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Tuesday, 24 June 2003

The Senate met at 12.30 p.m.

**ABSENCE OF THE PRESIDENT**

The Clerk—Pursuant to standing order 13, I advise the Senate that the President is temporarily absent and the Deputy President will take the chair.

The **DEPUTY PRESIDENT** (Senator Hogg) thereupon took the chair, and read prayers.

**BUSINESS**

**Rearrangement**

Senator IAN CAMPBELL (Western Australia—Manager of Government Business in the Senate) (12.31 p.m.)—I move:

That government business notice of motion No. 1, standing in his name for today, relating to the hours of meeting and routine of business for today, be postponed till a later hour.

Question agreed to.

**Rearrangement**

Senator IAN CAMPBELL (Western Australia—Manager of Government Business in the Senate) (12.31 p.m.)—I move:

That government business order of the day no. 1 (Australian Security Intelligence Organisation Legislation Amendment (Terrorism) Bill 2002 [No. 2] be postponed till a later hour.

Question agreed to.

Senator MACKAY (Tasmania) (12.33 p.m.)—by leave—Whilst the Manager of Government Business in the Senate is in mid-flow, I wonder whether he can give us the heads-up, as it were, with respect to the program for the remainder of the day, particularly for the ASIO package?

Senator IAN CAMPBELL (Western Australia—Manager of Government Business in the Senate) (12.33 p.m.)—by leave—As I understand it, there are discussions going on amongst interested parties on the ASIO bill. I have suggested to those parties that have bothered to seek my advice that, when there is some sort of agreement on how the ASIO bill should go, that is a good time to bring it back to the Senate so that we can progress studiously and diligently towards our conclusion on Thursday night, hopefully as early as possible. It would be silly to bring it back until those discussions have concluded and, as I understand it, those discus-
Debate resumed from 23 June, on motion by Senator Ian Campbell:

That this bill be now read a second time.

Senator MOORE (Queensland) (12.34 p.m.)—I continue my remarks on the Family and Community Services Legislation Amendment (Disability Reform) Bill (No. 2) 2002 [No. 2]. The government’s response to the submissions, letters, public meetings and lobbying that met the introduction of their first round of legislation changes in this area has been minimal. What we have now is a clear differentiation. What we have now is that all people who are currently receiving disability support pension, or who will have their claims finalised by the end of this month, will not be subject to the reduction in the capacity of work hours from 30 hours to 15 hours. However, all people who are now claiming disability support pension and who will be receiving their pension after 1 July this year will be treated differently. It is not just about the culture of differentiation among people who are in receipt of the same payment, who have the same disability, who mix in the same communities, who are facing the same challenges and who are, in fact, eager to be involved in ‘participation’ as determined by the government—it is not just about that—it is about the very specific series of differences they will face in their daily financial lives.

We will have the situation where two people with exactly the same disability and barriers to employment will be on two different payments. One will receive the higher paying disability support pension, along with all the other benefits such as the pensioner concession card, pharmaceutical allowance, access to the pensioner education supplement, and—with an income test that claws back less of any earnings they make—they will have a greater incentive to work. The other person, with exactly the same disability, will receive a lower paying allowance that is worth about $60 per fortnight less. That is a significant amount. It is significantly more than the tax cuts which we are told people should be welcoming at the moment. Sixty dollars a fortnight! They will not have access to a pensioner concession card to reduce the costs of public transport, car registration, rates and utilities. Also, they will not automatically receive the pharmaceutical allowance, which will see them pay more out of their pocket for medicines that could help control their illness or disability. These differences are real and they are painful. It is in deep contrast to the statements by the Minister for Family and Community Services in this place only yesterday about the equity of people who are in the same situation receiving the same payment.

In Centrelink offices across the country, one of the impacts of the original band of legislation was the number of people who became concerned and afraid of these changes. They attended offices and called up because they were scared. They did not understand what was going on, but they knew that they were going to be affected. They also offended, as the Brain Injury Australia newsletter, which I quoted from previously, stated. They were offended and angered by the stigmatisation of them as perhaps receiving charity or, even worse, being malingerers and taking things to which they were not entitled. There have been instances of people wanting to get out of the system, wanting to give back their current pension,
because they thought somehow they would be affected by these changes.

This is not a culture or a situation which actively allows people to feel positive and to be part of any kind of program to encourage participation. Any particular immediate change that says, ‘This is for your good; this will make you participate; this will make you better citizens,’ can only be described as a blunt instrument. And then you find that the only bank of changes that the government has made between the last time this legislation was brought to this place and now is to say that there will be a difference: the blunt instrument will apply for anyone who will be receiving payment and eligibility after 1 July. Anyone before 1 July will not be affected. They will not be affected unless for any reason they go off the payment and wish to come back on. People who have had a lifestyle, an expectation, a valuable way of existing in our society, receiving a certain payment, identifying with a certain payment and being part of society will find that if for any reason they go off the payment—one of the reasons could be trying to see whether they could be effectively employed, indeed participate—and then go back, they will be under different circumstances. This cannot be seen to be fair.

We in the Labor Party continue our position that we do not see this as a fair and equitable change. As we have said consistently, the way to encourage people to participate and the way to engage people effectively in any program which has the title Australians Working Together is to encourage and support people and to acknowledge that people identify as citizens of this country and expect that their government will provide them with appropriate support. This is not a handout, it is not charity and it is certainly not malingering. It is an effective methodology to engage and participate, and for that reason we continue to reject this very unequal process of changing the disability support payments.

Senator GREIG (Western Australia) (12.40 p.m.)—It is somewhat disappointing that the government should waste valuable time in the parliament stockpiling yet another rejected bill, particularly one aimed at saving the government money by cutting the incomes of some of the most disadvantaged people in our community. The reasons we Democrats continue to reject the Family and Community Services Legislation Amendment (Disability Reform) Bill (No. 2) 2002 [No. 2] have not changed. The Democrats believe that the government is putting ideology before compassion, putting theory before evidence is gathered and exposing a large population of people on low incomes to a harsh regime for very little benefit. The bill still proposes to restrict access to the disability support pension by tightening eligibility requirements. It proposes to do this, firstly and most significantly, by restricting eligibility to those people with disabilities who are capable of working 15 hours a week at award wages—currently that is 30 hours—secondly, by removing the discretion for Centrelink to take account of the labour market circumstances of applicants over 55 years of age; and, finally, by making it even tougher for those on newstart allowance to gain an exemption from the activity test because of temporary disability by nebulously extending the definitions of on-the-job training and work activity.

The clear and stated intention of the government is to substantially reduce the number of people on the pension over time. Most of those no longer eligible would instead receive the lower newstart allowance. The government has recognised the significant impact this shift is likely to have for people with disabilities. As a result, they have proposed to ‘save’ those currently on the disability support pension and to only apply the
new rules to new applicants. Eventually, even those saved will have the new rules applied to them as their eligibility is reassessed over time. The immediate impact, however, will be to create two classes of people on the disability support pension—two different sorts of recipients.

New applicants who under the new rules would no longer qualify for the pension will receive $60 per fortnight less than their counterparts on the disability support pension. Because earning thresholds are lower for newstart allowance, they will be able to earn less per fortnight than those on the pension, and many with part-time earnings will be hundreds of dollars worse off each fortnight. Additionally, those ineligible to receive the disability support pension will miss out on the other support benefits—including pharmaceutical and other concessions such as transport and communications—which are attached to the disability support pension, and they will be expected to compete with non-disabled job seekers in a very competitive job market.

It is clear that the proposed changes will place significant pressure on people with disabilities and will force many into greater poverty and isolation. The government clearly has very little understanding of the additional costs that many people with disabilities are required to pay—medical, transport, recreation, aides, equipment and so on—when at the same time it is expecting people with disabilities to survive on $27 a day. What is the context for this? The 2001-02 Department of Family and Community Services annual report states that in 2001-02 around 60,000 people with a disability were helped to gain, seek or maintain employment. Of these, only 40,000 had a job for some of the time in that year.

Let us put that in perspective. There were 658,900 people on a disability support pension as of June 2002; 40,965 of those people in some employment represents about six per cent of the disability support population, so it is likely that even fewer of those were working more than 15 hours a week for a sustained period. The government is now wanting to impose a stringent work testing regime on a population of over 650,000 people so as to get the savings from moving, say, one in 30 people off to newstart allowance. Of course, the sheer madness of Centrelink administration in this area means that, despite any good policy intent, the reality is that people on newstart allowance are subject to petty and harsh bureaucratic requirements that are so complex the administering staff have as little idea as the allowee as to the rationale for the rules.

The reality is still that people do not want to experience the terms and conditions of newstart if there are alternative options. Despite government rhetoric about the benefits of assistance into jobs, the harshness and complexity of the administration militate against any preference for this program when people are validly entitled to other income support programs. Many have argued that the creation of two classes of disability will act as a major disincentive for existing DSP recipients to attempt to secure work. Existing pensioners fear that to do so will force them even more quickly off the pension and onto newstart, with all of the additional financial hardships that will bring. In the most recent budget, announced just a few weeks ago, the government has pre-empted this fear by proposing to dramatically increase the number of DSP recipients subject to review. It would appear that, for a range of reasons, the government is intent on fast-tracking reform by whatever means to ensure fewer and fewer people with disabilities are entitled to their pension.

There is little doubt that the number of pension recipients has skyrocketed over the
last couple of decades. There is, however, some contention about how this has occurred. The government has sought to infer with some regularity that the increase is a result of the pension being easier to obtain or the system being easier to rort. In fact, according to a report released last year by ACOSS which examined the causes of this increase, eligibility for the pension has actually become more and more difficult to establish. Indeed, there are several reasons for the increase in disability support pensions, some of which are locally driven, with others that are mirrored in comparable OECD countries. The ACOSS report found that an ageing population, changes to government policy and the labour market were the primary causes. ACOSS argued that any rationalisation of programs and their entitlements will invariably lead to a transfer from one payment to others. Thus, we could expect to see an increase in disability pensioners from the abolition of the mature-age and partner allowances.

As new entrants are reassessed for unemployment benefits, there is greater incentive for them to pursue the disability pension route as an alternative. It is also likely that, despite policy directions, medical practitioners who make decisions about levels of incapacity for work will be affected by judgments about the sort of work available and the scarcity of appropriate work. This has been observed in many countries where there is a relationship between levels of unemployment and disability pensioner levels. I have some sympathy with the government’s position in such an environment given that, to a large degree, once on the disability pension people do tend to remain there. This bill seeks to remedy this by recognising that people who can work 15 hours a week in a fairly robust economy, as we now have, may be in a similar situation to many job seekers receiving unemployment allowance. However, there are compelling reasons why this approach from the government should not be supported.

First, the regime is punitive rather than supportive. The Commonwealth Ombudsman’s report on breaching was scathing in its assessment of the quality of the administration of penalties. While the Australian Democrats have accomplished real gains in reducing the harshness of penalties for unemployment payments through the recent agreement on the Australians Working Together legislation, there is still a long way to go. The government’s commitment to the reduction in harshness has yet to be tested. That is why we Democrats obtained government agreement for an independent review of the modified breaching regime. In any event, the existing penalties are still unanimously considered as too harsh by the Democrats and the welfare sector.

Second, the one size fits all mentality that is adopted in many Centrelink offices is likely to add further stress to those pensioners whose disabilities mean that they have a tenuous link to employment. We know that there are many different types of disability. Disabilities may be physical, affecting the body; psychiatric, affecting the mind; sensory, affecting seeing or hearing; or cognitive, affecting learning and understanding. People also experience different degrees of disability within that—they can range from very mild to very severe. Many people have more than one type of disability, yet the government’s resourcing for programs is extremely unlikely to accommodate the range of impairments. Additionally, the 15 hours per week work test does not adequately accommodate those people with a mental health issue, HIV or other disabling illnesses and conditions whose work capacity may vary widely from one week to the next.
Third, while the labour market has certainly increased the supply of casual, temporary and uncertain jobs, it is not clear that the people who are least competitive are able to secure this work for very long. Despite a decline overall in the proportion of unemployed who are unemployed for a year or more, Australian Bureau of Statistics data shows that in May 2003 the proportion is still over 20 per cent. That is, one in five people who are unemployed are still unemployed—meaning having no hours of work at all, despite job seeking—after one year.

Finally, these measures add to the very significant barriers people with disabilities face in obtaining employment in the open market. The disability sector continues to call upon the government to address issues of systemic discrimination in employment experienced by people with disabilities. I commend the government for increasing resources to improve the quality of the support to people with disabilities. However, this is only part of the picture. The Democrats’ view is that the government must not act to impose compulsion, lower income support and a harsher administrative regime while at the same time trying to improve the workings of its support system. By all means, continue to offer people with disabilities incentives and support structures to enable them to work, but this approach must be compassionate, equitable and positive for the people who experience it.

Ongoing evaluation of the government’s reforms in the welfare area has become all the more difficult with the government’s decision to remove from the public arena regular statistics about the performance of its income support programs. Where quarterly statistics used to be readily available for assessment by researchers and welfare advocates, this scrutiny is no longer possible. It appears that the government is content to conduct its engineering of the poorest in our community behind the cloak of secrecy. I find this very disturbing. Why is it that public scrutiny is enhanced in areas of financial regulation but in areas of very big government spending, such as income support, this scrutiny is diminished?

This lack of transparency inevitably leads to a sense of suspicion and it means that we in the crossbench and opposition parties are less likely to go along with experiments that supposedly enhance the lives of the poor when the government’s performance to date is not obvious. Evidence is mounting that Australians are questioning the government’s underlying philosophy that economic wealth is the endgame. Increasingly, the effects of this philosophy are being experienced as insecurity, lower expectations and greater anxiety. Professor Michael Pusey in his new book *The Experience of Middle Australia: The Dark Side of Economic Reform* eloquently describes how middle Australians are more unsettled and less convinced that economic reform has been to their advantage.

One of the most pernicious results from the ‘relaxed and comfortable’ Prime Minister’s policies is the greater insecurity that most ordinary people face. A recent report from the Australian Housing and Urban Research Institute has found that people are putting off having families and are not buying homes because of the casualisation of labour. Job security is more important than income levels in determining their decisions. We have parents worrying about the impact of user-pays in education, and now there is the prospect of uncertainty and user-pays in the area of health.

While user-pays is a fine philosophy for the discretionary things in life, governments do have a responsibility to ensure that all their citizens have the basics. In our wealthy country, I would argue that the so-called basics are being eroded and that the govern-
ment is failing by kowtowing to the market in such an unfettered way. This government will need to demonstrate that this bill is in the best interests of those people with disabilities who are reliant on income support to persuade us to support it. The government has not demonstrated a holistic and workable approach to date, as is evidenced by the many income support recipients who have chosen to be supported by other payments rather than newstart. For that reason, the position of the Australian Democrats on this legislation has not changed since the first occasion when we opposed the bill.

