal that 6,000 pairs of red-footed boobies nest on South Point, making up 50 per cent of the total Christmas Island population. In addition, South Point is a breeding area for 20 per cent of the island’s brown boobies, 20 per cent of the red-tailed tropic bird, 25 per cent of the golden bo-suns—which are a subspecies endemic to the island; that is, found nowhere else in the world—40 per cent of the common nodies and 40 per cent of the greater frigate birds. I mentioned earlier the Abbott’s boobies, which are found only on Christmas Island.

At page 37, Environment Australia’s report reads:

Unless documentation is provided showing otherwise, it must be assumed that the seabird colonies on Christmas Island, and that on South Point, are highly significant regionally, if not globally, and are currently comparatively secure from negative human impacts.

At page 64, it reads:

Based on the EIS it would appear to be a real possibility for launch noise at South Point to have a significant negative impact upon the nearby seabird colonies. In addition the breeding behaviour of some of the seabird species does not provide them with the ability to recoup losses beyond natural losses to which they have adapted.

Impacts could include the abandonment of nests or the nesting colonies; nests left unattended, with chick loss; and injury or death of juveniles or adults due to startle response, which may particularly be an issue with tree-nesting birds such as Abbott’s booby. Individual Abbott’s booby and frigate birds that fall to the ground are not able to become airborne again and generally die, unless given
human assistance. Vibrations could lead to rock falls from cliffs.

The second impact was on the land based fauna. Environment Australia was clearly concerned about the integrity of the EIS and recommended a comprehensive baseline survey for the Christmas Island pipistrelle bat and endemic reptile species. This survey should be completed before any construction activity on South Point, and the surveys designed should be approved by Environment Australia. I ask the government: has the survey been completed? If not, why did the minister approve the earthworks before the completion of that survey?

The third impact was on the karst habitats and water table. No attempt was made to determine what subterranean fauna occurred in the cave or ground water systems under South Point. Environment Australia recommended that ground probing radar be used to establish the presence in cave systems of subterranean fauna and that this be completed prior to the development of the final environment management plan. Launch vibrations could cause aesthetic or structural damage to the cave systems. Concern was expressed about the possibility of spills— that is, the release of hazardous substances into the ground water system—especially since, on Christmas Island, this is the only source of human water supply. It is a source of freshwater springs and is a habitat for native species. The company was requested to provide a report modelling the worst case release scenario for all hazardous substances so that the Minister for the Environment and Heritage could provide additional advice concerning transport routing. Has this occurred and been incorporated? The Senate has no such report at hand.

The fourth impact I want to look at is the impacts on adjacent rainforest of launch plumes. The north and north-west border of the space site is fringed by primary rainforest. The southern area is adjacent to cliffside vegetation. As the launch vehicle—that is, rocket—ascends, it remains over Christmas Island for the first 25 seconds of flight and then passes over the shoreline and the fringing reef and out to sea. The launch plume, from the combustion of kerosene and liquid oxygen in the rocket engine, produces carbon dioxide, carbon monoxide, hydrogen, nitrogen and oxygen, as well as 500 tonnes of deluge water, combined with the exhaust as steam or cloud droplets. Flora and fauna beyond the fenced area would be at risk of harm from the heat impacts of the ground cloud. APSC, the company, was required to report on alternative configurations which would allow for a wider buffer zone between the launch pads and the natural habitat. Has this happened? What did the minister decide before giving approval to earthworks, including drilling on the launch pad site?

Fifth, what are the impacts of the proposed water pipeline, from Jeddah Cave to South Point through the national park, constructed on low-level concrete trestles above the ground? Or is there a plan now to underground the pipe in accordance with Environment Australia’s recommendations, and what impact will that have? Sixth, the possible impacts of proposed runway extensions have not been assessed. Seventh, the alternatives are not assessed—that is, alternatives to the space station—because the EIS neglects to consider that by not proceeding with the proposal there would not be the range of potential impacts that the facility might cause to Christmas Island’s valuable natural habitat and, following on, to the island’s nature based tourism industry. Nor does it consider that, without the launch facility, the South Point site would be rehabilitated at expiry of the mining lease or could be used for another activity with less potential to significantly impact upon the environment.

Finally, the eighth impact is to ocean drop zones. The company intends launching to the south-east, east and south so that there will be drop zones along the flight point with the dumping into the ocean of the first and second stages. Fuel tanks will be dumped, with the possible development of kerosene slicks and the possibility of these reaching Christmas Island beaches and with adverse impact on the sea turtles. These factors should have, in the absence of mitigation, led the minister to veto the proposal.

I have some more points to make in this speech, but I reiterate that I move to disallow this ordinance for the space station. I seek
the Senate’s permission to incorporate the
rest of my speech in Hansard.

The ACTING DEPUTY PRESIDENT
(Senator Bartlett)—You may be able to
speak in reply on the motion, and you could
finish your speech then.

Senator BROWN—I would prefer to
have it incorporated. If the Senate does not
wish to, then so be it.

Leave not granted.

Senator IAN MACDONALD (Queens-
land—Minister for Forestry and Conserva-
tion) (6.48 p.m.)—Time is going to beat me
and Senator Carr in trying to conclude this
debate tonight. But I think it is important to
point out to the Senate that, with respect to
Senator Brown, most of the things he said
are, as usual, inaccurate. The government has
been very careful—

Senator Brown—Mr Acting Deputy
President, I raise a point of order. Quite re-
cently the minister wrote to me withdrawing
such statements, showing that he had actu-
ally misled the Senate. I do not want to have
a speech like that let up with a statement like
that. I think the minister can put his own
points; I will accept that. But I stand by what
I have said and I think we should look at the
minister’s own record when he makes a
statement like that.

The ACTING DEPUTY PRESIDENT
(Senator Bartlett)—Senator Brown, there is
no point of order.

Senator IAN MACDONALD—But it is
important for the Senate to understand that
Senator Brown makes these allegations and,
in many cases, they could not be further from
the truth. For example, the geotechnical
drilling that Senator Brown spoke about is
actually part of the environmental assess-
ment, part of the environmental management
plan that was gone into very fully.

Debate interrupted.

DOCUMENTS

Advance to the Finance Minister

Senator LUDWIG (Queensland) (6.51
p.m.)—I move:

That the Senate take note of the document.

I rise to speak on the Advance to the Finance
Minister. It appears that this is a summary of
advances from applications for funds ad-
vanced to the finance minister. Curiously,
within that, there are a number of issues that
require some further information from the
government as to what they intend to do. I
will go to one of them in particular: the De-
partment of Foreign Affairs and Trade, Ap-
propriation Act (No. 1), where the explana-
tion, it seems, for the requirement for the
advance to the finance minister states:

This appropriation provides for Australia’s as-
sessed contributions to international organisa-
tions including United Nations Peacekeeping Opera-
tions …

It goes on:

… Export Finance and Insurance Corporation
(EIFIC) payments in respect of National Interest
Business, compensation for detriment caused by
defective administration and payments under the
North American Pension Scheme (NAPS).

The information given in that document is
that it goes to the United Nations Peacekeeping Operations: the United Na-
tions Interim Force in Lebanon, the United
Nations Observer Mission in Georgia and the
United Nations Transitional Administration
of East Timor—all quite worthwhile causes.
It then goes on ‘and the APEC International
Secretariat $434,277’. It says this is ‘in order
to meet payment deadlines’ and that it is ur-
gent:

On 14 February 2002, the Australian Mission in
New York received notification of Australia’s
current obligations for contributions to three
peacekeeping operations …

An urgent advance is required to ensure Australia
maintains its very good record for timely payment
of its contributions to International Organisations.

What we are not told, though, is why the
Export Finance and Insurance Corporation or
EIFIC payment in respect of ‘national interest
business compensation for detriment caused
by defective administration and payments
under the North American Pension Scheme’
is urgent. One would imagine that if you
were going to seek an urgent advance there
would be some explanation as to what it is,
what the payment is for and why there is an
urgency for it. The document itself does not
provide much detail at all, quite frankly. It
seems very remiss of this government to make an urgent request for an advance to the Minister for Finance and Administration but provide very little information about what it is in fact required for. We would hope that the government might be able, in the time available during this sitting, to outline what that advance was required for and tell us why it is required urgently. It would allay the opposition’s concerns: what is the ‘detriment caused by defective administration and payments’? Is that defective administration by the Howard government or is it some other detriment caused by mismanagement? It would be helpful if this government would at least provide some assurance that they are not to blame in any of this, the money is in fact urgent and there is a real reason for the urgency.

Another application for an advance to the finance minister comes from the Department of the Treasury. We are told:

The government agreed to fund all spending by the States and Territories in 2001-02 as a result of increasing the First Home Owners Scheme (FHOS) grant from $7,000 to $14,000 for eligible first home owners contracting between 9 March 2001 and 31 December 2001 to buy or build a new home.

Some $90 million was set aside for that, we are told by this document, and the government has provided a further $194,998,000 in additional estimates ‘as a result of greater than anticipated demand for the program’. So the original grant was a third of what was really required. (Extension of time granted) Two-thirds more is required by the department to fund the scheme. One wonders how this government has been able to manage its budget at all, given its inability to estimate clearly what it requires. It required and sought $90 million, but the document says ‘We really need another $194,998,000’—an extraordinary unforeseen amount. Perhaps the government, during this couple of weeks that we have left, could tell us how it has managed to so hopelessly predict how much it would really require.

If we then look at the Stevedoring Industry Finance Committee, which is seeking funding from the Advance to the Finance Minister, the explanation for the appropriation for an equity injection of an additional $6 million is:

… to operate in accordance with the Legal Services Directions, to deal with claims promptly and not cause unnecessary delay.

The requirements seem to go wildly beyond what would ordinarily be required. It seems that the department, in administering these funds, has missed out on the ability to project forward how much money is required. The document states:

SIFC has been requested by a major plaintiff law firm to negotiate a number of settlements during April 2002, of which 70% will be the subject of settlement conferences …

One would seriously wonder how the Stevedoring Industry Finance Committee had not been able to at least foresee requirements of that magnitude. Nevertheless, perhaps the government does have a realistic explanation. The explanation that it is simply urgent and unforeseen seems to fall a bit short.

We then have another application in the order of $15 million from the Department of Employment and Workplace Relations. The document states:

The Department seeks to make administered payments under the General Employment Entitlements and Redundancy Scheme (GEERS) and its predecessor scheme …

We are told there is an additional $12 million appropriated through additional estimates to take account of that scheme:

In total, $20,128,849 is required for the remainder of the year for Outcome 2, of which $5,092,813 is available from unspent appropriation leaving a net additional requirement of $15,036,036.

They really seemed to have missed their calculations on that one, which is quite extraordinary given the nature of the fund itself.

The Labor Party has highlighted that there are problems with that scheme. In fact, we are told that the employee entitlements scheme seems to be failing. An advance of that enormous amount of money to the finance minister during the estimates round seems to confirm that the government’s employee entitlements scheme is failing employees and their families. We are told that it is riddled with delays, shortfalls in payments and cost overruns. This advance to the fi-
nance minister is only confirmation of that. It is clear that the government’s scheme has failed to deliver 100 per cent of workers’ entitlements when they really need them, while it seems costs are being borne by the taxpayer to the extraordinary tune of an additional $15 million. It is really surprising. The government says that it is urgent—and clearly it is—to meet the payments that are required. The increase in demand was unforeseen at the time of additional estimates. Surely an amount of that magnitude should have been foreseen. It should have been clearly dealt with by this government, rather than by getting an advance to the finance minister.

We also have a range of others that I am not going to get to in the time available, but I will be putting them on notice and seeking additional information from this government about how and why these advances to the finance minister have come about. It is no wonder that their budget is in disarray when you look at the advances that have been called for from the finance minister to meet payments that they claim were unforeseen. Clearly, when you look at how some of the amounts are calculated and the advice that they have provided in these documents, there is no justification for some of them. Further and better explanation is required to assist in understanding why these amounts were unforeseen. (Time expired)

Senator McGauran (Victoria) (7.01 p.m.)—I want to take only a few minutes of the Senate’s time, but I rise seeing that we are on air. We have just heard Senator Ludwig from the Labor Party babble on in some sort of bewilderment with regard to this report to the Senate. He has said that the government is in some sort of financial disarray. His challenge was very weak and light-on—it was more a series of mysterious questions—but it may leave someone listening to the broadcast concerned that the government has some sort of financial disarray. His challenge was very weak and light-on—it was more a series of mysterious questions—but it may leave someone listening to the broadcast concerned that the government has some sort of problem with its economic credentials. That is far from the truth. He mounted a weak case; nevertheless, I am here to challenge it.

On any analysis of this government’s economic credentials compared to the other side and on any survey ever taken—let alone the last election—if there is one area in which this government stands firm in the polls and in public opinion, that is on its economic credentials. I really do not know what point Senator Ludwig was trying to make. These are normal, procedural requests put before the parliament on any given day by the finance minister for an extension as needed to meet requirements. I believe most of them are set down in the budget anyway. They are simply requests as needed. There is nothing particularly unusual about it at all. Actually, Senator Ludwig gave a good example of the problems we have in the Senate: we cannot even make normal requests for extensions of funds without the Senate becoming obstructionist. It is even obstructionist about the most minor request from the finance minister, let alone the budget requests that we put. In fact, let us take it right back to the beginning. Since 1996, we have yet to place a budget before this Senate that Labor has no obstructed lock, stock and barrel.