Senator HARRIS (Queensland) (12.55 p.m.)—The Family and Community Services Legislation Amendment (Disability Reform) Bill (No. 2) 2002 [No. 2] is designed to reduce the current 30-hour a week inability to work test to a 15-hour a week inability to work test. This means that a person with a disability who works, or who is judged to be able to work, more than 15 hours per week will be unable to access the disability support pension and, more importantly to many, the benefits which go with that pension.

The purpose of the bill clearly is to reduce the significant number of recipients of the disability support pension which began to increase during the nineties. In 1990 there were around 312,000 disability support pension recipients; today we have around 650,000. The Australian Bureau of Statistics reports that the majority of these people—that is, 54 per cent—are aged 50 years and over. The government blames this increase on the assertion that it is too easy to get the pension, but there are many other more cogent reasons. Late last year, the Australian Council of Social Service released a report on the key causes of the rise in disability pensions. Their analysis found that 20 per cent of the rise was due to government policy changes, which cut off access to other social security benefits. This theory is backed up by statistics which show that the most dramatic growth was amongst mature aged women, 50 years and over, who presumably were able to access the disability support pension as the age limit for receipt of the age pension increased from 60 to 65.

The tightening of reporting requirements has pushed more people onto the DSP rather than unemployment benefits. This has provided the government with a short-term political benefit: it allows it to boast about reductions in the rate of unemployment. The single greatest disability experienced by recipients of the DSP is musculoskeletal and connective tissue conditions, such as arthritis. As people unable to satisfy stringent work search tests go onto the DSP, we are left with government employment statistics which look very rosy—masking the real hidden level of unemployment in Australia. Forty per cent of the increase has been attributed to an overall growth in the number of people with disabilities. Possible reasons for this include a generally ageing population, better medical diagnosis of health conditions, particularly mental illness, and better medical treatment resulting in lower mortality rates amongst people with severe disabilities.

The remaining 40 per cent of growth in DSP recipients is thought to be attributable to a number of different factors, including minimal employment growth during the early 1990s and the subsequent difficulties in finding suitable work faced by unemployed people with disabilities. The rate of employment amongst people with disabilities is only half that of the broader community, and long periods of unemployment detract further from the ability of an individual to re-enter the work force. On top of that, there are the significant costs associated with a person with disabilities actually entering the work force, such things as electric wheelchairs,
continence aids and other accessibility requirements.

The government now wants to address the problem by implementing tighter restrictions on just who can get the DSP. The government ignores the reality that, for many people, this is the only option left. Every other door has been firmly closed. If the government closes this door, then clearly many will go back onto newstart and it is highly probable that we will be back here in the chamber in three years time debating some other bills designed to curb the dramatic increase in the number of newstart recipients.

For those potential DSP recipients who will be able to get the newstart allowance, there will be an increased financial hardship and erroneous reporting requirement, which many, due to their intellectual or psychological disability, will be unable to comply with. For example, it is simply not practical or just to expect a person with chronic mental illness to comply completely with the current work test. The very nature of a psychiatric illness is cyclic. During periods of wellness and compliance with medication regimes, a person in fact may be able to hold down a job. However, in reality, too often the support mechanisms, including specialised employment programs, break down and the person experiences a relapse in the illness, resulting in hospitalisation. Under the proposed changes, this would probably entitle them to receive the DSP. As they become well again, they would be put back onto newstart, and so the job cycle begins again. In the meantime, the person is so traumatised that they are unable to face the fact or the prospect of employment. So the cost to the health system balloons out of control. The pressures on the person’s natural support—that is, their family and friends—becomes unbearable and the person becomes even further marginalised and stigmatised.

It is similar with physical disability. Let us take an example of a young man who experiences a spinal injury in circumstances where there is no compensation payment. That could possibly be diving into a creek. He spends nine months in a spinal unit and is then returned to his family with little or no support. His wife is his primary carer and receives a minimal carers pension for the 20-hour-a-day, seven-day-a-week job that she does. That is on top of caring for their young children. His employer offers him his old job back part time, for 25 hours per week. Around the demands of his physical care, the carer and the employer make the appropriate workplace adjustments. This person is a hard worker. He is intelligent, dedicated and reliable. He has to pay a support person to assist him. He can travel to work only by wheelchair-accessible taxi because, as he lives in a rural Australian area, there are no wheelchair-accessible buses. So he spends the majority of his income on the direct costs of his disability—that is, on transport, medication, mobility aids and equipment, therapy and personal care. He is on the waiting list for recurrent lifestyle support funding, but he is told that it will probably take about four years for that to eventuate. But he loves the job that he has. It makes him genuinely feel a part of society and the community benefits enormously from his skills and experience. He can have this life only if the disability support pension and its associated benefits enable him to support his family. Without it, he simply cannot afford to be employed. He could decide to work only 15 hours a week, but that would not cover his costs and he risks being deemed capable of working more and losing the pension anyway. Unemployment leads to depression, family breakdown and a huge increase in costs to the taxpayer in the form of the health and community services necessary to ensure his basic survival.
The community sector is in crisis. Demand for services outstrips the supply and the ability to provide those services. The latest Australians Living on the Edge survey confirms that, in the last 12 months, community welfare agencies have reported an increase of 12 per cent in the number of people receiving a service and an even greater percentage of people seeking but not receiving a service. Also, 42 per cent of community organisations report that they are expecting to be unable to meet the expected costs and the demand for services in the next 12 months. Although we have around 650,000 current DSP recipients, less than 64,000—or about 10 per cent—currently receive a Commonwealth-state disability agreement funded service. The potential for the demand to blow out if these changes to the DSP are passed is obviously enormous.

The government proceeds with the bill on the assumption that too many people are rorting the system. There is no doubt that broader welfare reform is necessary for sustaining economic growth and budgetary stability. But this bill will not address that issue. We are at risk of actually throwing the baby out with the bathwater. It is simply not good enough to say, ‘Go and get a job.’ The government proposes to put savings from these amendments into increased employment services and disability support services. What it will actually do is force people out of jobs that they already have. It will take away their independence, it is diametrically opposed to our principles of human rights and full inclusion, and it is a travesty of justice.

On behalf of the disabled community, I urge the Senate to reject this bill until the real cause of the growth in number of disability reform pension recipients can be analysed and addressed. There must be a realistic assessment mechanism put in place which factors in the huge cost of disability to an individual, while recognising and genuinely valuing the contribution of people with disabilities in the workplace. I place very clearly on the record that One Nation will not support this bill.

Senator HUTCHINS (New South Wales) (1.07 p.m.)—The Family and Community Services Legislation Amendment (Disability Reform) Bill (No. 2) 2002 [No. 2] demonstrates the government’s real welfare priorities. The government is not interested in getting people into work; it simply seeks to punish some of the most disadvantaged members of our community. Instead of helping people get back into work, the government is attempting to create a two-tiered system of benefits for the disabled where claimants who lodge their applications before 1 July 2003 will be paid more than those who lodge their applications on or after 1 July 2003. Instead of increasing access to meaningful work, the government is punishing the victims of a welfare system which does not achieve its objectives. Instead of allowing disability support pension recipients to take part in the community, the government is cutting the benefits of some 100,000 Australians by $60 a fortnight.

There can be only one motivation for this bill: the continuation of the blame game that the government plays so well. The government will blame anybody but itself for its own failings. This bill is part of the government’s concerted campaign against welfare recipients and part of the government’s campaign to blame welfare recipients for the government’s lack of action. Families, parents and children have suffered the consequences of this blame game that this government continues to play. One in three Australian families have been hit with a family tax benefit debt even though they have acted properly. Welfare recipients were inadequately compensated when the GST was introduced, and we all know that. The much vaunted tax cuts proposed in the recent
budget are, by the admission of Senator Vanstone, a very small contribution to family budgets in light of their losses in other areas.

This bill is simply another step in the wrong direction. It proves that the government does not want to help welfare recipients find work; the government wants to cut benefits to suit its budgetary whims. The government has its priorities wrong. Let me give a couple of examples. It spent $140,000 of taxpayer money on public relations advice for cuts to Medicare. It spent over $360 million on its campaign to advertise tax increases that have made life tougher for millions of Australians. Now it proposes to cut $60.20 a fortnight from the benefits paid to disabled Australians. The bill will change the definition of ‘work capacity’ so that people who are capable of working 15 hours a week at award wages will be placed on newstart rather than on the DSP. The current definition is 30 hours per week within two years and follows a medical decision that the individual has a disability. The new definition takes power away from doctors who have many years of training and knowledge and puts it into the hands of bureaucrats in the Department of Family and Community Services.

Senate estimates hearings have confirmed that over 100,000 DSP claimants will be moved onto newstart in 2005-06 if this bill is passed and they will receive $60.20 less a fortnight as a result. Sixty dollars is a lot of money when you have serious medical problems. It is 12 per cent of the current rate of the DSP. But, when the effect of losing a pension card, discounted public transport and discounts on rates and utilities is taken into account, it is an even more considerable charge. Even worse, newstart recipients do not automatically qualify for the pharmaceutical allowance. This means that people who would have formerly qualified for the disability support pension will be out of pocket for medicines that help them control their illnesses and their disabilities. The bill not just will affect people with bad backs, the subject of Senator Vanstone’s comments about malingerers, but will inevitably affect Australians with disabilities as diverse as psychiatric disabilities and severe physical disabilities. These are people who need special assistance to take part in the labour market, something newstart does not do.

As Chair of the Senate’s Community Affairs References Committee inquiry into poverty and financial hardship, I have heard first-hand the problems that many Australians are facing. I have heard about the financial troubles they encounter every day. Witnesses have been reduced to tears in describing the difficulty they have had in making ends meet from payday to payday. There is an increasing division between rich and poor in our society. Nearly 2.5 million Australians live below the Henderson poverty line, which is $415 per week for a family of four. That is one in eight Australians who do it tough every day. As the member for Lilley said in the House of Representatives, the five years up to the year 2000 saw the real earnings of the bottom 25 per cent of taxpayers go backwards while the top five per cent of taxpayers’ real earnings increased by nearly 30 per cent—five years, Mr Acting Deputy President, while your party has been in power.

The government’s response to the issue of poverty has been to ignore the problems faced by Australian families every day. It has continued its attacks on workers, which is strange considering that almost every submission to the inquiry into poverty and financial hardship has emphasised the fact that reliable full-time work is the key to preventing poverty. Even conservative think-tank organisations agree that full-time work is the key to alleviating poverty. Throughout the inquiry we have heard from individuals and
community organisations which are deeply concerned about the financial problems facing millions of Australians. Many of the organisations which have provided evidence to the committee deal with families who find it hard to make ends meet on a daily basis. These are families who have to make decisions about whether they buy food or they pay their bills. But this bill does not get more people into work; it simply makes over 100,000 Australians 60 bucks a fortnight worse off. There is no logical link between cutting welfare benefits and increasing participation in the work force. It simply makes recipients more reliant on the benefits they receive. If the government were serious about getting DSP recipients into work, it would not have slashed $90 million per year in financial incentives for people to find work through the earnings credit scheme and it would not be preventing DSP recipients from accessing services which make them more employable. This bill is motivated by the government’s ideological opposition to welfare and its more general opposition to the involvement of government in the community.

We are now considering this bill for a second time. This time around, 100,000 people will be affected instead of 200,000. The amendments mean that fewer people will suffer the consequences of the government’s ignorance of the issues at hand. But 100,000 is a still a large number. If this bill is passed, each and every one of them will do it much tougher because of the government’s meanness.

The government’s justification for its version of welfare reform has been diverse and complex. Senator Vanstone has used the ‘malingering’ argument, while the explanatory memorandum for the bill points to increases of four per cent in the number of disability support pension recipients over the last four years. But the primary justification, as with all the government’s welfare reform, has been the recommendations contained within the McClure report on welfare reform.

The government was offered some sensible, considered advice on welfare reform, but its implementation of the McClure report has been selective at best. The government uses as its primary justification for this bill the report’s recommendation that the work capacity criterion for people with disabilities should be reviewed. That recommendation was made, but only in the context of the rest of the reform that would reach across the entire welfare system. The government has selectively applied recommendations contained within the McClure report, and in doing so it has failed to implement what would appear to be some of its most important elements. The McClure report is peppered with the word ‘community’. Building social partnerships and increasing community capacity make up one of the main themes of the report.

If the recommendations relating to community capacity building were implemented, we would see businesses, community groups and government coming together to solve welfare related problems. The government has attempted to implement elements of the report which punish welfare recipients but none of the recommendations which bring them closer to the community.

The recommendations made by the reference group were a broad approach to the reform of the welfare system. But this government has consistently taken elements of the report out of context. It has simply used the reference group’s report as a means of justifying its ideological attacks on the welfare system and denying people a fair go.

If the government were serious about welfare reform it would take the advice given to it by the reference group. It would develop a whole-of-government approach to welfare.
The community would play a role in helping those who have been unfortunate enough to lose their job or become ill. This government has chosen not to take that route. It has chosen to attack some of the most disadvantaged members of our community and place unreasonable demands on them. This bill is another example of a mean and heartless government which seeks to impose its bizarre and apathetic ideology on the community.

Senator NETTLE (New South Wales) (1.18 p.m.)—The Family and Community Services Legislation Amendment (Disability Reform) Bill (No. 2) 2002 [No. 2] is the third attempt by the government to secure parliament’s support for significant changes to the disability support pension. The government modified its original proposal in the wake of overwhelming political and community opposition to the measures, but the changes do not go far enough. Consequently, the Senate rejected the Family and Community Services Legislation Amendment (Disability Reform) Bill (No. 2) 2002 in November of last year. Now the government has brought back the bill as a potential trigger for a double dissolution election. The Australian Greens will continue to oppose this bill and we trust that other crossbench senators and the Australian Labor Party will do likewise, because these measures do not deserve to become law.

This bill proposes to change the work test for people who claim the disability support pension after 30 June this year and for previous claimants who, after a period of not receiving their particular pension, then reclaim payment. Anyone deemed capable of working at least 15 hours a week will be ineligible for the disability support pension and will be required to rely on the Newstart allowance, the income support payment for unemployed people.

The effect of this change is to reduce the amount of income support by $26 a week, deny access to other financial concessions available to people receiving disability support pension and impose stricter income and assets testing. In addition, the harsh work test requirements and punitive breaching or fining regime that applies to people who are unemployed will apply to people with a disability who are no longer eligible for the disability support pension. Under the breaching regime, the government has stolen $1 billion from some of the poorest people in our community since 1996, according to figures compiled by the National Welfare Rights Network a few months ago.

The idea of assisting people with a disability to earn income clearly is reasonable, and measures to facilitate this would be supportable, but we know that this is not the motive for this bill. This bill is about cost-cutting by moving people from one form of income payment to another that provides less money. We know this because the government has not addressed the reasons for the increase in the number of disability support pension recipients. The number of people receiving disability support pension rose from 334,234 in 1991 to 652,170 in March last year. This payment cost the Commonwealth $2.8 billion in 1991-92, and the estimated cost for the current financial year is $6.9 billion.

Research by the Parliamentary Library shows several factors driving the increase in the number of recipients. Most of them are related to structural labour market issues, such as marginalisation of unskilled, semi-skilled and older workers, increased incidence of early retirement, reduction in access to alternative income support payments, ageing of the population and work force and increased incidence of some acquired disabilities like spina bifida and head or spinal injuries.
So the disability support pension provides income support for people with acquired disabilities and work related injuries and for people who are unable to work or to find work who are ineligible for other payments. All these groups stand to lose under this bill. Rather than address these sorts of factors, the government prefers to blame individuals and impose mandatory work tests—in short, to make life harder for vulnerable and disadvantaged people. This is easier than engaging in the much more challenging task of investing in measures that address the obstacles to more people with disabilities participating in paid and unpaid work, addressing structural impediments to earning income or admitting to the Australian people that there is not enough paid work for everyone who wants it and then getting on with the task of working out a way to redistribute work and wealth.

The government needs to explain to the public that other ways of contributing to society are acceptable and that this society has an obligation to support those who cannot earn an income. The extra employment assistance that the government has promised does not contribute to creating additional jobs for people with disabilities or provide the practical support required for people with disabilities to engage in paid work. This additional employment assistance should not be tied to regressive measures or cuts to income support in the absence of earned income.

Peak disability and community groups have told the government that it can assist people with disabilities to participate in paid work without forcing them onto a payment with less support. Demand for employment assistance far exceeds available services, and the government’s efforts would be better directed towards reversing this situation. The Commonwealth should be addressing employer discrimination, accessible transport, personal care and accommodation, and funding through the Commonwealth State Territory Disability Agreement, which to the government’s shame expired last year and which it has taken almost 12 months to finalise, although agreements with some states remain outstanding.

This bill is further evidence of just what this government stands for: stealing from the poor, the disadvantaged and the vulnerable while it stokes the flames of a perverse envy—envy of the disadvantaged. We are talking about people who are among the poorest in our community and who face all sorts of physical and social barriers to caring for themselves and being involved in society. Australian studies have shown that people with disabilities and their carers have a higher risk of financial hardship compared with other recipients of social security payments.

The latest survey of disability, ageing and carers, conducted by the Australian Bureau of Statistics, found that about 3.6 million Australians have some form of disability and that most of these people experienced some kind of restriction with respect to daily activities, employment and schooling. It seems incomprehensible that anyone could resent the meagre assistance that we provide to people who find themselves in such circumstances, circumstances in which any one of us might find ourselves through chance.

We certainly do not provide enough funding. The ABS survey found that about 24,000 people with a profound or severe disability received no assistance at all and that a further 41,000 primary carers were receiving no support or assistance. The Australian Institute of Health and Welfare unmet needs for disability services study last year concluded that, even with the additional funding that the Commonwealth and states injected between 2000 and 2002 for unmet need, there were more than 12,000 people still needing accommodation and respite services and...
more than 5,000 people needing employment support.

The government should be addressing these needs, rather than promoting ‘job readiness’ for work that does not exist. The latest figures show almost eight people seeking work for every vacancy. Yet this government for seven years has fomented resentment for disadvantaged people among other Australians who find it difficult to make ends meet. In doing so, the government has laid the groundwork for its absence of commitment to social justice and its retreat from international human rights commitments. We have seen this wreaked upon refugees, asylum seekers, Indigenous Australians, unemployed people and, now, people with disabilities.

The Prime Minister has publicly acknowledged significant unmet need for people with disabilities, which means more funds are required. Yet the Commonwealth, under the direction of Minister Vanstone, has been prepared to make the disability agreement hostage to the passage of this bill. This is a reprehensible tactic that is unprecedented with this funding agreement. The Commonwealth might have thought it was punishing the state and territory governments, but it is really hurting people with disabilities, their carers and service providers. Nothing can justify punishing people in need in such a way.

The government’s commitment to supporting people with disabilities is further brought into question by its proposal to abolish the positions of specialist commissioners, including the Disability Discrimination Commissioner, within the Human Rights and Equal Opportunity Commission, under a separate bill now before the parliament. In fact, the commission told the Senate’s inquiry into that bill that it had decided not to fill the Disability Discrimination Commissioner and Race Discrimination Commissioner positions when they became vacant as part of measures to cover the $7.3 million cut in real terms in its budget under this government.

We have seen the scandalous situation of the position of Disability Discrimination Commissioner being filled on an acting basis since 1998. The last permanent appointment was Elizabeth Hastings. I know that the people who have been acting in this role have done a professional job, but that is not the point. They have also been responsible for other matters at the same time as acting in the role.

This situation reflects poorly on the government, because it is the government that has cut HREOC’s budget and refused to appoint a permanent commissioner responsible for disability discrimination. Just last April, the Attorney-General extended for a further 12 months the current acting commissioner’s appointment, but he is also the Human Rights Commissioner. The government’s behaviour speaks volumes about its commitment—or lack thereof—to redressing disadvantage and improving the circumstances of people with disabilities.

This is the context in which we need to consider the bill before us, and it alarms us because of the implications for the future of income payments. The government’s own discussion paper on simplifying income payments for people of work force age, released last December, acknowledges that anomalies exist in the current payments system. People in similar circumstances are treated differently, with different levels of benefits and associated assistance, for no good reason. Yet here we have the government perpetuating unwarranted discrimination at the very time that it has suggested to the Australian people that such discrimination should be removed. The move to reduce people’s payments by shifting them from the
disability support pension to newstart allowance is also contrary to the commitment that Minister Abbott gave, when he released the government’s discussion paper, that simplification would not leave people worse off. Of course, we were told that about the government’s industrial relations agenda too.

A speech the minister gave to the Young Liberals in South Australia in January this year provides insight into the government’s intent. Minister Abbott said:

Work for the Dole is starting to change the culture of welfare and work … If the alternative to working for a wage is working for the dole, even part-time work at modest rates of pay becomes considerably more attractive … The Government is committed to a simpler, fairer welfare system with more built-in incentives for people to find work.

So instead of concentrating on structural impediments to work or the problem of increasingly insecure, low-paid work, the government would prefer to push people into taking any work. There are several problems with this policy approach. The first I have canvassed already—that is, the scarcity of paid work. The second is of a more philosophical nature. Once we accept that there is not enough paid work for all those who want it, on what moral grounds do we impose obligations on people in return for income support?

We often hear the argument from the conservative side of politics that people should be better off with earned income than if they are not earning income—the rationale being that this provides the incentive for people to ‘get off welfare’, to use the vernacular, with its overtones of unworthiness.

Paid work provides many benefits—social contact, meaningful activity and money for necessities and some comforts. But if paid work is simply not available or, in the case of people with disabilities, if engaging in paid work is not possible, what moral right does this government or this parliament have to make life harder for people? That is what this bill would do: make life harder for many people without just cause, reducing their income support and other financial assistance to force them to find some earned income, no matter how inappropriate or how difficult.

Last month the government delivered another large budget surplus and $2.4 billion worth of personal income tax cuts, hailed as a remarkable achievement in the face of drought, slowing world growth and an unjust war. In all this wash of money it could find only $160 million over four years for disability employment services, and $26 million of that is to come from projected savings from reducing income support payments. The government forecast no change to a six per cent unemployment rate, even with anticipated economic growth of 3.25 per cent. Yet somehow it expects thousands of people receiving the disability support pension to miraculously find paid jobs.

What is the value of a budget surplus secured through the running down of public services like health and education spending to support those in need? The point of government is not to direct ever more wealth, advantage and power to those who already have these in abundance; it is to improve the circumstances of the poor, the disadvantaged and the vulnerable members of our community and, by doing so, make ours a more just and compassionate society. This bill does not bring us a single step closer to that goal. The implicit threat to send this country to an early election, should the Senate reject this proposal again, cannot shake us from our view that this bill fails the Australian Greens’ test of good government. Accordingly we oppose it and urge the Senate to reject it.

Senator BUCKLAND (South Australia) (1.35 p.m.)—The purpose of the Family and Community Services Legislation Amendment (Disability Reform) Bill (No. 2) 2002
is to amend the Social Security Act 1991 and the Social Security (Administra-
tion) Act 1999 by changing the qualification
criteria for disability support pension in rela-
tion to work capacity and to limit exemptions
from the activity test requirements for new-
start allowance and youth allowance.

The bill ensues from two previous amend-
ing bills for the disability support pension. The Family and Community Services Legis-
lation Amendment (Disability Reform) Bill 2002 was the original bill introduced in the Senate. The second bill, tagged the Family and Community Services Legislation Amendment (Disability Reform) Bill (No. 2) 2002, was rejected in the Senate on 19 No-
vember last year. The only differentiation
between the first and the second bill is that
the second bill outlines that the DSP recipi-
ents granted payments on or before 30 June
2003 would remain under the existing 30
hour a week inability to work test. Subse-
quently, it would only be those granted DSP
from 1 July 2003 onward that would be ex-
posed to the 15 hour a week inability test.
The current bill duplicates, in content and in
spirit, the second 2002 bill.

This legislation proposes that the new
rules apply only to people seeking the dis-
ability support pension who apply on or after
1 July 2003. Like its predecessor, this bill
seeks to alter the rules relating to access to
training and rehabilitation for those receiving
newstart incapacitated and youth allowance
incapacitated payments. Essentially the bill
is just another of the Howard government’s
double dissolution triggers. There is no real	intention to assist Australians in need; there
is only an illusion of assisting those in need
to provide the government with a degree of
electoral comfort.

From the inception of the very first bill of
this nature, the ALP have been steadfast in
our position of opposing it, and we remain
so. The ALP’s rationale for this is both logi-
cal and moral. The Howard government’s
position—that you need to cut a person’s
entitlement in order to help them get work—
is not only a load of nonsense but also a
mean and cruel measure that will damage
many decent people in great need. How so?
This bill will give effect to the government’s
budget decision to cut the payments to ap-
proximately 100,000 people with disabilities
by at least $60 a fortnight—a 13 to 14 per
cent drop in their income. This will not be
their only loss. They stand to lose access to
their pensioner concession cards, their phar-
maceutical allowance, their telephone allow-
ance and their education supplement. They
will also not be guaranteed a place in a ser-
vice or rehabilitation program. In other
words, those removed from DSP benefits
will not get the support they need.

In the Howard government’s attempt to
have this bill passed they have used various
gimmicks to promote their quandary, both
past and present. They have referred to it as
‘the next stage of welfare reform’ and ‘a
crackdown on rorters with bad backs’. Into
this scenario came the Centrelink footage of
people on pensions laying bricks or riding
horses. I say to the government: if there are
people out there who are doing those things,
deal with them, but do not penalise every
decent Australian who is reliant on this sup-
port because you are too lazy to deal with the
issue in a proper way. What we are relent-
lessly seeing is a manipulative government
that use generalisations and stereotypes and
subsequently play upon the bigotries within
the community to promote the passage of
bills such as this.

The facts of the matter are, firstly, that 32
per cent of DSP recipients have a muscu-
loskeletal condition. This is the category of
the so-called bad backs. The definition is
broad because a person with a nervous sys-
tem disorder may also have a musculoskele-
tal disability and vice versa. Secondly, 71.1 per cent of pensioners with a musculoskeletal disability are aged over 50. It is pretty hard to get a job out there when you are over 50. Thirdly, of the more than 660,000 people receiving the disability support pension, one in nine are in the 55 to 64 age group. In most cases these recipients are older blue-collar workers who have paid their taxes and worked long and hard all of their adult lives. They now endure chronic physical pain and have redundant sets of skills that make them unavailable to the modern work force. The truth is that these people may never work again unless the government makes a special investment for them. This is highly unlikely under the present government. The Howard government is unwilling to recognise the importance of investing in assistance, training, rehabilitation and support. These are the things we need to invest in if we are to increase people's access to work; these are the things we need to invest in if we are serious about assisting these Australians in need.

The reality is that, once you remove the fluff of the gimmicks, what you have is an unparalleled assault on 3.1 million Australians with disabilities. Our consciences tell us that this is not the right way to force people with disabilities off the pension and onto the dole. What this bill so blatantly does is show us how ruthless, callous and cruel this government is. At least this bill has brought to our further attention the unmet need for disability services in our community and the fact that this country strongly needs and definitely deserves genuine welfare reforms—reforms this government will not address. In other words, we need a fair go, and nothing could be further from a fair go than what the government has given us. It is on that basis that I continue to support my colleagues on the Labor benches in opposing this bill.

Senator LEES (South Australia) (1.44 p.m.)—I rise today to speak on the Family and Community Services Legislation Amendment (Disability Reform) Bill (No. 2) 2002 [No. 2], a bill that has changed from the first one we originally saw in this place. Basically the legislation will now only affect those who apply for and are granted the DSP as of 1 July 2003. As we look at this piece of legislation, we must look at the bigger picture and the context. We have to take into account the current labour market and the social security system in its entirety as well as other specific issues that impact on people with disabilities. The conclusion one reaches is that this legislation, if passed, is not going to enhance the wellbeing of people with disabilities.

Restricting access to the DSP will contribute little, if anything, to the opportunities people have of reaching their full potential. It does absolutely nothing to improve income security or indeed anything that may directly assist people to increase their actual level of income. What it does do is put them at risk of not qualifying for a stable income and full health care concessions. It will probably in many instances, if passed, put people with chronic illness at risk of being breached for not fulfilling job activity requirements and therefore of losing their incomes altogether. Yes, they can get some concessions when on newstart if they have a medical certificate. But while they can ask for an exemption from the work test, due to the government’s expansion of the definition of training in this bill, such an exemption could be very difficult to obtain. And this expansion of training will make obtaining the DSP more difficult.

The government has made the change to this legislation following the community’s reaction to the original bill. The original version of this bill would have placed an enormous burden on chronically ill people currently receiving DSP by forcing those
deemed capable of working 15 hours a week off DSP and onto Newstart and all the requirements and risks associated with that. The assertion that what was really intended by the government was to remove all those suspected bad backs does not wash when we look at the details. The government also says, in its briefing paper on proposed changes to the DSP:
The government wants to support the aspirations of people with disabilities through providing them with the support they need to participate to the extent of their abilities.