Senator Ludwig talks about economic credentials. We came into government in 1996 with a $10 billion budget black hole and a $96 billion government deficit, meaning that there was a series of deficit budgets before we came into government. We had to make many tough decisions, from the first budget we introduced in 1996, to bring the budget back into surplus. Labor were obstructionist from day one. Quite frankly, the Senate has not changed its colours at all. Now that we are bringing in our sixth budget, Labor is being equally obstructionist. In fact, I think you are being worse than you were in 1996, if that is possible.

Senator Ludwig—I was not here.

Senator McGauran—You were not here in 1996? Well, you have quickly taken up the colours of your party. We have had to lay down some pretty tough budgets, and on each occasion the Senate has been obstructionist. So do not come in here—

Senator Hutchins—And you never were, for 13 years?

Senator McGauran—and talk about economic responsibility, I will not be distracted, given the time, but I can talk about the times we prevented certain budget proce-
dures in 1993 because they were broken promises and increased taxes. In government, we have yet to increase any taxes. But, to get back to my main point of economic responsibility, we have attempted to introduce a surplus budget and reduce debt with every one of our six budgets, and Labor has attempted to obstruct us on every single occasion. If we could not have negotiated through the Independents back in 1996—and perhaps in the 1997 budget—we would have been in deficit. Labor would have driven this government into deficit. That would have had a cascading effect upon the whole economy with regard to interest rates and inflation rates. So, Senator Ludwig, do not come in here and try to preach some sort of economic credibility or try to paint some picture that this government does not know the economic direction in which it is heading. We know the direction in which we are heading; we have the format; we have the estimates laid down; we simply need to get them through an obstructionist Senate—a Senate that has been obstructionist from the first day we came into government in 1996. In fact, it has just got worse.

Senator HUTCHINS (New South Wales) (7.07 p.m.)—I seek leave to continue my remarks later.

Leave granted; debate adjourned.

The ACTING DEPUTY PRESIDENT (Senator Bartlett)—The time allowed for the consideration of government documents has now expired.

COMMITTEES

Membership

The ACTING DEPUTY PRESIDENT—Order! The President has received a letter from a party leader seeking a variation to the membership of a committee.

Senator BOSWELL (Queensland—Leader of the National Party of Australia in the Senate and Parliamentary Secretary to the Minister for Transport and Regional Services) (7.07 p.m.)—by leave—I move:

That Senator Crane be appointed a participating member of the Rural and Regional Affairs and Transport Legislation Committee.

Question agreed to.

ADJOURNMENT

The ACTING DEPUTY PRESIDENT—Order! There being no further consideration of government documents, I propose the question:

That the Senate do now adjourn.

Moppett, Hon. Doug

Defence: HMAS Sydney

Senator SANDY MACDONALD (New South Wales) (7.07 p.m.)—I wish to speak on the adjournment tonight on a couple of matters. The first is to is to pay tribute to the Hon. Doug Moppett, who died on Tuesday, aged in his early 60s after a battle with cancer. Doug Moppett worked tirelessly on behalf of country people in numerous capacities within the National Party. His various roles included vice-chairman of the state National Party between 1971 and 1986, state chairman between 1986 and 1991, and twice as a member of the Legislative Council—the first between 1976 and 1978 and the second between 1991 and 2002. He was dedicated to correcting the inequalities that county people experience every day, and he made an enormous contribution to the state’s upper house and as a part of the parliament’s committee system. One of Doug’s main focuses was the central west and western division of the state where he lived. My thoughts are very much with his wife, Helen, his two children, Warwick and Peter. On behalf of the National Party team and my two colleagues here, Senator Boswell and Senator McGauran, I pay tribute to Doug Moppett.

The other matter I wish to raise tonight concerns a committee responsibility I have in the Joint Committee on Foreign Affairs, Defence and Trade—particularly the Defence subcommittee which inquired into the continuing controversy concerning the loss of HMAS Sydney in November 1941 off the Western Australian coast. This was a time of grave war crisis in Europe and the Middle East, and just a couple of weeks before the Japanese bombed Pearl Harbour, bringing the United States into the war. Many people
in the community still understand the loss of HMAS Sydney in November 1941 as an inexplicable tragedy. For the 645 crew and their families it was a devastating blow—one from which many close relatives have never recovered.

For the Royal Australian Navy, the loss of this glamour ship at one of the darkest moments of World War II, just before Pearl Harbour, was a blow operationally and for morale. For the Australian population who had feted the Sydney on her return from the Mediterranean some nine months before, it was a sudden and shocking reminder of the proximity of the war to our far off distant shores. What was so incomprehensible, and remains so today and why there is so much interest in this loss, was that the Sydney was lost with all crew, without trace, while 300 of the crew of the German raider Kormoran survived. In the 60 years since the loss of the Sydney, the debate on the fate of the Sydney, and the exact nature of the engagement and its aftermath has intensified rather than abated. As a result, the Joint Committee on Foreign Affairs, Defence and Trade, particularly the Defence subcommittee, received 201 submissions and 204 supplementary submissions. I understand that that was one of the largest number of submissions ever received by the joint committee on inquiry.

The committee tabled its report in March 1999. We made a number of recommendations, and tonight I want to bring to the Senate’s notice the outcome of one of the committee’s recommendations, which will be of interest to Sydney watchers, and it concerns the attempt to exhume the body of an unknown sailor that was buried on Christmas Island. On or about 6 February 1942, some three months after the loss, a Carley float containing a corpse was recovered off Christmas Island in the Indian Ocean. It was explained to the committee that oceanographers and hydrographers agreed that it was possible and perhaps likely that the Carley float had come from the Sydney. There was no conclusive proof but the committee was told that, while there were probably very few living parents of the sailors who were lost, there remain many wives, children, brothers, sisters and other relatives who are alive. They are part of the Sydney family, and most would wish to know the identity of the sailor through DNA testing or other forensic methods, if that were possible.

Unfortunately, this possible exhumation was unsuccessful, and I am advised that late last year the Department of Defence reported to the government that, despite an exhaustive 12-day search, the team was unable to find any trace of the sailor in the cemetery. I did not see this report given publicity. Members of the Sydney family might have picked it up, but I suspect that many Sydney watchers may have missed the fact that the exhumation attempt was unsatisfactory—it failed. The effort was considerable—a big effort made—but they were unable to find the body and, therefore, were unable to extend any forensic analysis to that particular potential evidence concerning the loss of the Sydney. This is a disappointment, but the effort was justified in terms of following every possible lead in this mystery.

The other recommendation acted upon by the government was for the Royal Australian Navy to sponsor a seminar in conjunction with the Western Australian Maritime Museum and the HMAS Sydney Foundation to consider the likely sites of the wrecks of Sydney and Kormoran. The Royal Australian Navy report on the seminar is that, because of the huge possible search area and a lack of consensus among interested research groups, it is impossible to find a credible search area that would justify a further search. Not that many searches have not been done—Royal Australian Navy vessels are transiting and PC Orions are transiting and obviously they are searching all the time. I am disappointed by this outcome, but this is not a new position because of the difficulties of the search area. It was explained to the committee that it is not just a case of looking for a needle in a haystack—if you are looking for the Sydney—it is, in fact, looking for the haystack first. I understand that off the Western Australian coast, the water depth off the continental shelf can run to 5,000 metres. Looking for two vessels after 60 years at 5,000 metres is a not inconsiderable task.

I will maintain a watching brief in this matter and the defence subcommittee has
some actions it is considering taking. At the very least, we propose to write to the many people who made submissions and keep them informed of the results of our inquiry. We owe it to those people and we also owe it to those who lost their family on the Sydney all those years ago. At a time of unprecedented commitment of the Australian defence forces in various parts of the world, I know there is a continuing interest not only in our present military commitments—in the Middle East, Afghanistan, East Timor, Bougainville and other places—but also in our past military history. The loss of the Sydney is still very important to many people, and for that reason I think it is important that they be kept informed of what happened to the report of the Joint Standing Committee on Foreign Affairs, Defence and Trade and to advise them that there will be further work done on this very extraordinary naval military mystery.

Parliament House: Services

Senator CROWLEY (South Australia) (7.16 p.m.)—I thank you, Senator Bartlett, for staying in the chair so that I can actually speak.

Senator Boswell—Doing a bit of over-time tonight, are you?

Senator CROWLEY—Sorry, I did not hear that, Senator Boswell. Before I make my comments tonight, I would like to say that, after finishing my contribution today on the passion I feel about not patenting genes, my good colleague Senator Boswell crossed over and said, ‘I made a very similar speech not too long ago at all. Does this mean you are joining the Catholic right?’ Senator Boswell, I am perfectly prepared to say that we may occasionally share the same thoughts, but you must not rush to conclude that I might conclude the same as you. I think it was a matter of fine intelligence, and I am very happy that we would have thoughts of fine intelligence, but don’t you go rushing me off to the right of anything, Senator Boswell. I do appreciate it might shock people to discover that sometimes across this chamber we are in agreement, at least about the basic principles.

Senator Cooney said to me the other night, ‘What you should be doing is using the opportunity to make a few speeches to say thank you to people; then you won’t have to do it all on the last night.’ I have been advised and an opportunity has presented itself tonight, so I would like to take this opportunity to make some comment and thank some people who have assisted me over the nearly 20 years that I have been here. There are a few I will leave off and save up for later; so don’t feel bad if you are left off.

First of all, I would particularly like to thank the switchboard. I worked for a long time in a large public hospital, and life is nothing in a large public hospital if you do not have the support and backing of the switchboard—that was in the days before we had mobile telephones and all those other communications. Thus advised, I made it my business to go and say hello to the switchboard, and I did exactly the same when I came here and discovered that there was a switchboard and that it had such an important role to play. Indeed, so many of us depended on them—as we were locked up in the parliament house for hours, particularly in the Old Parliament House—to have that phone line through to family, home or any of the outside world. I do not know how many of my colleagues have had a similar phone call, but I have certainly had one phone call which made my blood run cold; until I was able to make contact with home and discover that it was not a shocking disaster. It was one of those ‘ring home urgently’ phone calls that do make you shiver. The switchboard has been absolutely wonderful. So on record—for all of those people who for many hours have put me through to the right connections—I want to thank the switchboard.

I particularly remember one night when we were sitting all night. I think I used to hold the record for the estimates that had sat the latest; we finished at 6 a.m. or something one night. As we were going home I discovered, to my shock, that the poor switchboard was bound to stay here while the Senate estimates committee was sitting. They said that for about six hours that night, they had had nothing to entertain them except what was going on in our estimates. I think that is al-
most a punishment worse than death, so I thank the switchboard very much for coping with us on that occasion. I do want to thank the switch; they have been fantastic. As I say, I think a lot of things which go on in this place would not happen without their constant, friendly greeting, ‘Good morning/Good afternoon, Parliament House.’ So thank you very much, switchboard.

Some of you may know that I have in my office three near-adult-sized dolls and a baby doll. I commissioned this artwork from a textile artist: Angela Bannon from South Australia. These dolls have done shocking things. I found them being sick into a basin outside my office one day. Another time I found that they had all enjoyed a large number of bottles of champagne the night before. I am not quite sure who assisted the dolls to get up to this kind of mischief, but I am very pleased that some people around parliament felt that they could comfortably engage with this artwork outside of my office. They were not unlike those naughty swans. Do you recall the naughty swans who attended lectures, went off to ministers’ offices, swam in pools and generally threatened the whole order of Parliament House? My dolls seem to be of the same tendency, I would have to say.

I would like to say thanks very much to the security people around this place, because all the newcomers in security were sent to check Senator Crowley’s office. They used to come back shocked, pale and sweating, saying, ‘Who on earth are those people that scared the living daylights out of us?’ So thanks very much to security. I hope that, when we take the dolls away, you will find some other way of smartening up the new chums coming into security. I might say that I have had a problem with the dolls; I remember one time I passed through my office where they now sit and I completely failed to notice that there was a human sitting amongst them waiting to see me. So I think it is probably time that these dolls were put in a more public place, and I am in the process of trying to find where might be a lovely place to leave them. I would like to bequeath them. They were made by Angela Bannon, who is a splendid doll maker and textile artist from South Australia. They have been a lot of fun. I had them made to reflect all the things that women in our society do. I suppose, if nothing else, they are a little slice of art and the sorts of things that women did and the way that they dressed near enough to the year 2000. They compare very nicely to those lovely pictures in the public area of how women dressed around the time of Federation.

I want to thank Comcar. In fact, this morning I was able to have a number of Comcar drivers join me and my departing Labor colleagues for a farewell cuppa and a morning tea bickie. I do not think I could ever say a sufficiently wonderful thank you to the Comcar drivers around this country and, in particular, parliament. They have been part of the team. I always felt that they were members of my staff. They have looked after us securely and with professional behaviour. They have kept the secrets that we all spend time telling them about and they do not swap them across party lines or outside the cars. So I say many thanks to Comcar drivers all around Australia, and particularly to those who provided assistance to me when I was a minister. I have said that before but I say it again today.