How is lowering income or removing access to income support? How is removing access to a pensioner health care card support? How is pushing people out into the open work force—where already, on average, there are some six people after every job that is advertised—support? Support could, if the government were serious, include incentives for employers to employ people with a disability. It could also include direct assistance, such as an adequate transport allowance, a mobility allowance or quality supported accommodation. It could include a more relaxed income test under the DSP and Newstart. It could also include removing the hurdles in Newstart that result in such high rates of breaching. Those extra spending measures the government has flagged are welcome. These include extra rehabilitation places and personal support programs, and vocational education and training. But people on DSP can now attend TAFE or university part time according to their abilities, and this is not possible on Newstart. People on DSP can access an education allowance; people on Newstart cannot.

Those most at risk under the new rules would firstly be those with a mental illness. About 25 per cent of DSP recipients have an enduring and debilitating mental illness. This is partly because their illness is generally hidden. In some instances people may present well but the next week or the next day they may not. So a Commonwealth medical officer may indeed assess, if a person is feeling well on that particular day, that they are capable of working over 15 hours, and their livelihoods would be permanently affected. It is also because of the stress caused by the increased uncertainty that people with a mental illness are at risk as well as having increased obligations if they fail to qualify for the DSP. To put these people under more stress will frequently only worsen their health, not increase their chances of getting a job. Their chances of becoming trapped in the breaching regime are particularly high.

Also at high risk will be those with other episodic illnesses—ones that flare up irregularly. These people will not always be able to meet the requirements under Newstart. They will not always be able to attend an interview, a training program or appear for their Work for the Dole placement. They too may have an illness that is exacerbated by stress—illnesses that one week are not causing them significant difficulties but for the next three may cause them major problems.

Another group at risk are current DSP recipients who get work for more than 30 hours per week. If they are unable to sustain this employment, they will not be able to receive the DSP and will be required to go back and claim the Newstart allowance. In fact, I argue that this is quite a disincentive for those on disability support pension to risk giving it up and getting a job, because they will not be able to get back on it under the current conditions.

Let us just compare the two payments that are in question. A single person on DSP currently receives $429.40 per fortnight and qualifies for a pharmaceutical allowance, a pensioner health care card and the education allowance, as I mentioned, whereas a single person on Newstart receives only $374.90 a
fortnight, no pharmaceutical allowance until they are 60 and fewer concessions than those available to people with a pensioner health care card. So there are considerable savings for government over the coming years if, as their briefing paper says, over 60 per cent of people on DSP could work up to 15 hours per week.

Just as there are savings on one side, there will be considerable losses for people already living in poverty. Losing $54.50 a fortnight may not seem much to some Australians, but for people who only get about $215 a week it is a considerable amount. Also, while we are talking money, does the government really believe that $215 a week is a disincentive to work? Even with added support such as a health care card and rent allowance, this means people are barely surviving week to week—as our poverty inquiry is telling us. Add on other costs of disability and you may find that with copayments for health care, for the extra services that are needed and special needs such as diet and complementary medications as well as medications that are not on the PBS, the roughly $31 a day people are entitled to is hopelessly inadequate. Recent research shows that some pensioners spend eight to 12 per cent of their income on copayments for health care alone.

Let us look at another problem in this legislation. The newstart allowance has a provision at the moment that, if a person is unable to undertake eight or more hours of work per week, they get a temporary exemption with a doctor’s certificate, and they can get exemption from the activities test for up to 13 weeks with medical justification and those certificates. Currently 84,000 newstart and youth allowance recipients on average are exempted at some stage for a period from that activity test.

This bill, if passed, takes out that exemption, which means basically that a person with a disability who was assessed as able to work over 15 hours a week has to still fulfil the work test. Also it means that people with a total but temporary impairment, such as a broken leg, could be required to keep fulfilling the work test. Apparently medical exemptions for six weeks, say, for time for recovery will no longer be acceptable. Under the new bill people will generally be judged as being capable of undertaking other activities, perhaps training. In this bill there is also a change with regard to the carers pension, and that is the insistence that the person they are actually caring for is on the disability support pension. This in itself has its own risks.

In closing I want to look specifically at three key problems. Firstly, there are many jobs waiting to be done. If you read the Saturday employment section, you will find there are jobs and more jobs. They include nursing, teaching, environment repair, IT jobs, jobs in the restaurant and catering fields and a raft of other skilled jobs. Some of these employment fields may indeed be suitable for people with a disability. The training options under Newstart are not of a sufficient calibre and quality to qualify people for these types of vacancies, whereas currently while on DSP, as I said, they may access proper TAFE courses and attain university qualifications. A teacher shortage is certainly looming. It is possible through doing a university course part time that indeed a person with a disability may be able to eventually teach part time. That would not be an option if that person were forced off DSP.

This leads to the second problem, which is that the lower skilled jobs—by this I mean the sorts of jobs you can get with little or no training or the sort of training available under Newstart—are generally highly sought after and people with disabilities will have to compete with dozens, if not hundreds, of able-bodied workers for each vacancy. So
even though many people on the DSP are actively looking for work and indeed training—they want to work—they find their disability a severe impediment to finding a job through negative stereotyping about their disability, straight discrimination, lack of accessible workplaces or lack of accessible transport.

Thirdly, people must fulfil requirements under Newstart that are daunting for many people who do not have a disability. The breaching rates are punitive and extremely high. Most Australians accept that healthy people in receipt of government benefits should be giving something in return and making a real effort in finding a job. But I do not believe that we should be enforcing the level of penalties that we as a community are forcing on people who are already on inadequate incomes. Indeed, I do not believe that most Australians would support the thrust of this bill, which is basically making people who are in many instances very sick and people with disabilities jump through significant new hoops—indeed those very stringent hoops that are now required for the newstart allowance.

Most people on the DSP will struggle to fulfil the requirements of mutual obligation and face the very real possibility of being breached and losing their income support altogether. When you look at the detail of this bill, it just does not back up the government’s stated intention of wanting to ‘support the aspirations of people with disabilities’.

Senator MARSHALL (Victoria) (1.56 p.m.)—I rise to place my name on the record against the Family and Community Services Legislation Amendment (Disability Reform) Bill (No. 2) 2002 [No. 2]. If this bill were to successfully pass through the parliament, the much relied upon pensions of thousands of Australians with disabilities would be cut by around $60 a fortnight. Over 103,000 Australians would be affected by these changes, and those in receipt of the disability support pension, if and after such changes were to eventuate, would fall into two separate categories. There are around three million Australians who are identified as being plagued with differing disabilities. There are currently something like 650,000 Australians on the disability support pension.

The bill before us proposes to cut the support pensions of over 100,000 Australians with disabilities by around $60 a fortnight. These figures were provided during Senate estimates hearings last year. The proposal before us, which seeks to protect those receiving the DSP as at 1 July this year, creates a separate system for those who access the DSP after 1 July this year and will result in approximately 103,700 claimants for the DSP having their applications for the payment over the forward estimates period 2005-06 rejected. Many of these people will qualify for the lesser newstart allowance—an income reduction of $60.20 per fortnight. Some will qualify for other pension payments, and a small proportion of people will not qualify for a payment at all. The only specific and defined exception will be granted to those with permanent blindness. This bill would establish a two-tiered system that will create two classes of disability support pension recipients depending on when their claim was lodged.

The government has argued that the people who work in business services, also known as sheltered workshops, will be protected from any adverse effects of this law. However, the only protection afforded to those working in business services will be for those who were doing so before 1 July this year. All those who take up positions in business services after 1 July this year will have to do so on the newstart allowance, and...
with that pension comes the responsibility to seek a job.

Enshrined in this package is a two-tiered system, and it is totally inappropriate. Most of us envisage a society where everybody is rich in wealth and opportunity, a place where there is no poverty and where everybody is equally endowed with strength and health. However, we do recognise that this society simply does not exist. In fact, it is precisely because of this that many of us, including me, are in this chamber today.

There currently exist, and there will always be, those among us who are less fortunate than others in one way or another. Most often this is through no fault of one’s own, but it is precisely these people who require and deserve the care and help of wider society to ensure them a quality and rewarding existence. An egalitarian society rests upon the notion and existence of real, tangible social justice. Social justice itself is built upon a strong economy with the state committed to making socially just laws which protect and support the more vulnerable. You do not respect or achieve an egalitarian society by delivering cuts to people’s pensions.

The government’s rationale and justifications for these cuts are poor. Reasons have changed over time, but at the end of the day the government’s intentions are clear: they intend to blame the victim. Originally when the government introduced the disability reform package into the parliament, they argued that their reforms were about supporting people with disabilities in finding employment—a very admirable and acceptable notion.

Debate interrupted.

QUESTIONS WITHOUT NOTICE

Centrelink: Debt Recovery

Senator MARK BISHOP (2.00 p.m.)—My question is to the Minister for Family and Community Services, Senator Vanstone. Can the minister explain why the value of family payment debts referred to mercantile debt collector Dun and Bradstreet for the six months from 1 July 2002 to 31 January 2003 is three times higher than for the entire 2001-02 financial year? Can the minister explain why, on these estimates, there will have been a 400 per cent increase in the value of family payment debts put in the hands of the debt collectors Dun and Bradstreet in the space of a single year?

Senator VANSTONE—I thank the senator for partly indicating that he, at least, remembers the Hansard of the estimates committee, which he attended in February, at which he asked some questions about Dun and Bradstreet—unlike his colleague, the newly appointed shadow minister, Senator Collins, who yesterday was clearly asking questions on the basis of a piece of paper somebody had given her, and was completely and blindly unfamiliar with the question and with the facts. So it is a pleasure to come to you, Senator Bishop, in this context.

Senator, you would be aware from the answers given to you in estimates committees that these debts are not sold to Dun and Bradstreet. I do not know why you or someone else allowed Senator Collins to embarrass herself by making that mistake yesterday. I say that because you asked the question specifically on notice: have Centrelink debts been sold to debt collectors? You got an answer which simply said, ‘No.’ Knowing the answer to be no, why you allowed a colleague to ask that question and make a fool of herself, I do not know. I do not know why you did that. It seems to me not a real team way to play, but then you guys are a bit divided at the moment, so what would I expect other than that.

Opposition senators interjecting—
Senator VANSTONE—Senator Bishop is laughing. I am not sure that he is even interested in the answer. He does not really seem to care. He makes it clear, at estimates, that he is only asking questions because someone else has given them to him—that he is not really interested. But if he is interested, I will give him an answer.

The PRESIDENT—Senator Vanstone, ignore the interjections and address your remarks through the chair. Thank you.

Senator VANSTONE—Mr President, if the other side were interested in the answer, they would not be interjecting, would they? And they would not be disorderly.

The PRESIDENT—They are being very disorderly.

Senator VANSTONE—They are being disorderly. The simple answer is this: Centrelink works on the basis, with existing clients, of claiming overpayments back—that is, where a family has got more than another family in the same circumstances. That may be by way of people paying in cash and it may be by way of taking reduced payments against future entitlements. Of course, there are occasions when people no longer have future entitlements. In those cases it is much more likely that the overpayment—that is, the debt—will be referred to Dun and Bradstreet. That is the advice I have. The debts that are referred are the more difficult ones. The large part of that category are people who have moved off benefit and who therefore cannot pay it back out of future payments. But I will happily ask for some more advice on that.

Senator MARK BISHOP—Mr President, I ask a supplementary question, because I do not think the minister exactly answered the question. Can the minister confirm that the reason the government increasingly prefers to use private debt collectors to chase the victims of its flawed family payment system is because, unlike Centrelink, they can force families to sell assets or use high-interest credit cards to pay their debts.

Senator VANSTONE—Centrelink—and governments—have used debt collectors over a significant period of time. I do not know why Senator Bishop alleges that they are increasingly being used, compared to their use in the past. If the senator has advice on that, good luck to him. I do not see the basis for his question.

Political Parties: Donations

Senator BRANDIS (2.04 p.m.)—My question is directed to the Special Minister of State, Senator Abetz. Has the minister seen suggestions that the disclosure provisions of the Commonwealth Electoral Act can be defeated by the channelling of a cash donation of $9,880 through a so-called raffle? Is the minister aware of other Commonwealth legislation which such a cash transaction might have been designed to defeat?

Senator ABETZ—I thank Senator Brandis for his question. Yes, I have seen those suggestions. They are just another sad chapter in Labor’s sordid history of trying to get around their own funding and disclosure laws. Who can forget the Markson Sparks rort, where anonymous donors bid ridiculous amounts for Labor trinkets and the donors identities were hidden behind Max Markson’s company? While Labor tried to besmirch Mr Ruddock in the other place, those opposite sat on their hands, in guilty silence, knowing full well that Labor had previously accepted a sum of almost $10,000 from the same Mr Tan.

But let us look at the allegations as we know them. Firstly, the size of the donation—$9,880. As Senator Bolkus must accept, that is hardly telephone change. It is a substantial amount and it was paid by cash cheque at the specific request of Senator Bolkus. If it was going to be disclosed, why
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would he want a cash cheque and not one made out to be the ALP? Why was that particular amount—$9,880—chosen? Could it have been to circumvent the legal reporting requirement in the Financial Transaction Reports Act 1998 for all cash transactions over $10,000? Why would Mr Tan give Senator Bolkus a cheque which was written to avoid Labor’s own anti money laundering law?

The next question is: was it a donation or was it for raffle tickets? According to Senator Bolkus’s press release, it was for raffle tickets in Hindmarsh. It must have been a pretty good prize. This was certainly no chook raffle. Perhaps Senator Wong, who I am informed was deeply involved in the Hindmarsh campaign, can tell us more. But Senator Bolkus does know the truth. Was it really for a raffle? According to a witness at the meeting reported in today’s Sydney Morning Herald, Mr Tan had made it clear to Senator Bolkus that the money was for the ALP and he did not want to win the raffles. Tan said:

... if he won the prizes, whatever they were—
he did not even know what the prizes were—
... they should be raffled again ...

That is not a raffle, that is a donation—a $9,880 donation—and Labor failed to disclose that donation. And all this happened while in the other place various Labor MPs attacked the integrity of Mr Ruddock. Mr Ruddock did not seek to conceal anyone’s identity, but Labor did. According to reports in the Australian from the same eyewitness to the meeting:

Mr Tan said we would like to make a contribution but did not want our name to be published ...

Here is a Labor scam designed to circumvent the spirit and the letter of Labor’s own disclosure provisions in both the Electoral Act and the Financial Transactions Act. The question is: what does Mr Crean know about this Labor scam and, more importantly, what does he intend to do about it? With all of these rorts of Centenary House and Markson Sparks and the exposure of union slush funds run by Mr Crean’s good mate and factional backer and warrior, Mr Sword, who would trust Labor to run their raffles, let alone their country? (Time expired)

Centrelink: Debt Recovery

Senator DENMAN (2.09 p.m.)—My question is addressed to Senator Vanstone, the Minister for Family and Community Services. Can the minister confirm that, in addition to the mercantile agent Dun and Bradstreet being paid a commission for every dollar recovered from families with family payment debts, it has also received a fixed contract payment from Centrelink during the period 2000-02 of $3.23 million? Can the minister now detail the total amount paid to Dun and Bradstreet in both contract payments and commission on its debt recovery activities for Centrelink?

Senator VANSTONE—I have got verbal advice, which I will get in writing—I want to put the qualification on it that I have only been given this advice verbally—that it was in fact not this government but the previous government that shifted to the process of using debt collectors in the social security area. Just in case that is wrong, I will put a qualification on it that I will get it in writing for you to confirm that this is a pretty standard practice. Let me also confirm for you what I said to Senator Bishop. Of course, when some people—

Senator Chris Evans—Why don’t you just answer the question?

Senator VANSTONE—Senator, if you were not interrupting and looking like you had a headache, as you usually do, probably because you are confused, I would be able to answer the question. I have often had to say to you, ‘Are you confused or do you just have a headache?’

CHAMBER
The PRESIDENT—Order! Shouting across the chamber is disorderly. Minister, ignore the interjections, return to the question and address your remarks through the chair.

Senator VANSTONE—As I said to Senator Bishop and to the senator asking the question, sometimes debts become not cost efficient for a business or Centrelink to recover. Sometimes people who owe money move and we do not know where they are, so it is much better that someone else pursues that. And sometimes, of course, as I indicated to Senator Bishop, they have moved off payment so we cannot come to some arrangement to extract any overpayment out of future payments. In those combinations of circumstances and variations of that, matters are referred to Dun and Bradstreet. I do not have the details on the contracts that are made with Dun and Bradstreet, but I will get the senator an answer as to the amount. What I would ask is that if the Labor Party—were they ever to be returned to government—have a policy of never using debt collectors, they could announce that policy and I would be very pleased to hear it.

Senator DENMAN—Mr President, I ask a supplementary question. Minister, can you explain how the government monitors Dun and Bradstreet’s practices to ensure that families with family tax benefit debts are not visited by debt collectors before 7.30 a.m. or after 9 p.m. at night and are not embarrassed at their place of work or generally harassed or threatened?

Senator VANSTONE—What I can say in response to the senator’s question is that the contract with the mercantile agent includes privacy and security provisions approved by the Privacy Commission and complies with the ACCC guidelines on debt collection. To the extent that those guidelines cover the issues that you have raised, that is the appropriate answer.

Taxation: Family Payments

Senator LIGHTFOOT (2.13 p.m.)—My question is addressed to the Minister for Family and Community Services, Senator Vanstone. Will the minister inform the Senate how the Howard government has improved the financial wellbeing of Australian families?

Senator VANSTONE—This question should not be necessary. I am sure Australian families understand that they have something like $2 billion more in their pockets collectively than they did under the previous government and under previous arrangements. It is, of course, necessary because of the mischief created by my colleagues opposite, the misunderstandings by colleagues opposite and the deliberate or ignorant attempts to mislead perpetrated by colleagues opposite. We had an example yesterday of why this question needs to be asked. Senator Collins asked me yesterday whether I could:

... confirm Centrelink testimony at recent budget estimates hearings that its web site gave credit cards as a first option for the repayment of family payment debts and that call centre staff have encouraged families to pay debts using credit instead of taking reduced future payments?

That was the question from Senator Collins. The senator might be pleased that she has indulged herself at Commonwealth and taxpayers’ expense and had public servants checking the Hansard record just to see what she was referring to and whether there was some possible way she could have misunderstood.

When we check the Hansard record we find that Centrelink said during budget estimates not once, not twice, not three times but four times that paying by credit card is only one of the options for making repayments. Four times! How many more times does the
opposition need to be told during Senate estimates, at vast expense and with lots of public servants there to indulge the good senators, that that is but one option? Still we have a senator who is on that committee coming in and asking a question that has been answered four times only a few weeks ago. Perhaps the senator just does not listen.

Senator Jacinta Collins interjecting—

Senator VANSTONE—Equally, it is important to point out that the senator was told that the credit card option is in fact not a good one for Centrelink, because of the merchant fees that have to be paid, and that is clear from the budget estimates Hansard. It is clear that the credit card is not our preferred method and it is also clear that the Internet site shows payment by credit card as one of a number of options.

Senator Jacinta Collins interjecting—

The PRESIDENT—Senator Collins!

Senator VANSTONE—It is very clear that the senator had not read the Hansard, was not concentrating—

Senator Jacinta Collins interjecting—

The PRESIDENT—Order! Senator Collins!

Senator VANSTONE—and was probably doing what she normally does during estimates, which is play cards on her computer.

Senator Jacinta Collins interjecting—

The PRESIDENT—Senator Collins, you might have been promoted to the front bench but you should respect the chair when I ask you to stop interjecting.

Senator VANSTONE—Equally, the senator asked a question in here yesterday which had been asked and answered at estimates at February. The senator got it wrong—she had not even read the answers that were given. I congratulate the senator on getting some portfolio—we are not sure which yet—but she will have to do better than read out someone else’s answers.

The bottom line is that there is $2 billion more for families after tax cuts of $12 billion to all Australians. This has been achieved through the new tax system. The family tax benefit pays more families more money than ever before in Australia’s history. The average family receives $4,500 in family tax benefit per annum. It is reconciled at the end of the year if they are paid in advance—those who need a top-up get it and those who have had an overpayment have to pay it back.

Centrelink: Information Technology

Senator GEORGE CAMPBELL (2.17 p.m.)—My question is addressed to Senator Vanstone, Minister for Family and Community Services. Can the minister explain why staff at Centrelink are being forced to work overtime, including on weekends, and are constantly being required to re-enter data because the new Job Network IT system is unstable? Can the minister confirm that these IT problems have resulted in a 20 per cent decline in referrals of Centrelink clients to the Job Network? Why isn’t the minister taking serious action to ensure the unemployed get the help that they need?

Senator VANSTONE—I thank the senator for his question; it gives me the opportunity to remind senators yet again of what fabulous staffing arrangements we have in Centrelink and what a tremendous job those people do in serving Australians near and far with some 2,000 offices or Centrelink agents and a much better system than we had under the previous government. No longer do people who are in need and who are getting some welfare—getting help from the rest of us—have to queue up and get treated like they are cheats. In fact, they can go into a Centrelink office and go to the appropriate area. They can go to the disability section,
the family section or the section for people looking for work.

Senator Campbell, you identified in your question that there are some difficulties in the roll-out of some new IT for the Job Network. That should have given you the hint that, to the extent that there are any problems in the roll-out in the IT network for the Job Network, that is a question that should be addressed to the minister responsible for the Job Network, not me.

Senator GEORGE CAMPBELL—I ask a supplementary question, Mr President. Minister, I did draw attention to the fact that there has been a decline in referrals from Centrelink clients, which I understand you do have responsibility for. Minister, isn’t it a fact that the problematic IT system is having a very negative impact on other programs in the Australians Working Together package that rely on Centrelink for referrals, such as the personal support program? What action is the minister taking to discharge her responsibility to ensure that her portfolio’s clients receive the very best support possible when seeking a job?

Senator VANSTONE—Yet again, Senator Campbell, you invite me to remind you of what a tremendous job Centrelink do. From the counter staff at the point of entry, if you like, who deal with customers on a day-to-day basis, right up to the head of Centrelink, Sue Vardon, they do a tremendous job. Centrelink staff are putting in extra hours to cope with some IT roll-out difficulties in the Job Network. They are doing work-arounds where there is an IT difficulty. But you can be sure of this: irrespective of the cause of any difficulty, you can rely on Centrelink to bend over backwards, do work-arounds and do whatever they can to make sure that the customers are not disadvantaged. I can assure you that that is what Centrelink are doing.

Australian Broadcasting Corporation: NewsRadio

Senator CHERRY (2.21 p.m.)—My question is addressed to the Minister for Communications, Information Technology and the Arts. It refers to his press release of last Friday which confirms the government will extend ABC NewsRadio coverage to regional Australia. My question is: what is wrong with Triple J? Is he aware that the ABC gave higher priority to rolling out Triple J to regional Australia than NewsRadio because it has three times the ratings? Is he aware that two-thirds of ABC radio’s under 40s audience listen to Triple J? What has this government got against Triple J and the 1.2 million Australians who currently cannot get it?

Senator ALSTON—Senator Cherry seems to think that cross-media is a popularity contest; it is not. It is actually a very serious issue concerned with ensuring that people have access to an adequate diversity of news and current affairs programs. That is why NewsRadio is actually very important. The fact is that you will not learn quite as much from Triple J—much as you might have your ear glued to it from dawn to dusk—in terms of quality news and current affairs than you would if you took the trouble to listen to NewsRadio, even just once. If you did that, you might find that NewsRadio is a bit more focused on the real issues. NewsRadio provides a unique opportunity to give you access to news without the spin, dare I say, in many instances. So it is a very high-quality source of news and information. That is what the cross-media debate is all about; it is not a mindless numbers game and it is not a popularity contest.

Senator Faulkner—NewsRadio gave you a good run at some stage, did they?
Senator ALSTON—No, I do not think so. I seem to get a fairly consistent run across the ABC.

The PRESIDENT—Order! Minister, ignore the interjections. Return to the question and address your remarks through the chair.

Senator ALSTON—I was reminded how the level of sledging in the West Indies rose markedly when the calypso twins were there, and I was very pleased that they cut short their tour of duty and returned home. The players actually performed a lot better, and I think you will probably find that those in the Caribbean were particularly grateful for your departure. To return to this very important issue, Senator Cherry actually put out a press release saying that Classic FM was also very important. Whether it is an ABC priority for funding or not, the issue is news and current affairs—diversity of opinion. You might learn a bit from listening to Classic FM as well. You certainly get some interesting interviews on it from time to time, but I do not think you would really regard it as serious, mainstream news content. So go back to square one and have a good, hard look at what the cross-media debate is all about. It is not about ABC priorities or what you think are the most popular programs; it is actually about ensuring that the viewers and listeners of Australia get access to the widest possible range of news and current affairs programs—and that is NewsRadio, not Classic FM or even Triple J.

Senator CHERRY—Mr President, I ask a supplementary question. The minister might not be aware that, according to the 2001 survey by the Australian Broadcasting Authority of sources of news and current affairs, Triple J is the second most relied upon radio station in Australia. Given that young people are relying on this source of information on news and current affairs, and two-thirds of people under the age of 40 rely on it for news and current affairs, why is this government denying it to 1.2 million Australians who want to listen to this type of viewpoint?

Senator ALSTON—I do not actually have the statistics at my fingertips, but I think you will find that the coverage of Triple J is much greater than the coverage of NewsRadio. That is part of the problem here. We are talking about the cost of rolling out infrastructure and transmission facilities. If you take the view that NewsRadio is actually a high-quality source of news and information, that is where you focus your attention. I think you will find that the great bulk of the population already have access to Triple J. You can recycle what you say in your press releases. I am sure someone reads them. You could take Triple J as the highlight and treat that as your source of news for the day, and away you go. But I think you will find that the great bulk of Australians already have access to Triple J. You cannot say the same for NewsRadio—and that is where the priority ought to be.

Medicare: Bulk-Billing

Senator STEPHENS (2:25 p.m.)—My question is to Senator Patterson, the Minister for Health and Ageing. What is the current average out-of-pocket cost to see a GP who does not bulk-bill? Can the minister inform the Senate what the average out-of-pocket cost of seeing a GP was seven years ago when the Howard government came to office and what it was when she took over the Health and Ageing portfolio 18 months ago? Can the minister explain why the cost of seeing a GP has increased so much since the Howard government came to office and since she became the minister?

Senator PATTERSON—Yesterday, after Senator Stephens asked a question about access to bulk-billing doctors on the mid North Coast, somebody who had heard question
time on the radio rang my office and said, ‘That statement from Senator Stephens was untrue. I can get a bulk-billing doctor.’ I thought you might be interested in hearing that feedback I received in my office about the question that Senator Stephens asked. It was an interesting piece of information.

With respect to out-of-pocket expenses charged by doctors, I do not have the exact figures here—they may be in the folder here; it is a question that Senator Stephens may have asked in estimates—but the increase in out-of-pocket expenses has not been significant. If you take into account inflation rates, interest rates and all sorts of other things, you see that it has been a moderate increase. But we cannot actually stop doctors from charging a gap.

Senator Knowles—And nor could Labor.

Senator Patterson—Thank you, Senator Knowles—nor could Labor. The thing is that where there are fewer doctors you get the larger gap. Work force issues do not get changed overnight. As I have said over and over again—and I will continue to repeat this—we inherited a maldistribution of general practitioners. There were too many in the city, where you get bulk-billing rates of 82 per cent and 90 per cent of visits to doctors are bulk-billed, where you get no gap. Where you get fewer doctors—and under Labor we were seeing fewer and fewer doctors in rural areas and fewer and fewer doctors in outer metropolitan areas—you get a reduction in bulk-billing and an increase in gap payments. It takes a long while to turn that around. Everyone here knows that it takes five or six years for a doctor to train in medical school, two years at least as an intern in a hospital and three years as a general practitioner in specialist training. So it takes 11 years to turn around those issues. We have put in place a large number of programs to get doctors into areas where we need them.

We have put $562 million into rural areas and over the last year we saw a 4.7 per cent increase in the estimated number of full-time doctors going back into rural areas. This was the first time we began to see a turn around.

My colleagues who live in rural areas tell me that they are beginning to see the effect of those programs on the ground through people being able to go to doctors. The other thing that we have done is put in place after-hours services in a large number of areas. That has taken a huge amount of pressure off doctors. It has enabled them to continue working and not have to be up all night. Patients who ring in the night are either triaged by a nurse or by a doctor before they are allocated a visit by a general practitioner. All of these things have been put in place to ensure that we keep as many doctors as we can in areas where we need them to actually improve access.

The Labor Party seem fixated on funding issues; we are focused on access and fairness. The Labor Party also refuse to accept that there was inequity in bulk-billing under Labor and that there are people on very low incomes, particularly those on health care cards, who have never been bulk-billed. We have put together an integrated package to ensure that people on low incomes have a higher likelihood of being bulk-billed. We have increased the number of doctors, which will actually have an effect on bulk-billing rates. We will have 150 new registrars on the ground next year and 234 more medical students. At the request of the health ministers, who indicated that we needed more doctors immediately, we have changed with the assistance of Mr Ruddock the migration regulations to enable students from overseas studying here to continue working in our hospitals. They are the things we have done. We have focused on access and on the work force, not just on funding.
Senator STEPHENS—Mr President, I ask a supplementary question. I am disappointed that the Minister for Health and Ageing was not actually able to provide that detail. Perhaps the minister can confirm that the average out-of-pocket cost for seeing a GP who does not bulk-bill is now $13.05. Can the minister also confirm that the average out-of-pocket cost for seeing a GP has increased by more than 55 per cent since the election of the Howard government seven years ago and by 13.4 per cent in the short time that she has been the minister? Isn’t it the case that, under the government’s Medicare plans, Australians will be expected to pay more for the cost of their own health care and that the cost of seeing a GP for families will rise even more?