I want to thank Hansard. When I first arrived here, I was told that Hansard was the record of everything that was said in the parliament. I practised Gough Whitlam’s exercise of reading the Daily Hansard to make sure that everything I said the day before was accurately recorded. I might say I secretly did it for kudos, or for pride, because I could not believe all the words that I said were now on the record forever. It constantly sobered me up. I see that Senator Boswell is taking note of that point.

Senator Boswell—What about bread and roses?

Senator CROWLEY—I am not sure what you said there, Senator Boswell, but I am sure it was witty. Hansard do record everything—so they said. I noticed in no time at all that they were not recording everything we said. They were editing everything to be in the third person masculine, as I think were probably the rules described circa 1850. I got crosser and crosser. I would amend my speeches and say, ‘No, no, this is what I
said.’ As I do not write my speeches now and I did not write them then, I could almost never ring up Hansard and say, ‘This is what I said.’ But my recollection is I said ‘he’ and ‘she’, ‘men’ and ‘women’, and I did not want to find this all edited to be in the third person masculine. I think it might have been Senator Giles who eventually raised this matter with the President in the Senate. Clerks fell about; Hansard people had the vapours, even though most of them were male. Excuse me, Miss Lynch; ‘Clerks fell about’ is just a vague reference to a very discreet raise of the eyebrow. But there was a bit of kerfuffle that we were thinking of changing the rules of Hansard. Well, we did. We now have Hansard actually recording what we say and not editing things to be in the third person masculine. That is by way of telling a story about Hansard, but thank you to all the Hansard reporters who have so faithfully got my names, spelling and punctuation in the right places so that, by and large, when I read the Hansard the next day—

Senator Chris Evans—It makes more sense than it otherwise might have.

Senator CROWLEY—it does come out all right. Thank you very much, Senator Evans. There are other people to mention and I will try to speak of them later. At one stage we were doing a Senate hearing into the status of teaching and I organised to have some witnesses from the Pascoe Vale school, and a number of little 10- and 11-year-olds came along to give evidence as witnesses. The first thing I said to them was that I would like to welcome them and did they realise that Hansard was going to record everything they said and they would therefore be able to have a record of their contribution to our Senate committee work forever, to keep and to give to their grandchildren. I thought the buttons on their little shirts would burst. They seemed to have the same delight in being in Hansard as I have still to this day. Many thanks, Hansard, for your patience and your contribution, to say nothing of how you have adapted to all the IT changes that have been thrust upon you in the course of my time in this place.

Senate adjourned at 7.26 p.m.

DOCUMENTS
Tabling
The following documents were tabled:
Advance to the Finance Minister—Statement and supporting applications for funds for March and April 2002.
Australian Research Council—Strategic action plan 2002-04.
Human Rights and Equal Opportunity Commission—Reports—
No. 14—Inquiry into a complaint by Mr Andrew Hamilton of age discrimination in the Australian Defence Force.
No. 15—Inquiry into a complaint by Ms Elizabeth Ching concerning the cancellation of her visa on arrival in Australia and subsequent mandatory detention.

Tabling
The following documents were tabled by the Clerk:
Civil Aviation Act—Civil Aviation Regulations—Airworthiness Directives—Part—
107, dated 22 and 30 May 2002.
Financial Management and Accountability Act—Determination—
2002/03—CSS Special Account.
2002/04—PSS Special Account.
Fuel Grant and Rebate Ruling FGRR 2002/D1 (Draft).
QUESTIONS ON NOTICE

The following answers to questions were circulated:

Forestry: Tasmanian Regional Forest Agreement
(Question No. 238)

Senator Brown asked the Minister for Forestry and Conservation, upon notice, on 13 March 2002:

The Minister for Forestry and Conservation advised the Senate that amendments to the Tasmanian Threatened Species Protection Act 1995, made subsequent to the signing of the Tasmanian Regional Forest Agreement (RFA), had been made ‘in conjunction with Environment Australia’:

(1) What was the nature of the consultation between Environment Australia and the Tasmanian Government.
(2) Did Environment Australia agree to the amendments.
(3) Does Environment Australia consider that the amended Threatened Species Protection Act provides adequate protection for species threatened by forestry activities; if so, on what basis; if not, what changes should be made.
(4) Can copies of correspondence between Environment Australia and the Tasmanian Government, or any of its agencies, relating to the changes to the Act be provided.
(5) How was the public advised of the proposed change to the RFA, embodied in the amendments to the Tasmanian Threatened Species Protection Act 1995.

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

I have written to Senator Murphy addressing the questions. Copies of which are available from the Table Office.

I would also refer the Honourable Senator to an answer by the Minister representing the Minister for Environment and Heritage to Question No. 237.

Kennedy Electorate: Program Funding
(Will No. 258)

Senator O’Brien asked the Minister for Family and Community Services, upon notice, on 18 April 2002:

(1) What programs and/or grants administered by the department provide assistance to people living in the federal electorate of Kennedy.
(2) What was the level of funding provided through these programs and/or grants for the 2000-01 and 2001-02 financial years.
(3) Where specific projects were funded: (a) what was the location of each project; (b) what was the nature of each project; and (c) what was the level of funding for each project.

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

(1) and (2) Programs and/or grants administered by the Department of Family and Community Services providing assistance to people living in the electorate of Kennedy include:

<table>
<thead>
<tr>
<th>Program/Grants</th>
<th>2000-01</th>
<th>2001-02</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disability Services Program</td>
<td>$1 198 256</td>
<td>$1 184 198</td>
</tr>
<tr>
<td>Supported Accommodation Assistance Program</td>
<td>$2 906 509</td>
<td>$2 969 740</td>
</tr>
<tr>
<td>Emergency Relief Program</td>
<td>$318 001</td>
<td>$337 893</td>
</tr>
<tr>
<td>Youth Programs</td>
<td>$373 967</td>
<td>$355 110</td>
</tr>
<tr>
<td>Stronger Families and Communities Strategy</td>
<td>$19 101</td>
<td>$10 604</td>
</tr>
<tr>
<td>Family Relationships Services Program</td>
<td>$294 985</td>
<td>$340 173</td>
</tr>
<tr>
<td>Volunteer Management Program</td>
<td>$55 825</td>
<td>$55 825</td>
</tr>
<tr>
<td>International Year of the Volunteer</td>
<td>$132 458</td>
<td>NA</td>
</tr>
<tr>
<td>Aboriginal and Islander Child Care Agencies</td>
<td>$271 735</td>
<td>$276 282</td>
</tr>
<tr>
<td>Child Care Program</td>
<td>$1 478 882</td>
<td>$1 968 816</td>
</tr>
<tr>
<td>Total</td>
<td>$7 049 719</td>
<td>$7 498 641</td>
</tr>
</tbody>
</table>
Specific projects funded by the Department of Family and Community Services include:

<table>
<thead>
<tr>
<th>Name of Service</th>
<th>Location</th>
<th>Funding Details</th>
<th>2000-01</th>
<th>2001-02</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>DISABILITY SERVICES PROGRAM</strong></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Disability Services Program</td>
<td>Cassowary Coast</td>
<td>Open employment service providing support and training for a total of 25 people with a range of disabilities and support needs.</td>
<td>$135,647 recurrent</td>
<td>$138,764 recurrent</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>$58,879 non recurrent</td>
<td>$25,071 non recurrent</td>
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<tr>
<td></td>
<td>Hinchinbrook</td>
<td>Open employment service providing support and training for a total of 22 people with a range of disabilities and support needs.</td>
<td>$151,979 recurrent</td>
<td>$155,475 recurrent</td>
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<tr>
<td></td>
<td>Employment Services</td>
<td></td>
<td>$10,483 non recurrent</td>
<td>$10,213 non recurrent</td>
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<td></td>
<td>Ingham</td>
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<tr>
<td></td>
<td>Mt Isa</td>
<td>Open employment service providing support and training for a total of 76 people with a range of disabilities and support needs.</td>
<td>$309,503 recurrent</td>
<td>$316,622 recurrent</td>
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<td></td>
<td></td>
<td></td>
<td>$25,617 non recurrent</td>
<td>$25,024 non recurrent</td>
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<tr>
<td></td>
<td>Dalflin Employment</td>
<td>Open employment service providing support and training for a total of 30 people with a range of disabilities and support needs.</td>
<td>$189,198 recurrent</td>
<td>$193,550 recurrent</td>
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<td></td>
<td>Alliance</td>
<td></td>
<td>$3,646 non recurrent</td>
<td>$0</td>
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<td></td>
<td>Charters Towers</td>
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<td></td>
<td></td>
<td>Supported employment service providing support and training for a total of 20 people with primarily intellectual disabilities and a range of support needs.</td>
<td>$81,339 recurrent</td>
<td>$83,210 recurrent</td>
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<td></td>
<td></td>
<td></td>
<td>$1,094 non recurrent</td>
<td>$0</td>
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<tr>
<td></td>
<td>North-West Advocacy</td>
<td>One Advocacy service assisting 81 people with a disability and their families and carers with advocacy support.</td>
<td>$214,629 recurrent</td>
<td>$219,565 recurrent</td>
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<tr>
<td></td>
<td>Mt Isa</td>
<td></td>
<td>(includes $51,500 for Doomadgee + operational)</td>
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<tr>
<td></td>
<td>Central West Carer</td>
<td>The service provides immediate and short-term respite for carers of young people with severe or profound disabilities whose needs are not being met through existing State Government or other Commonwealth Government initiatives. The centre covers the shires of Bouli, Diamantina, Barcoo, Isisford, Longreach, Winton, Aramac, Ilfracombe, Barcaldine, Jericho, Blackall, and Tambo.</td>
<td>$16,242 recurrent</td>
<td>$16,704 recurrent</td>
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<td></td>
<td>Respite Centre</td>
<td></td>
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<tr>
<td><strong>SUPPORTED ACCOMMODATION ASSISTANCE PROGRAM(A)</strong></td>
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<tr>
<td></td>
<td>Hinchinbrook Community Support Centre</td>
<td>Supported Accommodation Assistance Program for families.</td>
<td>$117,913</td>
<td>$119,682</td>
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<td></td>
<td>Jupiter Mossman</td>
<td>Supported Accommodation Assistance Program for multiple</td>
<td>$249,488</td>
<td>$255,124</td>
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<td></td>
<td>Cooperative Society</td>
<td></td>
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<td></td>
<td>Johnstone Shire</td>
<td>Supported Accommodation Assistance Program for women and women with children escaping domestic violence(B)</td>
<td>$65,310</td>
<td>$66,846</td>
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<td></td>
<td>Domestic Violence</td>
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<tr>
<td></td>
<td>Support Service</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>Innisfail Youth and Family Care</td>
<td>Supported Accommodation Assistance Program for youth</td>
<td>$258,032</td>
<td>$264,290</td>
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<tr>
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<tr>
<td>Name of Service</td>
<td>Location</td>
<td>Funding Details</td>
<td>2000-01</td>
<td>2001-02</td>
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<tr>
<td>North Queensland Domestic Violence Resource Service—Townsville</td>
<td>Mt Isa</td>
<td>Supported Accommodation Assistance Program for women and women with children escaping domestic violence(B)</td>
<td>$63 246</td>
<td>$64 194</td>
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<tr>
<td>Aboriginal and Islanders Women’s Shelter Mt Isa—Navamba</td>
<td>Mt Isa</td>
<td>Supported Accommodation Assistance Program for women and women with children escaping domestic violence(B)</td>
<td>$251 266</td>
<td>$256 982</td>
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<tr>
<td>Mt Isa Youth Shelter</td>
<td>Mt Isa</td>
<td>Supported Accommodation Assistance Program for youth</td>
<td>$254 708</td>
<td>$260 426</td>
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<td>Mt Isa AICCA Youth Homeless Program</td>
<td>Mt Isa</td>
<td>Supported Accommodation Assistance Program for youth</td>
<td>$176 427</td>
<td>$179 073</td>
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<td>Ngurri Ngurri Shelter</td>
<td>Mt Isa</td>
<td>Supported Accommodation Assistance Program for youth</td>
<td>$267 629</td>
<td>$274 032</td>
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<tr>
<td>Serenity House</td>
<td>Mt Isa</td>
<td>Supported Accommodation Assistance Program for women and women with children escaping domestic violence(B)</td>
<td>$243 894</td>
<td>$249 041</td>
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<tr>
<td>St Vincent’s Community Services—Men’s hostel</td>
<td>Mt Isa</td>
<td>Supported Accommodation Assistance Program for single men</td>
<td>$241 443</td>
<td>$246 751</td>
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<td>Yuenmanda (Elder Clan Women) Aboriginal Corporation</td>
<td>Mornington Island</td>
<td>Supported Accommodation Assistance Program for women and women with children escaping domestic violence(B)</td>
<td>$189 003</td>
<td>$193 786</td>
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<tr>
<td>Doomadgee Women’s Shelter</td>
<td>Doomadgee</td>
<td>Supported Accommodation Assistance Program for women and women with children escaping domestic violence(B)</td>
<td>$186 011</td>
<td>$190 751</td>
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<tr>
<td>Tableland’s Women’s Centre</td>
<td>Atherton</td>
<td>Supported Accommodation Assistance Program for women and women with children escaping domestic violence(B)</td>
<td>$342 139</td>
<td>348 762</td>
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<tr>
<td><strong>EMERGENCY RELIEF PROGRAM</strong></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Aboriginal &amp; TSI Corp’n for Welfare</td>
<td>Mt Isa</td>
<td>Emergency Relief</td>
<td>$10 630</td>
<td>$10 700</td>
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<tr>
<td>Aboriginal Corp for Malanbarra Midja</td>
<td>Tully</td>
<td>Emergency Relief</td>
<td>$5 000</td>
<td>$5 100</td>
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<tr>
<td>Atherton Neighbourhood Centre</td>
<td>Atherton</td>
<td>Emergency Relief</td>
<td>$16 700</td>
<td>$18 700</td>
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<td>Biddi Biddi Community Cooperative</td>
<td>Atherton</td>
<td>Emergency Relief</td>
<td>$7 500</td>
<td>$7 600</td>
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<td>Camooweal Hospital Fund</td>
<td>Mt Isa</td>
<td>Emergency Relief</td>
<td>$8 000</td>
<td>$8 300</td>
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<tr>
<td>Cardwell Shire Community Support, Tully</td>
<td>Cardwell</td>
<td>Emergency Relief</td>
<td>$15 000</td>
<td>$20 000</td>
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<tr>
<td>Catholic Church of St Clares</td>
<td>Tully</td>
<td>Emergency Relief</td>
<td>$4 000</td>
<td>$5 000</td>
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<tr>
<td>Charters Towers Neighbourhood Centre</td>
<td>Charters Towers</td>
<td>Emergency Relief</td>
<td>$5 500</td>
<td>$6 000</td>
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<tr>
<td>Name of Service</td>
<td>Location</td>
<td>Funding Details</td>
<td>2000-01</td>
<td>2001-02</td>
</tr>
<tr>
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<tr>
<td>Chjowai Housing Cooperative</td>
<td>Innisfail</td>
<td>Emergency Relief</td>
<td>$22 580</td>
<td>$23 180</td>
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<td>Doomadgee Aboriginal Community Council</td>
<td>Doomadgee</td>
<td>Emergency Relief</td>
<td>$6 067</td>
<td>$6 067</td>
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<tr>
<td>Eacham Community Organisation</td>
<td>Malanda</td>
<td>Emergency Relief</td>
<td>$9 900</td>
<td>$10 900</td>
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<tr>
<td>Good Shepherd Parish</td>
<td>Mt Isa</td>
<td>Emergency Relief</td>
<td>$9 640</td>
<td>$10 090</td>
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<td>Hinchinbrook Aboriginal Housing</td>
<td>Ingham</td>
<td>Emergency Relief</td>
<td>$5 330</td>
<td>$5 600</td>
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<td>Hinchinbrook Community Support</td>
<td>Ingham</td>
<td>Emergency Relief</td>
<td>$15 050</td>
<td>$15 500</td>
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<td>Hughenden Community Care Association</td>
<td>Flinders</td>
<td>Emergency Relief</td>
<td>$1 630</td>
<td>$2 000</td>
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<tr>
<td>Innisfail Youth &amp; Family Care</td>
<td>Innisfail</td>
<td>Emergency Relief</td>
<td>$23 100</td>
<td>$24 100</td>
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<tr>
<td>Jimberella Cooperative Society</td>
<td>Dajarra</td>
<td>Emergency Relief</td>
<td>$3 810</td>
<td>$3 900</td>
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<tr>
<td>Mareeba Information &amp; Support Centre</td>
<td>Mareeba</td>
<td>Emergency Relief</td>
<td>$31 731</td>
<td>$35 250</td>
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<tr>
<td>Mitakoodi Aboriginal Housing</td>
<td>Cloncurry</td>
<td>Emergency Relief</td>
<td>$8 290</td>
<td>$8 400</td>
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<tr>
<td>Moungibi Housing Cooperative</td>
<td>Burketown</td>
<td>Emergency Relief</td>
<td>$2 170</td>
<td>$2 301</td>
</tr>
<tr>
<td>Mt Isa Aboriginal &amp; Islander Child Care</td>
<td>Mt Isa</td>
<td>Emergency Relief</td>
<td>$7 720</td>
<td>$7 720</td>
</tr>
<tr>
<td>Mt Isa Family Support Service</td>
<td>Mt Isa</td>
<td>Emergency Relief</td>
<td>$7 800</td>
<td>$8 000</td>
</tr>
<tr>
<td>Ravenshoe Community Centre</td>
<td>Ravenshoe</td>
<td>Emergency Relief</td>
<td>$15 700</td>
<td>$16 700</td>
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<tr>
<td>Richmond Community Care Association Inc</td>
<td>Richmond</td>
<td>Emergency Relief</td>
<td>$2 300</td>
<td>$2 500</td>
</tr>
<tr>
<td>St Vincent de Paul, Charters Towers</td>
<td>Charters Towers</td>
<td>Emergency Relief</td>
<td>$5 000</td>
<td>$6 000</td>
</tr>
<tr>
<td>St Vincent de Paul</td>
<td>Ingham</td>
<td>Emergency Relief</td>
<td>$4 000</td>
<td>$5 000</td>
</tr>
<tr>
<td>St Vincent de Paul</td>
<td>Innisfail</td>
<td>Emergency Relief</td>
<td>$5 670</td>
<td>$6 170</td>
</tr>
<tr>
<td>St Vincent de Paul, Mt Isa</td>
<td>Mt Isa</td>
<td>Emergency Relief</td>
<td>$10 060</td>
<td>$10 187</td>
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<td>Tablelands Women’s Centre Inc</td>
<td>Atherton</td>
<td>Emergency Relief</td>
<td>$16 200</td>
<td>$18 200</td>
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<tr>
<td>The Salvation Army</td>
<td>Atherton</td>
<td>Emergency Relief</td>
<td>$12 700</td>
<td>$13 228</td>
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<td>The Salvation Army</td>
<td>Charters Towers</td>
<td>Emergency Relief</td>
<td>$5 000</td>
<td>$5 500</td>
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<td>Werne Ngal Karan Aboriginal Corp</td>
<td>Mornington Island</td>
<td>Emergency Relief</td>
<td>$5 700</td>
<td>$5 800</td>
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<tr>
<td>Name of Service</td>
<td>Location</td>
<td>Funding Details</td>
<td>2000-01</td>
<td>2001-02</td>
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<tr>
<td>Yumba Community Cooperative</td>
<td>Hughenden</td>
<td>Emergency Relief</td>
<td>$8 523</td>
<td>$8 700</td>
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<tr>
<td><strong>YOUTH PROGRAMS</strong></td>
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<tr>
<td>Reconnect Mt Isa</td>
<td>Mt Isa</td>
<td>Reconnect, Jobs Placement, Employment and Training (JPET)</td>
<td>$171 336</td>
<td>$164 832</td>
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<td>Mount Isa Skills Association Inc</td>
<td>Mt Isa</td>
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<td>$106 600</td>
<td>$108 735</td>
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<td>Tablelands Job Training Inc</td>
<td>Atherton</td>
<td>Jobs Placement, Employment and Training (JPET)</td>
<td>$79 931</td>
<td>$81 543</td>
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<td>Herberton Shire Council</td>
<td>Ravenshoe</td>
<td>Youth Affairs, Grants and Publicity (JAGAP)</td>
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<td>$550</td>
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<td>Tableland Economic Development Corporation Inc</td>
<td>Mareeba</td>
<td>Youth Affairs, Grants and Publicity (JAGAP)</td>
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<td>$550</td>
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<td>Cloncurry Shire Council</td>
<td>Cloncurry</td>
<td>Rural Youth Information Service (RYIS)</td>
<td>$15 000</td>
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<td>Conservation Volunteers Australia (CVA)</td>
<td>Atherton</td>
<td>Green Corps(C) six month projects</td>
<td>NA</td>
<td>NA</td>
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<tr>
<td><strong>STRONGER FAMILIES AND COMMUNITIES STRATEGY</strong></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Silkwood Early Learning and Community Support Centre</td>
<td>Silkwood</td>
<td>Stronger Families and Communities Strategy—an existing building will be upgraded and equipped to establish a small Community Support Centre in Silkwood that will service the communities of Silkwood, Japoon, El Arish and Kurrimine. The centre will also be used as a venue for the provision of parenting programs.</td>
<td>$19 101</td>
<td>$10 604</td>
</tr>
<tr>
<td><strong>FAMILY RELATIONSHIPS SERVICES PROGRAM</strong></td>
<td></td>
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<td></td>
<td></td>
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<tr>
<td>Centacare Townsville</td>
<td>Mt Isa</td>
<td>Family relationships counselling and primary dispute resolution.</td>
<td>$294 985(D)</td>
<td>$340 173(D)</td>
</tr>
<tr>
<td>Name of Service</td>
<td>Location</td>
<td>Funding Details</td>
<td>2000-01</td>
<td>2001-02</td>
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<tr>
<td>Atherton State School</td>
<td>Atherton</td>
<td>Contribution towards training and an event to recognise volunteers</td>
<td>$1 000</td>
<td>NA</td>
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<td>Australian Breast-feeding Assoc Mareeba Group</td>
<td>Mareeba</td>
<td>Small Equipment Grant</td>
<td>$425</td>
<td>NA</td>
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<tr>
<td>Babinda District Community Association Inc</td>
<td>Babinda</td>
<td>Contribution towards volunteer recognition element of community festival</td>
<td>$4 720</td>
<td>NA</td>
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<td>Betts Creek Rural Fire Brigade</td>
<td>Pentland</td>
<td>Small Equipment Grant</td>
<td>$4 340</td>
<td>NA</td>
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<tr>
<td>Black River Local Ambulance Committee</td>
<td>Black River</td>
<td>Small Equipment Grant</td>
<td>$4 317</td>
<td>NA</td>
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<td>Bluecare Ingham Centre</td>
<td>Ingham</td>
<td>Part Contribution to Training and event to recognise volunteers</td>
<td>$3 000</td>
<td>NA</td>
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<tr>
<td>Butchers Creek State School</td>
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<td>$1500</td>
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<td>Charters Towers and Dalrymple Family History Association Inc</td>
<td>Charters Towers</td>
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<td>$2 927</td>
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<td>Etty Bay Surf Life Saving Club</td>
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<td>Flinders Crier Media Group Inc</td>
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<td>Forsayth Rural Fire Brigade</td>
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<td>Guides Qld Australia Charters Towers Guides</td>
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<td>Ingham Meals on Wheels Inc</td>
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<td>Underground Hospital Committee</td>
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<td>ABORIGINAL AND ISLANDER CHILD CARE AGENCIES</td>
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<td>CHILD CARE PROGRAMS</td>
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<td>Atherton Children’s Centre</td>
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<td>Mount Isa Day Nursery &amp; Kindergarten</td>
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<td>St. Pauls Lutheran Child Care Centre</td>
<td>Mount Isa</td>
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<td>Gordonvale OSHC Vacation Care</td>
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<td>$1,861</td>
</tr>
<tr>
<td>Karumba After School Care</td>
<td>Karumba</td>
<td>Operational Subsidy</td>
<td>$1,650</td>
<td>NA</td>
</tr>
<tr>
<td>Karumba After School Care</td>
<td>Karumba</td>
<td>Block Grant CCB</td>
<td>NA</td>
<td>$78,949</td>
</tr>
<tr>
<td>Mareeba After School Care</td>
<td>Mareeba</td>
<td>Set-up Grant</td>
<td>NA</td>
<td>$356</td>
</tr>
<tr>
<td>Mareeba After School Care</td>
<td>Mareeba</td>
<td>Equipment Grant</td>
<td>NA</td>
<td>$1,068</td>
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<tr>
<td>Mareeba After School Care</td>
<td>Mareeba</td>
<td>Disadvantaged Area Subsidy</td>
<td>$6,753</td>
<td>$3,852</td>
</tr>
<tr>
<td>Mareeba After School Care</td>
<td>Mareeba</td>
<td>Establishment Funding</td>
<td>NA</td>
<td>$1,048</td>
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<tr>
<td>Mareeba After School Care</td>
<td>Mareeba</td>
<td>Operational Subsidy</td>
<td>$4,589</td>
<td>$7,706</td>
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<tr>
<td>Mareeba After School Care</td>
<td>Mareeba</td>
<td>Block Grant CCB</td>
<td>NA</td>
<td>$78,949</td>
</tr>
<tr>
<td>Normanton After School Care</td>
<td>Normanton</td>
<td>Disadvantaged Area Subsidy</td>
<td>$3,355</td>
<td>$3,446</td>
</tr>
<tr>
<td>Normanton After School Care</td>
<td>Normanton</td>
<td>Operational Subsidy</td>
<td>$18,822</td>
<td>$19,330</td>
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<tr>
<td>North Queensland Remote Vacation Care</td>
<td>Hughenden</td>
<td>Operational Subsidy</td>
<td>$18,822</td>
<td>$19,330</td>
</tr>
<tr>
<td>North Queensland Remote Vacation Care</td>
<td>Hughenden</td>
<td>Block Grant CCB</td>
<td>NA</td>
<td>$78,949</td>
</tr>
<tr>
<td>Qld PCYC Mount Isa After School Care</td>
<td>Mount Isa</td>
<td>Disk Incentive</td>
<td>$1,650</td>
<td>NA</td>
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<tr>
<td>Qld PCYC Mount Isa After School Care</td>
<td>Mount Isa</td>
<td>Disadvantaged Area Subsidy</td>
<td>$6,710</td>
<td>$6,892</td>
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<td>Qld PCYC Mount Isa After School Care</td>
<td>Mount Isa</td>
<td>Operational Subsidy</td>
<td>$1,650</td>
<td>NA</td>
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<tr>
<td>Richmond After School Care</td>
<td>Richmond</td>
<td>Disadvantaged Area Subsidy</td>
<td>$7,503</td>
<td>$7,706</td>
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<tr>
<td>Richmond After School Care</td>
<td>Richmond</td>
<td>Operational Subsidy</td>
<td>$27,173</td>
<td>$27,627</td>
</tr>
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<td>Richmond After School Care</td>
<td>Richmond</td>
<td>Block Grant CCB</td>
<td>NA</td>
<td>$78,949</td>
</tr>
<tr>
<td>Richmond After School Care</td>
<td>Richmond</td>
<td>Operational Subsidy</td>
<td>$20,047</td>
<td>$20,383</td>
</tr>
<tr>
<td>Richmond After School Care</td>
<td>Richmond</td>
<td>Operational Subsidy</td>
<td>$20,047</td>
<td>$20,383</td>
</tr>
<tr>
<td>Name of Service</td>
<td>Location</td>
<td>Funding Details</td>
<td>2000-01</td>
<td>2001-02</td>
</tr>
<tr>
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<tr>
<td>Inclusion of Children with Additional Needs Inc</td>
<td>Mount Isa</td>
<td>Operational Subsidy</td>
<td>$46 411</td>
<td>$47 188</td>
</tr>
<tr>
<td>Injilinji Enrichment Program</td>
<td>Mount Isa</td>
<td>Operational Subsidy</td>
<td>$28 042</td>
<td>$28 513</td>
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<tr>
<td>Innisfail Playgroup</td>
<td>Innisfail</td>
<td>Operational Subsidy</td>
<td>$12 976</td>
<td>$13 193</td>
</tr>
<tr>
<td>Innisfail Community Information and Advice Centre</td>
<td>Innisfail</td>
<td>Operational Subsidy</td>
<td>$1 826</td>
<td>$1 859</td>
</tr>
<tr>
<td>Kutjala Playgroup</td>
<td>Charters Towers</td>
<td>Operational Subsidy</td>
<td>$19 446</td>
<td>$19 773</td>
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<tr>
<td>Mareeba Outreach Playgroup &amp; Enrichment Program</td>
<td>Mareeba</td>
<td>Operational Subsidy</td>
<td>$82 195</td>
<td>$83 571</td>
</tr>
<tr>
<td>Mobile Service—Mount Isa</td>
<td>Mount Isa</td>
<td>Operational Subsidy</td>
<td>$99 376</td>
<td>$101 039</td>
</tr>
<tr>
<td>Mount Isa Playgroup</td>
<td>Mount Isa</td>
<td>Operational Subsidy</td>
<td>$24 402</td>
<td>$24 812</td>
</tr>
<tr>
<td>Mount Isa RAFS-Western Mobile</td>
<td>Mount Isa</td>
<td>Operational Subsidy</td>
<td>$123 023</td>
<td>$125 082</td>
</tr>
<tr>
<td>Nyletta Playgroup and Enrichment Program</td>
<td>Atherton</td>
<td>Operational Subsidy</td>
<td>$34 046</td>
<td>$34 618</td>
</tr>
<tr>
<td>Picininny Playgroup</td>
<td>Tully</td>
<td>Operational Subsidy</td>
<td>$21 086</td>
<td>$21 441</td>
</tr>
<tr>
<td>Thor-Gongurr Enrichment Program</td>
<td>Normanton</td>
<td>Operational Subsidy</td>
<td>$30 717</td>
<td>$31 230</td>
</tr>
<tr>
<td>Toy Library—Mount Isa</td>
<td>Mount Isa</td>
<td>Operational Subsidy</td>
<td>$8 012</td>
<td>$8 146</td>
</tr>
<tr>
<td>Woomera Enrichment program</td>
<td>Mornington Island</td>
<td>Operational Subsidy</td>
<td>NA</td>
<td>$18 208</td>
</tr>
<tr>
<td>Inclusion of Children with Additional Needs</td>
<td>Mount Isa</td>
<td>SUPS</td>
<td>$31 190</td>
<td>$31 714</td>
</tr>
<tr>
<td>Julia Creek Kindergarten and Long Day Care Centre</td>
<td>Julia Creek</td>
<td>Minor Capital Upgrade</td>
<td>$11 105</td>
<td>$1 233</td>
</tr>
<tr>
<td>Warrgoobulginda Long Day Care and Family Support centre</td>
<td>Doomadgee</td>
<td>Operational Subsidy</td>
<td>NA</td>
<td>$156 510</td>
</tr>
</tbody>
</table>

(A) Approved recurrent combined State and Commonwealth funding.

(B) Details of secure crisis accommodation for women and children cannot be revealed to protect the safety of clients and staff.

(C) The 2001 Commonwealth Budget allocated $90 million over 4 years to Green Corps. A training allowance of approximately $171 to $289 per week is allocated to Corps members. No specific numbers available for Green Corps projects.

(D) Information about the service types provided and the level of funding is only available at “Parent” Organisation level.

NA Not Applicable

Kennedy Electorate: Program Funding
(Question No. 268)

Senator O’Brien asked the Minister representing the Minister for Children and Youth Affairs, upon notice, on 18 April 2002:

(1) What programs and/or grants administered by the department provide assistance to people living in the federal electorate of Kennedy.

(2) What was the level of funding provided through these programs and/or grants for the 2000-01 and 2001-02 financial years.

(3) Where specific projects were funded: (a) what was the location of each project; (b) what was the nature of each project; and (c) what was the level of funding for each project.

Senator Vanstone—The Minister for Children and Youth Affairs has provided the following answer to the honourable senator’s question:

(1) & (2) Programs and/or grants administered by the Department of Family and Community Services providing assistance to people living in the electorate of Kennedy include:

<table>
<thead>
<tr>
<th>Program/Grants</th>
<th>2000-01</th>
<th>2001-02</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disability Services Program</td>
<td>$1 198 256</td>
<td>$1 184 198</td>
</tr>
<tr>
<td>Supported Accommodation Assistance Program</td>
<td>$2 906 509</td>
<td>$2 969 740</td>
</tr>
<tr>
<td>Emergency Relief Program</td>
<td>$318 001</td>
<td>$337 893</td>
</tr>
<tr>
<td>Youth Programs</td>
<td>$373 967</td>
<td>$355 110</td>
</tr>
<tr>
<td>Stronger Families and Communities Strategy</td>
<td>$19 101</td>
<td>$10 604</td>
</tr>
<tr>
<td>Family Relationships Services Program</td>
<td>$294 985</td>
<td>$340 173</td>
</tr>
<tr>
<td>Volunteer Management Program</td>
<td>$55 825</td>
<td>$55 825</td>
</tr>
<tr>
<td>International Year of the Volunteer</td>
<td>$132 458</td>
<td>NA</td>
</tr>
<tr>
<td>Aboriginal and Islander Child Care Agencies</td>
<td>$271 735</td>
<td>$276 282</td>
</tr>
<tr>
<td>Child Care Program</td>
<td>$1 478 882</td>
<td>$1 968 816</td>
</tr>
<tr>
<td>Total</td>
<td>$7 049 719</td>
<td>$7 498 641</td>
</tr>
</tbody>
</table>

(3) Specific projects funded by the Department of Family and Community Services include:

<table>
<thead>
<tr>
<th>Name of Service</th>
<th>Location</th>
<th>Funding Details</th>
<th>2000-01</th>
<th>2001-02</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cassowary Coast Employment</td>
<td>Innisfail</td>
<td>Open employment service providing support and training for a total of 25 people with a range of disabilities and support needs.</td>
<td>$135 647 recurrent</td>
<td>$138 764 recurrent</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>$58 879 non recurrent</td>
<td>$25 071 non recurrent</td>
</tr>
<tr>
<td>Hinchinbrook Employment Services</td>
<td>Ingham</td>
<td>Open employment service providing support and training for a total of 22 people with a range of disabilities and support needs.</td>
<td>$151 979 recurrent</td>
<td>$155 475 recurrent</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>$10 483 non recurrent</td>
<td>$10 213 non recurrent</td>
</tr>
<tr>
<td>Competitive Employment Mt Isa</td>
<td>Mt Isa</td>
<td>Open employment service providing support and training for a total of 76 people with a range of disabilities and support needs.</td>
<td>$309 503 recurrent</td>
<td>$316 622 recurrent</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>$25 617 non recurrent</td>
<td>$25 024 non recurrent</td>
</tr>
<tr>
<td>Dalflin Employment Alliance</td>
<td>Charters Towers</td>
<td>Open employment service providing support and training for a total of 30 people with a range of disabilities and support needs.</td>
<td>$189 198 recurrent</td>
<td>$193 550 non recurrent</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>$3 646 non recurrent</td>
<td>$83 210 recurrent</td>
</tr>
<tr>
<td>Innisfail Business Service</td>
<td>Innisfail</td>
<td>Supported employment providing support and training for a total of 20 people with primarily intellectual disabilities and a range of support needs.</td>
<td>$81 339 recurrent</td>
<td>$83 210 recurrent</td>
</tr>
<tr>
<td>Name of Service</td>
<td>Location</td>
<td>Funding Details</td>
<td>2000-01</td>
<td>2001-02</td>
</tr>
<tr>
<td>--------------------------------------</td>
<td>-------------------</td>
<td>---------------------------------------------------------------------------------</td>
<td>----------</td>
<td>----------</td>
</tr>
<tr>
<td>North-West Advocacy</td>
<td>Mt Isa</td>
<td>One Advocacy service assisting 81 people with a disability and their families</td>
<td>$214 629</td>
<td>$219 565</td>
</tr>
<tr>
<td></td>
<td></td>
<td>and carers with advocacy support.</td>
<td>(includes</td>
<td>recurrent</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>$51 500</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>operational</td>
<td></td>
</tr>
<tr>
<td>Central West Carer Respite Centre</td>
<td>Longreach</td>
<td>The service provides immediate and short-term respite for carers of young</td>
<td>$16 242</td>
<td>$16 704</td>
</tr>
<tr>
<td></td>
<td></td>
<td>people with severe or profound disabilities whose needs are not being met</td>
<td>recurrent</td>
<td>recurrent</td>
</tr>
<tr>
<td></td>
<td></td>
<td>through existing State Government or other Commonwealth Government initiatives.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>The centre covers the shires of Boulia, Diamantina, Barcoo, Isisford,</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Longreach, Winton, Aramac, Ilfacombe, Barcaldine, Jericho, Blackall, and</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Tambo.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SUPPORTED ACCOMMODATION ASSISTANCE PROGRAM(A)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hinchinbrook Community Support Centre</td>
<td>Ingham</td>
<td>Supported Accommodation Assistance Program for families.</td>
<td>$117 913</td>
<td>$119 682</td>
</tr>
<tr>
<td>Jupiter Mossman Cooperative Society</td>
<td>Charters Towers</td>
<td>Supported Accommodation Assistance Program for multiple</td>
<td>$249 488</td>
<td>$255 124</td>
</tr>
<tr>
<td>Johnstone Shire Domestic Violence Support Service</td>
<td>Innisfail</td>
<td>Supported Accommodation Assistance Program for women and women with children escaping domestic violence(B)</td>
<td>$65 310</td>
<td>$66 846</td>
</tr>
<tr>
<td>Innisfail Youth and Family Care</td>
<td>Innisfail</td>
<td>Supported Accommodation Assistance Program for youth</td>
<td>$258 032</td>
<td>$264 290</td>
</tr>
<tr>
<td>North Queensland Domestic Violence Resource Service— Townsville</td>
<td>Mt Isa</td>
<td>Supported Accommodation Assistance Program for women and women with children escaping domestic violence(B)</td>
<td>$63 246</td>
<td>$64 194</td>
</tr>
<tr>
<td>Aboriginal and Islanders Women’s Shelter Mt Isa— Nawamba</td>
<td>Mt Isa</td>
<td>Supported Accommodation Assistance Program for women and women with children escaping domestic violence(B)</td>
<td>$251 266</td>
<td>$256 982</td>
</tr>
<tr>
<td>Mt Isa Youth Shelter</td>
<td>Mt Isa</td>
<td>Supported Accommodation Assistance Program for youth</td>
<td>$254 708</td>
<td>$260 426</td>
</tr>
<tr>
<td>Mt Isa AICCA Youth Homeless Program</td>
<td>Mt Isa</td>
<td>Supported Accommodation Assistance Program for youth</td>
<td>$176 427</td>
<td>$179 073</td>
</tr>
<tr>
<td>Nguru Ngunri Shelter</td>
<td>Mt Isa</td>
<td>Supported Accommodation Assistance Program for youth</td>
<td>$267 629</td>
<td>$274 032</td>
</tr>
<tr>
<td>Serenity House</td>
<td>Mt Isa</td>
<td>Supported Accommodation Assistance Program for women and women with children escaping domestic violence(B)</td>
<td>$243 894</td>
<td>$249 041</td>
</tr>
<tr>
<td>St Vincent’s Community Services— Men’s hostel</td>
<td>Mt Isa</td>
<td>Supported Accommodation Assistance Program for single men</td>
<td>$241 443</td>
<td>$246 751</td>
</tr>
<tr>
<td>Yuenmandi (Elder Clan Women) Aboriginal Corporation</td>
<td>Mornington Island</td>
<td>Supported Accommodation Assistance Program for women and women with children escaping domestic violence(B)</td>
<td>$189 003</td>
<td>$193 786</td>
</tr>
<tr>
<td>Name of Service</td>
<td>Location</td>
<td>Funding Details</td>
<td>2000-01</td>
<td>2001-02</td>
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<td>---------------------------------------------</td>
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</tr>
<tr>
<td>Doomadgee Women’s Shelter</td>
<td>Doomadgee</td>
<td>Supported Accommodation Assistance Program for women and women with children escaping domestic violence(B)</td>
<td>$186 011</td>
<td>$190 751</td>
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<tr>
<td>Tableland’s Women’s Centre</td>
<td>Atherton</td>
<td>Supported Accommodation Assistance Program for women and women with children escaping domestic violence(B)</td>
<td>$342 139</td>
<td>348 762</td>
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<tr>
<td><strong>EMERGENCY RELIEF PROGRAM</strong></td>
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<td></td>
</tr>
<tr>
<td>Aboriginal &amp; TSI Corp’n for Welfare</td>
<td>Mt Isa</td>
<td>Emergency Relief</td>
<td>$10 630</td>
<td>$10 700</td>
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<tr>
<td>Aboriginal Corp for Malanbarra Midja</td>
<td>Tully</td>
<td>Emergency Relief</td>
<td>$5 000</td>
<td>$5 100</td>
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<tr>
<td>Atherton Neighbourhood Centre</td>
<td>Atherton</td>
<td>Emergency Relief</td>
<td>$16 700</td>
<td>$18 700</td>
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<tr>
<td>Biddi Biddi Community Cooperative</td>
<td>Atherton</td>
<td>Emergency Relief</td>
<td>$7 500</td>
<td>$7 600</td>
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<tr>
<td>Camooweal Hospital Fund</td>
<td>Mt Isa</td>
<td>Emergency Relief</td>
<td>$8 000</td>
<td>$8 300</td>
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<tr>
<td>Cardwell Shire Community Support, Tully</td>
<td>Cardwell</td>
<td>Emergency Relief</td>
<td>$15 000</td>
<td>$20 000</td>
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<tr>
<td>Catholic Church of St Clares</td>
<td>Tully</td>
<td>Emergency Relief</td>
<td>$4 000</td>
<td>$5 000</td>
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<tr>
<td>Charters Towers Neighbourhood Centre</td>
<td>Charters Towers</td>
<td>Emergency Relief</td>
<td>$5 500</td>
<td>$6 000</td>
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<td>Chjowai Housing Cooperative</td>
<td>Innisfail</td>
<td>Emergency Relief</td>
<td>$22 580</td>
<td>$23 180</td>
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<td>Doomadgee Aboriginal Community Council</td>
<td>Doomadgee</td>
<td>Emergency Relief</td>
<td>$6 067</td>
<td>$6 067</td>
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<tr>
<td>Eacham Community Organisation</td>
<td>Malanda</td>
<td>Emergency Relief</td>
<td>$9 900</td>
<td>$10 900</td>
</tr>
<tr>
<td>Good Shepherd Parish</td>
<td>Mt Isa</td>
<td>Emergency Relief</td>
<td>$9 640</td>
<td>$10 090</td>
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<tr>
<td>Hinchinbrook Aboriginal Housing</td>
<td>Ingham</td>
<td>Emergency Relief</td>
<td>$5 330</td>
<td>$5 600</td>
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<tr>
<td>Hinchinbrook Community Support</td>
<td>Ingham</td>
<td>Emergency Relief</td>
<td>$15 050</td>
<td>$15 500</td>
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<tr>
<td>Hughenden Community Care Association</td>
<td>Flinders</td>
<td>Emergency Relief</td>
<td>$1 630</td>
<td>$2 000</td>
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<tr>
<td>Innisfail Youth &amp; Family Care</td>
<td>Innisfail</td>
<td>Emergency Relief</td>
<td>$23 100</td>
<td>$24 100</td>
</tr>
<tr>
<td>Jimberella Cooperative Society</td>
<td>Dajarra</td>
<td>Emergency Relief</td>
<td>$3 810</td>
<td>$3 900</td>
</tr>
<tr>
<td>Mareeba Information &amp; Support Centre</td>
<td>Mareeba</td>
<td>Emergency Relief</td>
<td>$31 731</td>
<td>$35 250</td>
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<tr>
<td>Mitakoodi Aboriginal Housing</td>
<td>Cloncurry</td>
<td>Emergency Relief</td>
<td>$8 290</td>
<td>$8 400</td>
</tr>
<tr>
<td>Moungebri Housing Cooperative</td>
<td>Burketown</td>
<td>Emergency Relief</td>
<td>$2 170</td>
<td>$2 301</td>
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<tr>
<td>Mt Isa Aboriginal &amp; Islander Child Care</td>
<td>Mt Isa</td>
<td>Emergency Relief</td>
<td>$7 720</td>
<td>$7 720</td>
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<tr>
<td>Name of Service</td>
<td>Location</td>
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<td>-------------------------------------</td>
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</tr>
<tr>
<td>Mt Isa Family Support Service</td>
<td>Mt Isa</td>
<td>Emergency Relief</td>
<td>$7 800</td>
<td>$8 000</td>
</tr>
<tr>
<td>Ravenshoe Community Centre</td>
<td>Ravenshoe</td>
<td>Emergency Relief</td>
<td>$15 700</td>
<td>$16 700</td>
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<td>Richmond Community Care Association</td>
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<td>$2 300</td>
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<td>St Vincent de Paul, Charters Towers</td>
<td>Charters Towers</td>
<td>Emergency Relief</td>
<td>$5 000</td>
<td>$6 000</td>
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<td>St Vincent de Paul</td>
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<td>St Vincent de Paul, Mt Isa</td>
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<td>Emergency Relief</td>
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<td>Tablelands Women’s Centre Inc</td>
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<td>The Salvation Army</td>
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<td>$13 228</td>
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<td>Werne Ngal Karan Aboriginal Corp</td>
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<td>Hughenden</td>
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**YOUTH PROGRAMS**

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<td>Reconnect Mt Isa</td>
<td>Mt Isa</td>
<td>$171 336</td>
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<td>Mt Isa Skills Association Inc</td>
<td>Mt Isa</td>
<td>$106 600</td>
<td>$108 735</td>
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<td>Tablelands Job Training Inc Youth Programme/Outcomes - The Training People</td>
<td>Atherton</td>
<td>$79 931</td>
<td>$81 543</td>
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<td>Herberton Shire Council</td>
<td>Ravenshoe</td>
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<tr>
<td>Tableland Economic Development Corporation Inc</td>
<td>Mareeba</td>
<td>$550</td>
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<tr>
<td>Cloncurry Shire Council</td>
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<td>Conservation Volunteers Australia (CVA)</td>
<td>Atherton (1 project), Mareeba (1 project), Kuranda (2 projects), and Ravenshoe (1 project)</td>
<td>Green Corps (C) six month projects</td>
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**STRONGER FAMILIES AND COMMUNITIES STRATEGY**
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<tbody>
<tr>
<td>Silkwood Early Learning and Community Support Centre</td>
<td>Silkwood</td>
<td>Stronger Families and Communities Strategy—an existing building will be upgraded and equipped to establish a small Community Support Centre in Silkwood that will service the communities of Silkwood, Japoon, El Arish and Karrimine. The centre will also be used as a venue for the provision of parenting programs.</td>
<td>$19 101</td>
<td>$10 604</td>
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<td>FAMILY RELATIONSHIPS SERVICES PROGRAM</td>
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<td>Centacare Townsville</td>
<td>Mt Isa</td>
<td>Family relationships counselling and primary dispute resolution.</td>
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<td>$340 173 (D)</td>
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<td>VOLUNTEER MANAGEMENT PROGRAM</td>
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<td>Far North Queensland Volunteer Referral Centre</td>
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<td>Volunteer matching and referral services and training of volunteers and volunteer managers.</td>
<td>$55 825</td>
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<td>INTERNATIONAL YEAR OF THE VOLUNTEER</td>
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<td>Atherton Scout Group</td>
<td>Atherton</td>
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<td>$3 073</td>
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<td>Contribution towards training and an event to recognise volunteers</td>
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<td>Australian Breastfeeding Assoc Mareeba Group</td>
<td>Mareeba</td>
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<td>Betts Creek Rural Fire Brigade</td>
<td>Pentland</td>
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<td>Black River Local Ambulance Committee</td>
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<td>Small Equipment Grant</td>
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<td>Bluecare Ingham Centre</td>
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<td>Part Contribution to Training and event to recognise volunteers</td>
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<td>Butchers Creek State School</td>
<td>Butchers Creek</td>
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<td>Charters Towers &amp; Dalrymple Family History Assoc Inc</td>
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<td>Charters Towers &amp; Dalrymple Tourism Association</td>
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<td>Railway Sports Club of Hughenden Flinders 4000 Off-roaders Inc</td>
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<td>Tenthouse Fourth Avenue Mt Isa</td>
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<td>The Friends of Gallery Hinchinbrook Assoc Inc</td>
<td>Hinchinbrook</td>
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<td>Tableland Branch Little Athletics Club Inc</td>
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<td>Tolga Bat Rescue</td>
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<td>Tolga Historical Society Inc</td>
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<td>Towers Players Inc</td>
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<td>Tully and District Show Society Inc</td>
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<td>Underground Hospital Committee</td>
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<td><strong>ABORIGINAL AND ISLANDER CHILD CARE AGENCIES</strong></td>
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<td>Mount Isa Aboriginal &amp; Islander Child Care Agency</td>
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<td><strong>CHILD CARE PROGRAMS</strong></td>
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<td>Karumba Children’s Centre Inc</td>
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<td>Mount Isa Day Nursery &amp; kindergarten</td>
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<td>Normanton Child Care Centre</td>
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<td>Minor Capital Upgrade</td>
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<td>Doomadgee</td>
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<td>NA</td>
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(A) Approved recurrent combined State and Commonwealth funding.  
(B) Details of secure crisis accommodation for women and children cannot be revealed to protect the safety of clients and staff.
(C) The 2001 Commonwealth Budget allocated $90 million over 4 years to Green Corps. A training allowance of approximately $171 to $289 per week is allocated to Corps members. No specific numbers available for Green Corps projects.

(D) Information about the service types provided and the level of funding is only available at “Parent” Organisation level.

NA Not Applicable

**Defence: Contracts**

*(Question No. 281)*

Senator Hogg asked the Minister for Defence, upon notice, on 26 April 2002:

With reference to contracts let by Defence for labour hire:

(1) What contracts have existed since July 1996 in the Townsville area for the Army and for the Air Force, held by: (a) local labour hire firms; and (b) firms from outside the Townsville area.

(2) Were there multiple contracts held by any contractor; if so, what are the summary details of those contracts.

(3) (a) What contracts that were in existence post-July 1996 have been renewed; (b) when were they renewed; (c) were they renewed as a result of a further tendering process; and (d) if a contract was not renewed why was it not renewed.

(4) (a) What, if any, contracts were renewed or extended without a further tendering process; and (b) what assessment/approval process was applied.

(5) (a) What, if any, contracts were extended; (b) what was the period of extension in each case; and (c) what assessment/approval process was applied.

(6) (a) What, if any, contracts were not renewed or extended; (b) why were they not renewed or extended; (c) who or what contractor was given the work where a contract was not renewed or extended; and (d) what process was applied to transfer the work to a new contractor.

(7) Have any contracts that previously existed been transferred to companies outside of Townsville without a tender process; if so: (a) what are the summary details of those contracts; and (b) what process was used to re-assign the contracts.

(8) Who, and at what level within Defence or the relevant service, had the authority to approve the letting of the contracts and/or the renewal or extension of the contracts.

(9) (a) What commitments or undertakings, oral or written, have been made, by the department, individual services, or the Minister or any of his predecessors, to retain work in the Townsville area by contracting to a Townsville tenderer; and (b) if there are any written undertakings, can copies be supplied.