Senator PATTERSON—What I can actually tell Senator Stephens is that those people who pay a gap—and we cannot control what doctors will charge—do not want to have to go to a Medicare office to get their rebate. If you go into a Medicare office and talk to people who have been to a general practitioner, many of them say, ‘I don’t mind paying the gap, but I do object to coming down here to the Medicare office and I do object to having to wait to get my rebate back.’ Labor has a package, which is unfunded. I do not know where it is going to get $1 billion from—maybe they are going to increase the Medicare levy or fiddle with the 30 per cent rebate for those people on private health insurance—to fund a program which will not deliver bulk-billing at the rate of 80 per cent in the city, 70 per cent in the country and 75 per cent in outer metropolitan areas. A program which treats people in the country as second-class citizens is the sort of program it is promoting.

Environment: Salinity and Water Quality

Senator LEES (2.32 p.m.)—I direct my question to the Minister representing the Prime Minister, Senator Hill. I ask the minister whether he agrees that the National Action Plan for Salinity and Water Quality, established with great fanfare back in the year 2000, still holds well over $1 billion of the $1.4 billion set aside for the initiative? Is the minister aware that the plan has already identified and prioritised areas requiring the most urgent action across Australia? Can the minister explain then why so little of the money has been spent? What is preventing the government from immediately dispensing funds to address what can only be described as a national emergency in the Murray-Darling Basin?

Senator HILL—The national action plan did not just cover the Murray-Darling Basin. It was a selection of basins under particular stress as agreed between the Commonwealth and all of the states. It did provide a large sum of money. I hesitated because most of the money was put up by the Commonwealth, but there was to be a contribution from the states, to address the issues in those basins. That required the Commonwealth and the states to agree as to how that in fact was to be implemented. We here might think that that should be a simple process, but apparently it has been extremely difficult to get the Commonwealth and the states to agree. I think that Western Australia still has not agreed. If it has, it has only been within the last few weeks. States signing up is only the first step. Once they have signed the agreement, to actually get them to apply the money as intended is also extremely difficult. One finds that the Commonwealth money tends to be used to pay for state responsibilities and state bureaucrats and the like. Unless great effort is put in, it simply does not become additional money being utilised against the environmental task that confronts us. So it has not been an easy process to set up this cooperative arrangement between the states and to have it im-
implemented. The settling within the regions of the specific tasks and getting a sense of community ownership of the project, which is important to get a long-term benefit, are all tasks that do in fact take time.

Whereas I might be somewhat frustrated by the time it is taken, it is also important that the money is not spent until the government is confident that it is actually going to achieve the outcomes for which it has been appropriated. We have seen in relation to land management issues generally in Australia, because the constitutional responsibility is placed in the hands of the states but many within the community expect the Commonwealth to provide leadership, that actually applying that in practice is very difficult. Certainly the Commonwealth is committed to doing its part, to providing that leadership and to stimulating the states to provide some funding support; but, when it comes down to the bottom line, under our constitutional structure natural resource management is still primarily the responsibility of the states. Unless they are going to come to the party, it makes it very difficult.

**Senator LEES**—Mr President, I ask a supplementary question. For nearly three years now, this money has been set aside and it is still sitting there. Many priorities have been identified. Why is it that the Commonwealth is unable to act, independently? When it eventually does rain enough for there to actually be some run-off, does the minister agree that, rather than fill dams and irrigation channels, the river must be flushed and we must get water out into wetlands such as Chowilla in South Australia before all of the red gums are dead?

**Senator HILL**—In relation to the Murray-Darling system, apart from the stresses of the drought, the problems are, as I have said before, that too much water is being extracted, and it is being extracted under state issued licences. Too much of the water that is extracted is being used inefficiently. That requires the reform of a number of different processes and a lot of money to do it effectively. Additionally, through the management of the system in conjunction with that overextration, there has been a loss of environmental flows. So there is a need for more water to flow in the Murray. There is a need for more water to flow at the appropriate times in the Murray. The system at the moment is unsustainable and it does require a real cooperative effort. *(Time expired)*

**Medicare**

**Senator MARSHALL** *(2.37 p.m.)*—My question is to the Minister for Health and Ageing, Senator Patterson. I ask whether the minister can confirm that she has received an email from the manager of a general practice in Melbourne which states: In our large outer metropolitan Melbourne practice, the Government’s proposed package would without any doubt whatsoever result in a significant increase in the fees charged to non concessional patients. There is a glaringly obvious cost to offset for any potential ‘participating practice’ and I formally invite Senator Patterson ... to visit us at Westcare Medical Centre to discuss the matter.

Minister, how glaringly obvious does it have to be before the government accepts that its Medicare changes will result in higher costs for Australian families? Will the minister undertake to visit Westcare Medical Centre before she is reshuffled out of her portfolio?

**Senator PATTERSON**—At least I am on the frontbench, unlike the senator who asked the question.

**Senator Hill**—And in government.

**Senator PATTERSON**—And in government, thank you.

**Senator Vanstone**—And she has a portfolio too.
Senator PATTERSON—Unlike Senator Collins, I have a portfolio. The Australian public deserve and expect a robust debate on Medicare—of course they do—but they do not deserve to be misled; they do not deserve to be misinformed. We have had an example before of Senator Stephens asking a question and giving us dollar by dollar figures of the changes in out-of-pocket expenses. This is the sort of thing the Labor Party would do. But if you look at the percentage of out-of-pocket expenses—we have to get the facts on the record—you will see that out-of-pocket costs of GP services have risen by about $4 in the last six years under the coalition. Under Labor out-of-pocket expenses rose by over 11 per cent in six years and under the Howard government out-of-pocket expenses have risen around six per cent. So the percentage increase rate was much higher under Labor. But at the same time rebates for doctor services were increasing by nine per cent over the last six years of Labor government; under us they have increased by 24 per cent. When you add the incentive payments, about $18,000 per year per practice, it is much higher. So we are having increases in rebates and incentive payments and our increases in terms of out-of-pocket expenses have been increasing at a lower percentage rate than under Labor.

There have been some doctors’ groups and practices which say that, because they are now charging gaps, they will continue to do that and will not sign up to the package. I understand that. What I have said is that we are putting in place incentives to ensure that the vast majority of doctors will be better off if they sign up to the package. There will be some practices which charge gap payments. As I said before, we cannot control what doctors charge. There have always been practices under Labor and under us which have bulk-billed everyone, some practices which have bulk-billed no-one, some practices which bulk-bill some people, like pensioners, and other practices which bulk-bill all the people who have been coming for 10 years and do not bulk-bill their new patients. There are almost as many billing practices as there are doctors’ practices.

We hope to put in place incentives, if we get the Senate to agree to the package, for doctors to increase the likelihood that the vast majority will be better off if they bulk-bill at least—and some of them will choose to bulk-bill many more—their health care card holders. There will be some who will argue that they will not benefit because they are currently charging greater gaps than we are giving incentives for. But the vast majority of doctors will be better off.

In addition, we will have 150 new registrars in place. A practice needs to take into account as well that, if it is in an area of need, in an outer metropolitan area, it will attract a nurse—about $8,000. So we would see in a practice with about three or four doctors a quite substantial contribution from a practice nurse. Each practice nurse is estimated to take about a 0.5 load off a doctor. The Labor Party does not care about access. It does not care about locating doctors where we need them. It left us with a maldistribution of doctors with far too few doctors in rural areas and far too many in city areas.

Senator MARSHALL—Mr President, I ask a supplementary question. Minister, isn’t the government’s proposal to introduce private health insurance to cover the cost of increased GP charges an admission that bulk-billing will come to an end for Australian families and their out-of-pocket costs will rise? What guarantee does the minister give that the new private health insurance premiums for GPs’ expenses will not rise in the same way that hospital premiums have—a 7.4 per cent increase this year on top of a 6.9 per cent increase last year? Why does the
government want Australians to pay three times for their health care: once through their taxes in the Medicare levy, once through higher gap payments when they go to see a doctor and now through private health insurance for out-of-hospital costs?

**Senator PATTERSON**—Senator Marshall has again misled the Australian public about the package. The package is not about insuring against GP gaps. It is about those people, particularly families, who in a year, because either they or their children may have unexpected illness, will face unpredictable expenses. I think it is on average $3,000 for the people who reach over $1,000 of out-of-pocket, out-of-hospital expenses. The issue I as health minister am concerned about is that there is absolutely no way to predict what those out-of-pocket, out-of-hospital expenses will be. Many people can say, ‘I can manage $1,000,’ because we will have a new safety net for people on health care cards if the package gets through the Senate. Once they reach $500, they will pay only 20c in the dollar of any bill. But those people who can insure against losing their salary, who can insure against their house burning down, who can insure against their car being damaged cannot insure for unexpected out-of-pocket hospital expenses. That is what we are doing. It is not about GP gaps. (Time expired)

**Health: More Doctors for Outer Metropolitan Areas Program**

**Senator TIERNEY** (2.44 p.m.)—My question is also to the Minister for Health and Ageing, Senator Patterson. Will the minister update the Senate on the progress of the Howard government’s successful More Doctors for Outer Metropolitan Areas program? Will the minister also update the Senate on a recent announcement related to this program, and is she aware of any alternative policies?

**Senator PATTERSON**—I appreciate the question, Senator Tierney. I will reiterate—and I will keep saying it again and again and again—that we inherited from the Labor Party an absolutely appalling maldistribution of general practitioners. To change around those work force issues has required enormous investment of funds—$562 million to get doctors into rural areas, and in the election we promised an $80 million program to get doctors into outer metropolitan areas, to move 150 doctors from inner metropolitan areas to outer metropolitan areas. That program has begun to be rolled out as of 1 January this year, and we already have 75 doctors who have committed to moving into outer metropolitan areas or who have moved. There are about another 30 in the pipeline.

As we were working on this program, I was aware that there were areas of need, of consideration—because of low socioeconomic status or because of high aged population or because of some geographical difficulty in terms of identifying that area of need—that could also benefit from an incentive to get doctors into them. We have seen $30,000 if a doctor moves to a new practice and $20,000 if a doctor moves into an existing practice as sufficient to get doctors to move from inner areas, where we inherited an oversupply of doctors, to outer metropolitan areas, where patients are saying that they want access to doctors. They were neglected by the Labor Party in rural and outer metropolitan areas, and we are moving these incentives to get doctors there.

Because it has been successful, because we have actually identified some other areas of need, I have announced the extension of that program till the end of December this year so doctors who wish to move from an inner metropolitan area to an outer metropolitan area can do so. We are also prepared for that incentive to apply in areas that are still classified as inner metropolitan but
which verge on the edge of an outer metropolitan area where they have shortages of doctors.

It is part of a whole program to improve the fairness of and access to Medicare. Just talking about funding, just talking about bulk-billing, does not actually get at the real problem of ensuring that we have doctors where we need them so people have access to them. That is critical. It also affects bulk-billing and, as I said before, we have inherited a maldistribution of doctors, where there were just far too many in metropolitan Melbourne. I was sitting and thinking only last night about how many doctors work within a stone’s throw of my home and how many of those bulk-bill because there are far too many of them located in one area. We need to get a reasonable distribution of doctors across Australia—in cities, in outer metropolitan areas, in rural and remote communities. This is part of that package. It is going ahead of schedule. As I said, we have 75 doctors already for a program in which we thought it would take us four years to get 150 doctors. So it is very successful. I thank those doctors who have agreed to move. I look forward to seeing more applications.

Telstra: Services

Senator LUNDY (2.47 p.m.)—My question is to Senator Alston, the Minister for Communications, Information Technology and the Arts. Is the minister aware of numerous cases of telecommunications consumers who have been refused connection to a Telstra broadband service when applying through a competitor but were later successful when applying directly through Telstra’s retail arm, which offers a more expensive service? Is the minister also aware that, after one of these consumers, Mr Steve Mann, made his case public, Telstra visited his home and threatened to disconnect his new broadband service? Will the minister examine this case to ensure that Mr Mann gets to keep his service through the provider of his choice? What steps will the minister take to ensure that Telstra does not use these kinds of tactics to intimidate its customers?

Senator ALSTON—It goes without saying that we do not condone standover tactics or any other examples—

Opposition senators interjecting—

Senator ALSTON—We actually approach quite a number of issues with an open mind. It is a great tragedy that you do not find that on the other side. You get the call from the Trades and Labour Council—‘Just say no’—and that is what you do. It happens time and again. It is not a very good way of making policy and that is why you have not got any policies. How can you get out there and say, ‘We just say no for a living’? It does not really resonate with the voters and it is a serious problem, given that Mr Crean won the ballot on the basis that he was the superior policy candidate. I can understand your problems. But just let me say to you: you should not assume, just because you are told about matters that you think might suit your political convenience in relation to Telstra—

Opposition senators interjecting—

Senator ALSTON—Can I just make it plain: we have a Telstra policy; Labor have an anti-Telstra policy—or, to be more precise, they have a ‘Get Telstra’ policy. The outlines of it have been released by Mr Tanner. It is essentially that you would bind Telstra hand and foot.

Senator Lundy—Mr President, I rise on a point of order that goes to relevance. I asked a specific question about a specific case and I am waiting for an answer.

The PRESIDENT—Senator Lundy, the minister has 2½ minutes yet to finish his answer and I have heard him talk about Telstra at least twice.
Senator ALSTON—I can do it again. I can do it indefinitely. The other thing that maybe Senator Lundy is advertting to, although she might not realise it, is our accounting separation regime, which gives you the ability to determine whether Telstra is treating—

Senator Conroy interjecting—

Senator ALSTON—You understand it, but you disagree with it, do you? All right, I will look forward to your revised policy when you assume responsibility for this portfolio, Senator Conroy. That is actually a very important mechanism for ensuring that third-party service providers and others are getting fair and proper access to Telstra’s network. We certainly support an access regime that is fast and effective and transparent, and if there are problems in that regard we are happy to look at them. As I have said, we do not for a moment condone any behaviour that you describe as punishing people or anything else, but we certainly understand that Telstra inevitably—because of their size, apart from anything else—will get a number of complaints. But in the scheme of things the trick is to try and respond to those as quickly as possible. They will not always be able to resolve every issue raised by a Labor senator at the flick of a switch, but I would hope that they would do their very best.

Opposition senators interjecting—

Senator ALSTON—You are waiting to move to health, did you say? Fair enough, I suppose. It is about time for a change. It might be good for you.