(10) (a) What are the terms of insurance requirements, including public liability, under any of these tenders and/or contracts; (b) has this changed from tender to tender; if so, how have the requirements changed; and (c) is there any flexibility in the request for tender for the terms and conditions of insurance requirements; if so, are tenderers made aware of this.

(11) At whose direction does the contract labour operate: the immediate Defence personnel supervisor or the contractor’s personnel.

(12) Have the direction and supervision arrangements for labour hire changed since July 1996; if so, in what way.

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

Defence does not maintain comprehensive records of the precise information sought, but the following answer is based on available information.

Recently the significant activities involving labour hire have been undertaken by the Northern Logistic Group (NLG), a Business Unit of Joint Logistics Command within the Defence Material Organisation, hence the answers to the Honourable Senator’s questions are focused on these activities.

(1) The definition of ‘local labour hire firms’ in the Senator’s question is assumed to refer to firms located in the Townsville area, whether they are corporately based in Townsville or corporately based elsewhere but with a subsidiary or branch operations in the Townsville area.

(a) NLG/Army:
Standing Offer No. PQ 5273 was raised for the “Supply of Tradesmen to Undertake the Repair/Maintenance of Motor Vehicles and Miscellaneous Equipment on Army Premises at Lavarack Barracks, Townsville”. The effective date was 1 September 1994 to 31 August 1997 with the option of extension by one (1) year to 31 August 1998. The Contractor was Diesel Motors, corporately based in Townsville. At the expiry of Standing Offer No. PQ 5273 numerous purchase orders were placed under a Simple Procurement methodology with various Townsville firms, some of which are local firms and others are branch offices of national firms.

Due to the changes in organisations within Defence and within the Townsville area since 1996 there is difficulty in locating exact records pertaining to individual purchase orders over the requested timeframe. The organisations in question span 2nd Field Logistic Battalion, 10th Force Support Battalion and NLG. A summary of contractors who provided labour hire services, on behalf of these organisations, after the expiration of Standing Offer No. PQ 5273, up until March 2001 are as follows:

(i) Diesel Motors.
(ii) Skilled Engineering.
(iii) Scobie McIntosh.
(iv) Drake International.
(v) Westaff.

Royal Australian Air Force (RAAF):
There were no Standing Offers let to local firms on behalf of the Air Force during this period. Details on local purchase arrangements, if applicable, could not be determined.

(b) NLG/Army:
CMAS Consulting (Brisbane-based) provided personnel to repair equipment on-site at 3rd Brigade and NLG on a sole source basis from 8 October 2001 to 26 April 2002, through an Amendment to Standing Offer No. S 0004.

Drake Industrial, Townsville Branch was awarded Standing Offer No. 0204-100-23 for the Provision of Personnel to Repair and Maintain ADF Equipment and Components On-Site at ADF Establishments in Townsville, on 15 April 2002. This Standing Offer was raised on behalf of 3rd Brigade and Northern Logistic Group by NLG.

RAAF:
Standing Offer No. 0010-087-32 was raised for RAAF on behalf of Support Equipment Logistic Management Unit. The Effective Date was 19 October 2000, with an initial Expiry Date of 18 October 2003, with the option for two extensions of one year duration each. The Contractor is Manpower Services (Aust) P/L based in Sydney.

(2) NLG/Army:
After the expiration of Standing Offer No. PQ 5273, contract staff continued to be supplied by Diesel Motors on a month-by-month basis until December 2000. Labour hire requirements in addition to those supplied by Diesel Motors, entailed a Simple Procurement process of seeking quotations from other Labour Hire suppliers in Townsville. These practices continued until March 2001. A search of financial records provides an approximate breakdown of the value of purchase orders awarded to these firms by financial year. It should be noted that it could not be accurately determined with these monetary values were all for labour hire as opposed to other maintenance related activities.

FY 1997/1998:
Diesel Motors standing offer for trades persons, value $320,000.
Skilled Engineering purchase order for trades persons, value $150,000.

FY 1998/1999:
Diesel Motors standing offer for trades persons, value $460,000.
Skilled Engineering purchase order for trades persons, value $300,000.
Scobie McIntosh purchase order for trades person, value $11,000.
Drake International purchase order for trades person, value $30,000.
Westaff purchase order for trades person, value $32,000.

FY 1999/2000:
Diesel Motors purchase order for trades persons, value $460,000.
Skilled Engineering purchase order for trades persons, value $350,000.
Scobie Mcintosh purchase order for trades person, value $43,000.
Westaff purchase order for trades person, value $87,000.

FY 2000/2001:
Diesel Motors purchase order for trades persons, value $280,000.
Skilled Engineering purchase order for trades persons, value $270,000.
Westaff purchase order for trades person, value $36,000.
Scobie Mcintosh purchase order for trades person, value $3,400.
Drake International purchase order for trades person, value $17,000.

FY 2001/2002:
Skilled Engineering purchase order for trades persons, value $50,000.
Westaff purchase order for trades person, value $10,000.
Drake International purchase order for trades person, value $8,000.
Commercial Solutions purchase order for trades person, value $8,000.

RAAF:
There were no multiple Standing Offers held by any contractor on behalf of Air Force Requirements. Local purchase arrangements could not be verified.

(3) As detailed in response to questions 1 and 2, there were a number of contracts arranged via Simple Procurement processes for Army requirements during the period, especially at the expiration of Standing Offer. The Standing Offer No. PQ 5273 with Diesel Motors was not renewed at the expiry of its extension on 31 August 1998.

As the question relates to the renewing or extending of contracts via formal contract amendments or tendering activities, the response focuses on the Standing Offers that were in place during this period, rather than Simple Procurement arrangements.

(a) No Standing Offers raised on behalf of Army or Air Force have been renewed in the period,
(b) is not applicable,
(c) is not applicable, and
(d) Standing Offer No. PQ 5273 for the Supply of Tradesmen to Undertake the Repair/Maintenance of Motor Vehicles and Miscellaneous Equipment on Army Premises at Lavarack Barracks, Townsville was not renewed after its first extension expired on 31 August 1998. It was not renewed initially because it was considered that the establishment of a new Standing Offer was not cost-effective, based on the estimated value and the administrative overhead of the procurement activity. Subsequently the market testing of Base Repair functions through the Defence Integrated Distribution System (DIDS), which was planned to be implemented in Townsville from late in 2000, was deemed to not justify establishing a Standing Offer for Labour Hire.

(4) (a) NLG/Army:
Standing Offer No. PQ 5273 for the Supply of Tradesmen to Undertake the Repair/Maintenance of Motor Vehicles and Miscellaneous Equipment on Army Premises at Lavarack Barracks, Townsville was extended from 31 August 1997 to 31 August 1998.

RAAF:
Standing Offer No. 0010-087-32 was not renewed or extended in the period.
(b) The assessment/approval process for the extension of Standing Offer No. PQ 5273 from 31 August 1997 to 31 August 1998, was via Amendment No. 4—Type B, raised by the Defence Acquisition Regional Office (DARO-QLD), as the then Contracting Agency for this Standing Offer.
(5) The question has been addressed in the previous response to Question 4.

(6) (a) NLG/Army:
Standing Offer No. PQ 5273 for the Supply of Tradesmen to Undertake the Repair/Maintenance of Motor Vehicles and Miscellaneous Equipment on Army Premises at Lavarack Barracks, was not renewed at the completion of its first extension to 31 August 1998.

RAAF:
Standing Offer No. 0010-087-32 was not renewed or extended in this period.

(b) NLG/Army:
Standing Offer No. PQ 5273 was not renewed because it was considered that the establishment of a new Standing Offer was not cost-effective, based on the estimated value and the administrative overhead of the procurement activity. Subsequently the market testing of Base Repair functions through the DIDS, which was planned to implemented in Townsville from late in 2000, was deemed not to justify establishing a Standing Offer for Labour Hire.

RAAF:
Not applicable.

(c) After the expiration of Standing Offer No. PQ 5273, contract staff continued to be supplied by Diesel Motors on a month-by-month basis until December 2000. Labour hire requirements in addition to those supplied by Diesel Motors, entailed a Simple Procurement process of seeking quotations from other Labour Hire suppliers in Townsville. These practices continued until March 2001. Although a repetitive requirement existed over the period, additional labour hire procurement was conducted on a job-by-job basis utilising Simple Procurement procedures. This approach proceeded in anticipation of the transition of the DIDS market testing process occurring in Townsville from the second half of 2000, with commencement by early 2001.

Standing Offer No. S0004 for the Provision of Personnel to Repair and Maintain ADF Equipment and Components ‘On-Site’ at ADF Establishments in South Queensland was placed with Brisbane-based CMAS Consulting. It is used to supply labour hire to 7th Brigade in Brisbane, and was amended to address a significant and growing maintenance backlog that emerged as an urgent priority in 3rd Brigade, Townsville during 2001. The Amendment was for the period 8 October 2001 to 26 April 2002.

(d) There is insufficient detail on file to determine the exact process by which Diesel Motors continued to provide Contract Staff at Lavarack Barracks after the expiration of Standing Offer PQ 5273. It is likely that the process entailed raising a monthly purchase order on a sole source basis with Diesel Motors for the period 1 September 1998 to December 2000.

Standing Offer S 0004, was established as a result of a Complex Procurement tendering exercise and involved proven process and procedures for managing a large pool of labour hire, on-site, on a medium to long-term basis. The procurement strategy to utilise Standing Offer S 0004 as an interim approach to support 3rd Brigade maintenance requirements was endorsed by the Assistant Director, Contracting Directorate Aerospace and Logistics Support (CONDALS) on 14 September 2001.

During this period, Standing Offer 0204-100-22 was raised for labour hire on behalf of 3rd Brigade and NLG Townsville, and awarded to Drake Townsville on 15 April 2002. This Standing Offer is for an initial period of 16 April 2002 to 15 April 2004, with the option of two extensions, each of a maximum period of one year. This Standing Offer entailed a competitive tendering process which provided an equal and fair opportunity for Townsville-based firms to tender.

(7) Standing Offer PQ 5273 expired on 31 August 1998 and was not renewed and therefore was not transferred to any company. A new requirement emerged as result of a significant maintenance backlog identified in 3rd Brigade during 2001. This requirement was initially addressed by utilising the existing Standing Offer No. S 0004 for South East Queensland requirements, due to the non-existence of a Standing Offer in Townsville for Army requirements at the time, and the urgency of the requirement.

(a) Standing Offer No. S0004 for the Provision of Personnel to Repair and Maintain ADF Equipment and Components ‘On-Site’ at ADF Establishments in South Queensland was placed with Brisbane-based CMAS Consulting. It is used to supply labour hire to 7th Brigade in Brisbane, and was amended to address a significant and growing maintenance backlog that emerged as an urgent
priority in 3rd Brigade, Townsville during 2001. The Amendment was for the period 8 October 2001 to 26 April 2002. Standing Offer S 0004, was established as a result of a Complex Procurement tendering exercise and involved proven process and procedures for managing a large pool of labour hire, on-site, on a medium to long-term basis. The procurement strategy to utilise Standing Offer S 0004 as an interim approach to support 3rd Brigade maintenance requirements was endorsed by the Assistant Director, CONDALS on 14 September 2001.

During this period, Standing Offer 0204-100-22 was raised for labour hire on behalf of 3rd Brigade and NLG Townsville, and awarded to Drake Townsville on 15 April 2002.

(b) Amendment No. 5 to Standing Offer S 0004 was raised by NLG on 21 September 2001, to enable the provision of labour hire to support Townsville requirements for the period 8 October 2001 to 26 April 2002. During this period Standing Offer 0204-100-22 was raised on behalf of 3rd Brigade and NLG Townsville as a result of a public tendering process. This Standing Offer was awarded to Drake, Townsville on 15 April 2002, with an effective date of 16 April 2002 and an expiry date of 15 April 2004.

(8) Under the Defence Chief Executive Instructions the authority for letting of contracts and or renewal/extensions is the Liability Approver, who must have sufficient financial delegations to approve the value concerned.

The authority for the letting of Standing Offer No. PQ 5273 for the Supply of Tradesmen to Undertake the Repair/Maintenance of Motor Vehicles and Miscellaneous Equipment on Army Premises at Lavarack Barracks, Townsville was the Logistics Operations Officer of 2nd Field Logistic Battalion. The authority for the extension of Standing Offer No. PQ 5273 was the Vehicle Fleet Manager of 2nd Field Logistic Battalion.

The authority for Amendment 5 to Standing Offer No. S0004 for the Provision of Personnel to Repair and Maintain ADF Equipment and Components ‘On-Site’ at ADF Establishments in South Queensland was the Commanding Officer, NLG.

The authority for the letting of Standing Offer No. 0204-100-23 for the Provision of Personnel to Repair and Maintain ADF Equipment and Components On-Site at ADF Establishments in Townsville, was the Commanding Officer, NLG.

The authority for the letting of Standing Offer No. 0010-087-32 for the Provision of Skilled Labour in Support of Mechanical Equipment Operations and Maintenance Sections, was the Officer-In-Charge, Support Equipment Logistic Management Unit.

(9) (a) In accordance with the Defence Procurement Policies and Principles a fair and open opportunity is provided to all suppliers, including those based in Townsville, to tender for Defence requirements. No specific undertakings have been made by the department to retain work in the Townsville area by contracting to a Townsville tenderer.

(b) Not applicable.

(10) (a) The Terms and Conditions for Insurance and Indemnity are established in Defence standard procurement documentation for Simple and Complex Procurement. The clauses for the Standing Offers are generated from Defence Complex Procurement templates, such as DEFPUR 500, while the clauses applicable to Purchase Orders are generated from Simple Procurement templates, such as the SP 20 proforma. The Public Liability amount indicated in the Draft Terms and Conditions can be varied, particularly for Complex Procurement, as result of a risk assessment.

(b) NLG/Army:

The Public Liability insurance amount in the Request for Tender (RFT) for Standing Offer No. PQ 5273 could not be determined from available documentation. The Public Liability insurance amount in the RFT for Standing Offer No. S 0004 was $10 million. The Public Liability insurance value in the RFT for Standing Offer No. 0204-199-22 was $50 million.

RAAF:

The Public Liability insurance amount in the RFT for Standing Offer No. 0010-087-32 was $10 million.

(c) There is flexibility in that the Statement of Compliance Clause of the RFT provides for varying degrees of compliance (eg, complies, partially complies, does not comply) and as such are negotiable. This information is conveyed to tenderers at the tenderers briefing which is conducted during the tender response period.
(11) Contract staff are employed by the Contractor and supervised by Commonwealth staff on a daily basis on-site.

(12) No.

Telstra: Call Centres
(Question No. 300)

Senator Allison asked the Minister for Communications, Information Technology and the Arts, upon notice, on 13 May 2002:

(1) Is it the case that Telstra intends to close its Regional Call Centre at Warrnambool, Victoria on 21 June 2002; if so, why and how many jobs will be lost.

(2) Is it the case that Telstra intends to close its Regional Call Centre at Cooma, New South Wales; if so, why and how many jobs will be lost.

(3) Is there any intention on the part of Telstra to close or reduce the operation of its Regional Call Centre at Horsham, Victoria; if so, why and how many jobs will be lost.

(4) In the event of call centre closures, how does the Government or Telstra intend to offset the economic impact of the loss of jobs to those regions.

Senator Alston—The answer to the honourable senator’s question, based on advice from Telstra, is as follows:

For several years Telstra has been regularly reviewing its Directory Assistance business. Reviews indicate that the directories business is changing quickly, brought about by rapid changes in technology, better access options for customers (such as increased use of Internet), other demand changes and process improvements which have significantly reduced the demand for operator assisted directory assistance.

- demand for operator assisted directory assistance has been falling at an average rate of 400,000 calls per month (a 20% reduction in call volumes)
- use of Directory Assistance (white pages) online has increased 400% since 1997. In March 2000 there were less than 5 million online directory enquiries per month, whereas by February 2002 the level had grown to 14 million.

(1) Telstra has advised that the Warrnambool call centre closed on 22 May and 9 positions were made redundant. The closing date was brought forward from 21 June at the election of staff, some of whom had already obtained other employment. Payment in lieu of notice was provided.

(2) Telstra has advised that it does intend to close the Cooma call centre and 9 positions will be made redundant.

(3) Telstra has advised that it has no plans at this time to change the operations of the call centre at Horsham.

(4) Telstra has advised that it offers staff of call centres earmarked for closure a range of activities include providing financial and counselling advice, information about redundancy and career planning. These programs are combined with a career transition service that offers one-on-one case management to ensure staff are well placed to make the right choices for their future.

Superannuation: Productivity Commission Report
(Question No. 308)

Senator Sherry asked the Minister for Revenue and Assistant Treasurer, upon notice, on 15 May 2002:

With reference to the draft report of the Productivity Commission publicly released its draft report into the Superannuation Industry (Supervision) Act 1993 and Certain Other Superannuation Legislation, publicly released on 19 September 2001, which recommended that the Superannuation Complaints Tribunal be replaced with an industry-funded complaint resolution services, a recommendation retained in its final report provided to the government on 10 December 2001:

(1) When was this draft report first provided to the Chairman of the Superannuation Complaints Tribunal?

(2) When was the content of this draft report, particularly draft recommendation 8.1, first communicated to the Chairman of the Superannuation Complaints Tribunal?
Senator Coonan—The answer to the honourable senator’s question is as follows:

(1) An under embargo copy of the Draft Report into the Review of the Superannuation Industry (Supervision) Act 1993 and Certain Other Superannuation Legislation was provided for courier delivery to the Superannuation Complaints Tribunal on Tuesday 18 September 2001. Chapter 8, dealing with the Superannuation (Resolution of Complaints) Act 1993, was also sent by e-mail on 18 September. The Draft Report was released on Wednesday 19 September.

(2) The content of the Draft Report, particularly draft recommendation 8.1, was first communicated to the Superannuation Complaints Tribunal on Tuesday 18 September 2001. The Commission was told that the Chairman was on leave that day and consequently the contents of the Draft Report dealing with the Tribunal was brought to the attention of the Director.

Telstra: Satellite Technology
(Question No. 332)

Senator Cook asked the Minister for Communications, Information Technology and the Arts, upon notice, on 16 May 2002:

With reference to Telstra’s announcement offering satellite technology to remote communities:

(1) How many stations and/or pastoralists in Western Australia have taken up the Telstra offer.

(2) How many remote Aboriginal communities in Western Australia have taken up the Telstra offer.

(3) How many customers have not been able to take up the offer as they are utilising Apple Macintosh technology, with which this equipment is not compatible.

Senator Alston—The answer to the honourable senator’s question, based on advice from Telstra, is as follows:

(1) Whilst Telstra is aware that stations and pastoralists have taken up Telstra’s 2-way Satellite Internet Service offer under the Agreement for the provision of untimed local calls, untimed Internet access and other carrier services to Extended Zones, Telstra’s records do not capture these specific customer details.

(2) Whilst Telstra does not record this specific information, Telstra estimates that some 35 Indigenous communities in Western Australia have taken up Telstra’s 2-way Satellite Internet Service offer. The customer base would include individuals, arts councils, schools, churches, businesses, medical staff and community councils.

(3) In order to be eligible for the 2-way Satellite Internet Service, customers require a PC subject to a defined set of minimum specifications. These specifications are outlined in the customer offer. Telstra does not collate statistics on the number of customers who may require the service but do not meet the minimum PC standards, including those customers who may have an Apple Macintosh computer. This would equally apply to customers with computers using other operating systems such as DOS, earlier Windows versions, Linux or BeOS.

Defence: East Timor
(Question No. 342)

Senator Chris Evans asked the Minister for Defence, upon notice, on 23 May 2002:

With reference to the deployment and support of troops to East Timor:

(1) Can a list be provided of the civilian (that is, non-Navy) ships used to transport personnel and supplies to East Timor to support the various Australian Defence Force operations during and after 1999.

(2) For each ship, can the following information be provided; (a) its name; (b) the country in which it is registered; (c) the size of the vessel; and (d) the date or dates it was used.

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

(1) Yes, see table below.

(2) (a), (b), (c) and (d) Yes, see table below.
<table>
<thead>
<tr>
<th>Serial</th>
<th>Ship Name</th>
<th>Country of Registration</th>
<th>Vessel Size</th>
<th>Dates of Use</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>MV Lady Valisa</td>
<td>Norway</td>
<td>2350t</td>
<td>16/9/99 to 08/10/99</td>
</tr>
<tr>
<td>2</td>
<td>MV Lady Elaine</td>
<td>Norway</td>
<td>2047t</td>
<td>16/9/99 to 15/11/99</td>
</tr>
<tr>
<td>3</td>
<td>MV Baltimore Saturn</td>
<td>Bahamas</td>
<td>2700t</td>
<td>25/9/99 to 25/10/99</td>
</tr>
<tr>
<td>4</td>
<td>MV Calatagan</td>
<td>Hong Kong</td>
<td>18411t</td>
<td>29/9/99 to 02/10/99</td>
</tr>
<tr>
<td>5</td>
<td>Svendborg Guardian</td>
<td>Denmark</td>
<td>3470t</td>
<td>03/10/99 to 18/10/99</td>
</tr>
<tr>
<td>6</td>
<td>MV Arktis Hunter</td>
<td>Denmark</td>
<td>5400t</td>
<td>14/10/99 to 19/10/99</td>
</tr>
<tr>
<td>7</td>
<td>MV Arktis Atlantic</td>
<td>Denmark</td>
<td>4110t</td>
<td>15/12/99 to 03/01/00</td>
</tr>
<tr>
<td>8</td>
<td>MV Arktis Grace</td>
<td>Denmark</td>
<td>2677t</td>
<td>11/99 to 01/00</td>
</tr>
<tr>
<td>9</td>
<td>MV Star Bird</td>
<td>Denmark</td>
<td>5016t</td>
<td>28/11/99 to 01/12/99</td>
</tr>
<tr>
<td>10</td>
<td>MV Bosavi</td>
<td>Papua New Guinea</td>
<td>1160t</td>
<td>27/12/99 to 29/02/00</td>
</tr>
<tr>
<td>11</td>
<td>MV BBC Germany</td>
<td>Antigua &amp; Barbados</td>
<td>4600t</td>
<td>16/01/00 to 30/04/00</td>
</tr>
<tr>
<td>12</td>
<td>MV Scan Falcon</td>
<td>Denmark</td>
<td>2750t</td>
<td>06/01/00</td>
</tr>
<tr>
<td>13</td>
<td>MV Arktis Serius</td>
<td>Denmark</td>
<td>2677t</td>
<td>12/01/00 to 11/03/00</td>
</tr>
<tr>
<td>14</td>
<td>MV CEC Dream</td>
<td>Denmark</td>
<td>4110t</td>
<td>09/01/00 to 29/04/00</td>
</tr>
<tr>
<td>15</td>
<td>MV CEC Pioneer</td>
<td>Denmark</td>
<td>4110t</td>
<td>01/02/00 to 30/03/00</td>
</tr>
<tr>
<td>16</td>
<td>MV Aya III</td>
<td>Panama</td>
<td>3238t</td>
<td>14/10/99 to 03/04/00</td>
</tr>
<tr>
<td>17</td>
<td>MV Temburong</td>
<td>Singapore</td>
<td>2637t</td>
<td>14/10/99 to 03/04/00</td>
</tr>
<tr>
<td>18</td>
<td>MV Santa Maria</td>
<td>Tuvalu, Panama, Netherlands</td>
<td>8507t</td>
<td>04/02/00 to 07/02/00</td>
</tr>
<tr>
<td>19</td>
<td>Arktis Atlantic/Arafura Endeavour</td>
<td>Denmark</td>
<td>4110t</td>
<td>Weekly since 05/01/00. Sails every Mon and currently in use</td>
</tr>
</tbody>
</table>

Note—The weekly sustainment barges used since INTERFET (Serial 19) are not chartered by Defence. The freight is consigned through Perkins Shipping in Darwin. The vessels in question are part of the regular public transport services to East Timor, and as such, Defence has no say in the vessels utilised.

**Defence: F111 Fleet**

**(Question No. 344)**

Senator Chris Evans asked the Minister for Defence, upon notice, on 23 May 2002:

With reference to F-111 aircraft:

1. What is the target for flying hours in the 2001-02 financial year for the fleet.
2. To date, how many hours have been flown towards the target.
3. With reference to the response to a written question no. W23 in the February 2002 estimates hearing of the Foreign Affairs, Defence and Trade Legislation Committee which stated that the additional cost of maintaining ageing aircraft ranges from 3 per cent to 7 per cent depending on the type: For each of the three F-111 models used by the Royal Australian Air Force what, specifically, is the estimated rate of increase to costs associated with ageing for that type.
4. (a) What is the average amount of flying hours F-111 pilots accrued in the 1999-2000 and 2000-01 financial years and the 2001-02 financial year to date; and (b) for each year in (a), what was the average strength of F-111 pilots, that is, the number of pilots.
5. For the months of January, February, March, April and May in 2002, (a) what was the number of F-111s that flew; and (b) what was the total hours flown.
6. Of the 35 F-111s, how many have not flown at all in 2002.
7. Of the F-111s that have flown in 2002: (a) when did each of them last fly; and (b) what was the total hours that each aircraft has flown in 2002 to the end of May 2002.

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

1. The target flying hour rate for the F-111 fleet at the beginning of FY01/02 was set at 3600 hours but was revised down to 2500 hours in February 2002.
2. As of the end of May 2002, the F-111 fleet had flown 2407 hours for the financial year.
(3) Five percent is the factor used to estimate the increasing support costs over time for all three F-111 variants. The figure is not precise and is drawn from United States and limited Royal Australian Air Force data. The range of three to seven percent previously quoted by Defence relates to F-111 and other aircraft types.

(4) Aircrew strength and accrued flying hours for individuals is classified.

(5) During the months January to May 2002, 15 F-111s flew a total of 898 hours.

(6) See answer to (5).

(7) This information is not appropriate for public release.