Senator LUNDY—Mr President, I ask a supplementary question. The minister claims he does not condone the behaviour, but does the minister agree that Telstra’s tactic of refusing to provide a broadband service to certain customers unless they apply through Telstra can impact negatively on small businesses who are seeking to sell broadband services to Australians? Does the minister agree, therefore, that these actions constitute one more example of how Telstra is anti-competitive in the broadband market?

Senator ALSTON—Senator Lundy is assuming that all these complaints are valid; therefore, it suits her anti-Telstra agenda. I am more than happy to look into the complaints to see if there are problems, and if there are we will obviously take whatever action is appropriate. But, Senator Lundy, you should not take these things at face value and, therefore, you should not jump to conclusions that we need a new and effective access regime. The only policy the Labor Party has come up with so far is structural separation, and that lasted about five minutes. We set up a committee and, just as it was about to start hearing, what happened? Poor old Mr Tanner had to go out there and front the media, the biggest mea culpa in history, and pull the pin on it. It really is just not good enough. We are more than happy to have a sensible discussion about access regimes and the way in which Telstra treats customers who want broadband services. I will have a good hard look at Senator Lundy’s complaints and see what we can do.

Defence: Depleted Uranium

Senator ALLISON (2.53 p.m.)—My question is for the Minister for Defence and Minister representing the Minister for Foreign Affairs. Can the minister confirm that Australia stopped using depleted uranium in its munitions back in 1990 for health and safety reasons? If so, why did he imply yesterday that they were safe? Is it not the case that DU is radioactive for 4.5 billion years, making DU armaments much more dangerous than cluster bombs, which we have said we will not sup-
port? Why isn’t Australia calling for a worldwide ban on DU weapons?

Senator HILL—I have answered a number of questions on this subject in the Senate and at the estimates committee hearings. The answers I have given in the past are that Australia gave up using DU because other alternatives existed that suited our purposes. Obviously Britain and the United States, and perhaps others, do not agree with that assessment. They still believe that DU is the most appropriate material to use in certain munitions.

In relation to the claim that within the soil there may be some residual consequences for a long period of time, I do not know the answer to that. As I recall it, the previous briefings suggested that there would be very little long-term consequence, that there would be very little residual uranium. As far as I can recall, I think it was even suggested that it would probably be little more than the natural background. But I will go back to the scientists and get some more information for the honourable senator on that particular matter.

As to why we are not supporting the use of cluster bombs but are supporting DU, I would not put it quite in those terms. We have been concerned about cluster bombs because they incidentally can have similar consequences to landmines—that is, that part of the cluster that does not explode can have inadvertent detrimental consequences to children picking up those parts of the munition. It is our opposition to antipersonnel landmines and the similarity of certain of the consequences of cluster bombs that has drawn us to the conclusion that we have. In relation to DU used by our allies we have said that, if they believe it is the most appropriate element to use in their particular munitions in certain circumstances, we do not think it is appropriate for us to press a different view upon them.

Senator ALLISON—Mr President, I ask a supplementary question. Minister, you might check the Hansard for what Air Commodore Austin said in February this year during estimates, when he indicated health and safety to be the reason. If DU armaments are safe, how does the minister explain the fact that almost a quarter of the 580,000 US troops sent to the Gulf War are now labelled as permanently disabled and that another 8,000 troops are already dead? Are you aware that the US Army training manual requires anyone who comes within 25 metres of DU contaminated equipment to wear respiratory and skin protection? According to Dr Rokke, the vast majority of US armaments used in the two gulf wars were packed with DU. Were our troops protected? Were our embedded journalists protected? Why is it that we will not know where DU was used until the US decides to tell us?

Senator HILL—that sounds very alarmist to me. I have seen no suggestion that US casualties have been associated with the use of depleted uranium within certain munitions.

Senator Faulkner—Where do those figures come from?

Senator HILL—I have no idea where those figures come from but they sound very alarmist to me, which is sometimes the way the Democrats do their business.

Senator Ian Macdonald—It was on AM.

Senator HILL—Oh, it was on the ABC, was it! I should have known it would be on the ABC. In relation to Australian forces, as I have said in previous answers, we do not believe that they were serving in the vicinity of munitions utilised that use DU.
Health: National Hepatitis C Strategy

Senator WONG (2.58 p.m.)—My question is to Senator Patterson, the Minister for Health and Ageing. Can the minister confirm that she received the report of the review of the National Hepatitis C Strategy in November 2002, eight months ago, a report that is highly critical of the government’s failure to properly implement the national hepatitis strategy? Given that a quarter of a million Australians are living with hepatitis C, can the minister confirm that an additional 10,000 people have become infected while the minister has been sitting on this report? Why is the minister afraid to release this report for public scrutiny? Will the minister guarantee to release this report before she is reshuffled out of the health portfolio?

Senator PATTERSON—Ho, ho, ho! Let me say that we have a HIV-AIDS and hep C strategy. We are the government that introduced a hepatitis C strategy; Labor did not. If you talk to people who work particularly in the area of hepatitis C, they say that the infection rate goes back as far as the Vietnam War. It is an issue that has been with us in Australia for a very long time. We introduced a hep C strategy—unlike Labor, who sat on their hands and did nothing—which goes until the end of June 2004.

In advance of that new strategy coming on board for both HIV and hep C, we called for a review across the board of HIV, sexually transmitted diseases and hep C. That report came to me in November. I looked at it over Christmas. There are some issues with which we do not agree, yes. But at the moment we are restructuring the ANCAHRD board, and that is taking me some time to do. Hopefully, I will be able to make some announcements in the very near future about that board—an overarching board with an HIV committee, a hep C committee and a committee that looks at sexually transmitted diseases in Aboriginal communities.

This report will be used to inform the next strategy. We asked for it early, so we would have time to use the information—some of which we will agree with and some of which we will not agree with—to inform the next strategy. It was doing something ahead of time. We do something ahead of time to inform a new strategy and we get criticised because we have not acted on it immediately! I wanted to ensure that we had that review and that we looked at that information and, as I said, we will accept some of it but maybe not all of it. The overarching report, different from the individual reports, will inform the new committee in driving it forward, in expanding on the work that we did, particularly in introducing a strategy for hepatitis C.

Senator WONG—Mr President, I ask a supplementary question. I note that the minister confirmed in her answer that she also received the report of the review of the National HIV-AIDS Strategy in November last year—eight months ago. Can the minister confirm that HIV-AIDS infections are again on the rise after years of decline? Why is the minister afraid to release this report for public scrutiny? Will the minister guarantee to release this report as well—again, before she is reshuffled out of the health portfolio?

Senator PATTERSON—Ho, ho, ho again—very funny!

Honourable senators interjecting—

Senator PATTERSON—Selling raffle tickets for $10,000? It must have been a very large chook or a rooster they were raffling—it must have been Senator Conroy!

Honourable senators interjecting—

The PRESIDENT—Order! Both sides of the chamber will come to order.
Senator PATTERSON—The HIV report was part of an overall review of the strategy that will start in 2004. It was a review to inform the new strategy. Of course we are concerned about increases in HIV, and my officers have been working on it in the state particularly where it has increased and in the Northern Territory. We have not been sitting on our hands. We have been working with the states to look at what we can do to address that. Also, we ought to be concerned about chlamydia. When a woman gets chlamydia—which has increased by a factor of three—she has a very high likelihood of being infertile. (Time expired)

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

QUESTIONS WITHOUT NOTICE: ADDITIONAL ANSWERS

Environment: Paradise Dam

Senator HILL (South Australia—Minister for Defence) (3.03 p.m.)—Yesterday Senator Bartlett asked me a question, in my capacity as Minister representing the Minister for the Environment and Heritage, regarding the Burnett River Paradise dam, and I seek leave to incorporate the answer in Hansard.

Leave granted.

The answer read as follows—

Senator Bartlett asked the Minister representing the Minister for the Environment and Heritage, without notice, on 23 June 2003:

(1) (a) Can the Minister confirm that earlier this year he gave approval to the Burnett River Paradise Dam? (b) Can he confirm that the approval was conditional on management plans being prepared for listed migratory species and for endangered vegetation? (c) Given construction has started has a plan been submitted and if so can it be tabled?

(2) (a) Can the Minister confirm that the Burnett is one of the top 10 rivers in terms of its impact on reef quality targets? (b) Why did the Minister not require Burnett to comply with terms of the agreement or implement the plan?

Senator Hill—The Minister for the Environment and Heritage has provided the following answer to the honourable senator’s question:

(1) (a) The Burnett River Dam was approved on 25 January 2002.

(b) The approval requires management plans to be submitted addressing impacts on listed migratory species and a listed threatened species, the Black-breasted Button Quail. No management plans are required for endangered vegetation, as the assessment of the proposal concluded that the proposal would not impact on Commonwealth listed threatened plants.

(c) Whilst construction of the main access roads to the proposed dam site has commenced, the dam is currently not under construction. Dam construction is currently scheduled to commence in November 2003. As a result, no plans have been submitted nor are currently required under the conditions of approval. The plan for listed migratory species is not required until 1 year prior to operation and the plan for the Black-breasted Button Quail must be approved before operation commences. Construction of the dam will take approximately 2½ years.

(2) (a) Yes.

(b) The plan for listed migratory species requires sufficient monitoring of water quality and environmental flows to determine whether the dam is impacting on the species, and measures to be taken if adverse impacts become apparent. The Minister will ensure that the approved plan has a commitment for implementation.
QUESTIONS WITHOUT NOTICE: TAKE NOTE OF ANSWERS

Answers to Questions

Senator LUNDY (Australian Capital Territory) (3.04 p.m.)—I move:

That the Senate take note of the answers given by the Minister for Communications, Information Technology and the Arts (Senator Alston) and the Minister for Family and Community Services (Senator Vanstone) to questions without notice asked today relating to communications and to family payment debts.

The element common to both of these answers is information technology. In the case of Senator Vanstone, we saw a quick pass back to the other place with respect to responsibility for IT problems in the Job Network. But I would like to focus my comments on Senator Alston’s performance with regard to broadband in Australia—another critical ICT matter. It is very well established now how important broadband services are to Australia’s economic and social future. We consistently see a very obvious reticence—indeed a paucity of activity—from the government to actually address these issues.

What we do have today is an article in the newspaper flagging a broadband response to the Estens inquiry. Although we are yet to see detail, it is the first time that the government, despite the Estens report and the Broadband Advisory Group report—which was provided back in January, nearly six months ago—have actually said something, or done something, about the issues. I will wait with interest to see what they will do, and I urge them to do that because, despite the minister’s protestations, which indeed reflect Telstra’s line—‘Is there really a problem?’—and imply that this was not in fact a genuine complaint, I believe there is a real problem and it is not just a one-off case. Evidence to my office from several consumers shows that
this is not the first time this has happened, and that indicates to me that this problem is systemic in Telstra’s handling of the wholesale and retail aspects of their ADSL broadband service. If this is the case, Telstra have a serious problem, and the minister is the person in a position to actually do something about it.

I think it is incredibly disappointing for consumers of broadband services in this country that the minister so pedantically insists on supporting Telstra, on taking Telstra’s side, on reflecting positively upon Telstra in this place and negatively upon consumers with complaints, as he did today, and in effect does absolutely nothing to solve these growing problems in the broadband market. I believe that the proposed inquiry into broadband matters will help shed some light on this. Most of all, it is a very sad and serious reflection on the government that complaints about broadband services are on the increase and the coalition has not been prepared or willing to do anything about it.

Senator KNOWLES (Western Australia) (3.09 p.m.)—Senator Lundy said that she was taking note of questions that had been answered by both Senator Alston and Senator Vanstone but she did not somehow find a way to Senator Vanstone, so I will, because I think that what we have heard from the Labor Party over the last few days and what has been reported in the press is yet again so misleading and so emotive. I am of course talking about the reference to using a mercantile agent to recover Commonwealth debts. The questions that were asked yesterday and today imply—and are meant to imply—that this is a new measure brought about by this government. They were also meant to imply that people on welfare were being chased by a mercantile agent. Both are incorrect. The practice of using a mercantile agent to recover Commonwealth debts was actually introduced by none other than the Labor government.

Senator Ferris—Fancy that!

Senator KNOWLES—Fancy that, yes! Why do they come in here and talk about a mercantile agent ‘now’ being used? The fact of the matter is that no-one who is currently receiving a Centrelink payment is being pursued by the agent. In addition, the contract with the mercantile agent includes privacy and security provisions that have been approved by the Privacy Commissioner and comply with ACCC guidelines on debt collection. If one were to listen to the Labor Party and, as I said, read the reports in the paper where the journalists have not even bothered to check history, one would believe that this was a new initiative. It is not—and this practice contains all these safety nets and provisions, which have been in place for quite some time. Most importantly, as I said, the practice was introduced by none other than the Labor government.

The mercantile agent Dun and Bradstreet recovers some of the overpayments under contract to Centrelink when it is no longer cost-effective for Centrelink to pursue them or where the debtor cannot be located. By virtue of the fact that all of these people are now no longer receiving Centrelink payments, Centrelink has no reason to know the address of the people who have incurred the debts. So I do not know what the Labor Party are suggesting. One can only presume they are suggesting that, firstly, somehow the person who has incurred the debt should not be pursued at all and that the rest of the taxpayers of Australia should just carry the can or, secondly, Centrelink should somehow know the address of everybody in Australia. How preposterous! How absolutely and utterly ridiculous!

But that is the state of play with the Labor Party now. Once again, this is an example of
the Labor Party, after seven years in opposition, not having put down one single solitary policy as an alternative to those of the government. At this stage in an opposition’s life, that is absolutely unprecedented. But if the Labor Party believe that their policy of using a debt collector is somehow wrong then I think it is now up to the Labor Party to explain to the people of Australia what they would do instead. Rather than do that, they come into this place and try to create a further furphy. Furthermore, the debt is not sold to the mercantile agent; the agent seeks to recover the debt on Centrelink’s behalf. I think that is an important component of this issue that is once again being wilfully and scurrilously misrepresented by the Labor Party. As I said, if they disagree with their own policy, which has been continued by this government, then it is up to them to explain the alternative.

(Time expired)

Senator CROSSIN (Northern Territory) (3.14 p.m.)—It is interesting to note, and the record will show, that after a minute and a half Senator Lundy raised a point of order in her question without notice. History will show that, even though the minister mentioned the word ‘Telstra’ only twice in that time, he failed to defend his record—or lack thereof, when it comes to being able to support any coordinated broadband policy of this government—and failed to defend what his government is trying to do about Telstra’s actions in its roll-out of broadband services.

Senator Alston, I noticed, accused the Labor Party of being anti-Telstra. That is not correct; it is far from the truth. Trying to bring a company to accountability and ensuring that it is competitive and offers the best services for its clients across the board is quite a different matter altogether. This is a minister who is anticonsumer, and who could not answer a question today from Senator Lundy about a particular instance of a customer accessing broadband services and pointed the finger at our party being anti-Telstra. Rather than trying to defend or justify the actions of Telstra, we have a minister who is anticonsumer and does not put the interests of the consumers up front when it comes to what Telstra is doing with broadband access.

Let us have a look at some of the statements from this minister. Just last Sunday, on Channel 10’s Meet the Press, he was asked about this. The minister has rejected the ACCC’s view that Telstra’s ownership of 50 per cent of Foxtel and its HFC cable network was anticompetitive. He said:

It is not as if Foxtel or Telstra have been caught red-handed engaged in some anticompetitive activity.

In fact, that is not entirely correct. Telstra’s actions in the broadband Internet market in recent times must have simply slipped the minister’s mind. There are widely reported allegations that Telstra has been turning customers away from ADSL broadband until they apply through Telstra BigPond, as was the case in Senator Lundy’s question to the minister.

Allegations were raised in Senate estimates that Telstra ignored the concerns of an ADSL reseller in Croydon, Victoria that was unable to provide its customers with a service for almost a month in April following Telstra’s upgrade, or so they said, of the exchange. Then there is the recent OECD report which found that Telstra deliberately manipulated broadband Internet uptake in Australia, through their ownership of both cable and copper networks, in response to the potential threat of competition.

So just about every player in Australia’s broadband Internet market seems to have a story about alleged anticompetitive conduct from Telstra, and now the ACCC has added its claim to these accusations. But we have a minister who refuses to accept that is the
case and who points the finger at consumers and criticises them. We have a minister who has an anticonsumer policy when it comes to access to Telstra.

We know that this afternoon before the Senate there will be a motion supporting an inquiry into broadband services. I understand that iPrimus, Hutchison Telecommunications and Macquarie Corporate Telecommunications have all urged the federal government’s support of the terms of reference. So what we have seen are industry and businesses across the board wanting to have a very good look at what is happening with broadband services. Why? Because they understand that there is a need to have good access to this service for their businesses. Health, education outcomes and a range of other services across this country would improve if broadband services were able to be obtained by people equitably across this country. But we have a minister who is not prepared to accept that there is a problem and that this needs close scrutiny, and indeed it needs to be inquired into. (Time expired)

Senator COLBECK (Tasmania) (3.19 p.m.)—Senator Lundy and Senator Crossin have complained that Telstra have rejected customer applications from their wholesale customers but then later connected them to BigPond ADSL. Neither of them make any mention of where applicants to Telstra’s BigPond have had ADSL services rejected on similar grounds but then have been successful at a later time in being connected to a service provider using Telstra’s wholesale ADSL service. They are quite prepared to put up an argument that suits what they are trying to get across to the Australian people, essentially misrepresenting the complete picture. But they do not make any mention of situations that might work the other way.

When connecting to ADSL there are several things that are generally accepted. One is that customers need to be less than 3.5 kilometres from their exchange to qualify for ADSL. Telstra, in circumstances where they receive an application, provide what they call a full service quality check. This check is performed via a database check and identifies technical factors, including distance from the exchange and the presence of incompatible products and technologies. It is performed using the same computerised service quality check system regardless of whether it is a Telstra wholesale or a Telstra BigPond application. Under those circumstances, given that the same process is used, how can one application be favoured over another?

Telstra has now introduced additional checking procedures on manual processing to remove any inadvertent errors that might occur. That is an area that the ACCC, as has been mentioned by previous speakers, are actually looking at. The ACCC obviously have extensive powers to do that, and I see no real issue with them undertaking that particular procedure.

Australia has seen significant improvements in the telecommunications industry in the last seven or so years of this government. We have seen advances to services in regional Australia, new services that have been developed and improvements in all sorts of telecommunications systems. I am aware that in my electorate Customs now receive mobile telephone services in areas where they did not receive them previously. Fishermen off the west coast of Tasmania now receive ADSL telephone services, which significantly improves the safety of their operations. Improvements to the telecommunications system have been due particularly to the sale of Telstra’s T1 and T2 tranches. The improvements that were put in place following the delivery of the Besley report have made life much safer, more secure and much better for the businesses of fishermen off the
west coast of Tasmania purely and simply because of the advances in the telecommunications system in this country. Australians can look forward to further improvements under the government’s announced proposals in response to Estens. As I have said, the past seven years have seen huge advances in telecommunications in this country, including a huge uptake in broadband, approaching 200 per cent in the past 12 months or so.

Senator Lundy mentioned that she would also take note of the answer from Senator—

Senator George Campbell—Vanstone.

Senator COLBECK—Vanstone; thank you. I appreciate your assistance and interjection in this instance. This government has an extremely proud economic record of economic management and assistance to families in this country, something that is rarely mentioned by the opposition, including things like lowest interest rates—(Time expired)

Senator GEORGE CAMPBELL (New South Wales) (3.24 p.m.)—In regard to Senator Vanstone’s answer to the question without notice I asked today, it is obvious from the minister’s answer that she has very little or no knowledge of what is happening in the Department of Family and Community Services, and of the impact the introduction of the new IT system for Job Network is having on her department’s capacity to deliver services to Centrelink clients. The department, at a series of estimates hearings, claimed that the new computer program for Job Network is a state-of-the-art IT system—it has all the bells and whistles that will ever be needed to effectively operate the Job Network system—and the outcome of that new IT system will be that, within minutes of pressing a button, every job seeker in this country will be able to be put in touch with people who are advertising job vacancies and will be transported into well-paying, permanent jobs within the Australian economy.

The government have consistently ridiculed the fact that there may be major problems or any problems at all associated with the introduction of this new IT system. However, the truth of the matter is that there are significant problems associated with its introduction. The new system will introduce massive system changes. It is a very significant system—over $15 million was spent on it last year alone. Something like 220 IT staff are working full time on the system within the department. The changes that are required are so extensive that virtually all of those staff are being compelled to work excessive overtime in an attempt to complete the changes prior to 1 July, when the system is supposed to be up and functioning.

The department are attempting to do too much. They are attempting to introduce extensive changes to how the Job Network operates after 1 July and implement massive infrastructure and software changes to the computer programs in the context of opening new sites as well as closing old sites; and they are attempting to do this according to a far too optimistic transition timetable. As a result we are seeing a system which is not stable and frequently does not operate as it should. It frequently shuts down because of problems within the system. It has very slow response times, it takes too long to do simple things—a bit like the minister herself takes too long to do simple things—and it does not contain sufficient features in order to service the needs of employers.

This technology is more bleeding edge than leading edge. That is one of the major problems with the system. The system has been designed by the department rather than by the people who have to actually do the work. This impacts on Centrelink’s ability to refer job seekers and causes Job Network
members to not get the anticipated flow of job seekers.

This government has a great record on implementing new IT systems—that has clearly been demonstrated by its outsourcing program—and it would appear once again that this government is behaving a bit like the Bourbons: it knows nothing, it has learnt nothing and it has forgotten nothing. It is very obvious that the minister fits very well into that scenario. That is where she feels most comfortable in dealing with these issues. When you talk to her about IT, I think she thinks it is a new form of food for her dogs rather than a system that helps get young Australians into jobs and connected with job opportunities. (Time expired)

Question agreed to.

**Defence: Depleted Uranium**

*Senator Allison (Victoria)* (3.29 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 Allison today relating to depleted uranium weapons.

The Minister for Defence today assured us, as he did yesterday, that the risks that were posed to our units and special forces in Iraq were low. He also scoffed at the fact that this week Dr Rokke from the US, who was an army major, a health physicist for many years and an expert on exposure of troops to toxic material, mentioned this on radio as if that is something that makes that not legitimate.

I strongly suggest that the minister or someone from his department actually meet with Dr Rokke while he is here. He is a very well-informed individual. I met with him on the weekend and was somewhat shocked and alarmed at what he had to say about the likely exposure of our troops in Iraq. He is sick, in fact, because he spent some time in the Middle East salvaging DU-contaminated tanks, among other things. He says that Iraq is a toxic wasteland and that this is the result of a long Gulf War and the most recent attack on Iraq by the US and the UK. He says that the United States blew up weapons of mass destruction in the 1990s—most of which, of course, were supplied by America to Iraq—and, in so doing, released nerve agents and biological and chemical weapons into the atmosphere which remain there today. He also says there are endemic diseases in the area and hazardous materials that have been released through the bombing of industrial sites. He says the oil fires, for instance, have left an enormous pall of contamination and that this affected troops while they were there and will affect them subsequently. He says that pesticides were used without much discretion and that, all in all, it is not a safe place for either Iraqis or our troops to have been.

On the question of DU, he says that pretty much every armament that was used in the Middle East had high concentrations of depleted uranium. He showed me documents that demonstrated what I had only heard anecdotally, which is that the US regards DU as a very handy substance. Not only is it very heavy and very useful for penetrating hard surfaces but also it has allowed the US to get rid of a lot of very difficult intractable waste. In fact, 100 grams of uranium-328 produces 99.2 grams of depleted uranium and just 0.6 grams of usable uranium. So there is an enormous quantity to be gotten rid of. He says that it is in cruise missiles, landmines and ballast used for aircraft. He says that 15,000 rounds of DU-armaments—in just one form of armament—were used during the Gulf War. They each had four kilograms. So an enormous quantity of depleted uranium has been dispersed. I do not think we can say that it goes onto the ground and just disappears for all time, as Senator Hill suggested today. That is a nonsensical notion,
because we know that it hangs around for 4.5 billion years and that in a very dusty, dry sandstorm prone area, such as so much of the Middle East is, this will quickly be lifted into the atmosphere and will be inhaled and contaminate skin. So not only is it a problem for our troops; it is also a problem for people who have to live there.

On the ABC this morning, Dr Rokke said that there had been:
... extensive use of uranium munitions by the US and British forces.

His concern was:
... that any individual who has been exposed to this toxic wasteland receives the optimal medical care that they’re due. In the case for Australian troops, although there’s no indication that Australian troops did use uranium munitions in this war, they were still involved in the combat and the conflict area where uranium munitions were used and where all these other toxic materials were released.

He told the ABC reporter that tens of thousands of American soldiers who took part in the Gulf War are now seeking medical treatment and compensation for illnesses such as cancer, kidney and liver damage and respiratory ailments. The minister scoffed at the figures that I used. *(Time expired)*

Question agreed to.

TEMPORARY CHAIRMEN OF COMMITTEES

The DEPUTY PRESIDENT—Order! Pursuant to standing order 12, I lay on the table a warrant revoking the nomination of Senator Collins as a Temporary Chairman of Committees.

PETITIONS

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

Immigration: Asylum Seekers

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

Whereas the 1998 Synod of the Anglican Diocese of Melbourne carried without dissent the following Motion:

That this Synod regrets the Government’s adoption of procedures for certain people seeking political asylum in Australia which exclude them from all public income support while withholding permission to work, thereby creating a group of beggars dependent on the Churches and charities for food and the necessities of life;

and calls upon the Federal government to review such procedures immediately and remove all practices which are manifestly inhumane and in some cases in contravention of our national obligations as a signatory of the UN Covenant on Civil and Political Rights.

We, therefore, the individual, undersigned Attendees at:

the Men’s Meeting at the Surrey Hills Uniting Church, VIC 3127,
the Waverly Wesleyan Methodist Church, Glen Waverly, VIC 3150
the Uniting Church Fellowship, Mt Martha,
St Mathew’s Cheltenham VIC 3192
petition the Senate in support of the abovementioned Motion.

And we, as in duty bound will every pray.

by Senator Kemp (from 34 citizens).

Petition received.

NOTICES

Presentation

Senator Murray to move on the next day of sitting:


Senator Heffernan to move on the next day of sitting:

That the time for the presentation of the report of the Rural and Regional Affairs and Transport

Senator Heffernan to move on the next day of sitting:

That the time for the presentation of the following reports of the Rural and Regional Affairs and Transport Legislation Committee be extended to the last day of sitting in 2003:

(a) the administration of the Civil Aviation Safety Authority;
(b) the import risk assessment on New Zealand apples; and
(c) the administration of AusSAR in relation to the search for the Margaret J.

Senator Cook to move on the next day of sitting:

That the time for the presentation of the following reports of the Rural and Regional Affairs and Transport Legislation Committee be extended to the last day of sitting in 2003:

(a) the administration of the Civil Aviation Safety Authority;
(b) the import risk assessment on New Zealand apples; and
(c) the administration of AusSAR in relation to the search for the Margaret J.

Senator Lundy to move on the next day of sitting:

That the Joint Committee of Public Accounts and Audit be authorised to hold a public meeting during the sitting of the Senate on Thursday, 26 June 2003, from 11 am till 12.30 pm, to take evidence for the committee’s inquiry into the management and integrity of electronic information in the Commonwealth.

Senator Bartlett to move on the next day of sitting:


Senator Bartlett to move five sitting days after today:

That the Migration Amendment Regulations 2003 (No. 1), as contained in Statutory Rules 2003 No. 57 and made under the Migration Act 1958, be disallowed.

Senator Allison to move on the next day of sitting:

That the Senate—

(a) notes:

(i) the Expression of Interest prepared by the Victorian community, facilitated by the National Trust of Australia (Victoria) and the Victorian National Parks Association for the Department of Defence land at Portsea,
(ii) that this Expression of Interest has the support of the ‘Partners in the Victorian Community’, including Olivia Newton-John, Sir Rupert Hamer, Laurence Cox, Dame Elizabeth Murdoch and Ron Walker among others, and
(iii) the Victorian State Government supports the Victorian Community Expression of Interest as being ‘consistent with Victorian Government objectives’ that the site be ‘managed for public benefit consistent with the broad intent of the Community Masterplan’; and

(b) urges the Federal Government to transfer the land in question to the Victorian community to enable the establishment of the Point Nepean National Park and the Point Nepean Living Museum, as outlined in this Expression of Interest.

Senator Conroy to move on the next day of sitting:

(1) That the following matter be referred to the Economics References Committee for inquiry and report by 4 December 2003:

Whether the Trade Practices Act 1974 adequately protects small businesses from anti-competitive or unfair conduct, with particular reference to:

(a) whether section 46 of the Act deals effectively with abuses of market power by big businesses, and, if not, the implications of the inadequacy of section 46 for small businesses, consumers and the competitive process;
(b) whether Part IVA of the Act deals effectively with unconscionable or unfair conduct in business transactions;
(c) whether Part IVB of the Act operates effectively to promote better standards of business conduct, and, if not, what further use could be made of Part IVB of the Act in raising standards of business conduct through industry codes of conduct;
(d) whether there are any other measures that can be implemented to assist small businesses in more effectively dealing with anti-competitive or unfair conduct; and
(e) whether there are approaches adopted in Organisation for Economic Co-operation and Development (OECD) economies for dealing with the protection of small business as a part of competition law which could usefully be incorporated into Australian law.

(2) That the committee make recommendations for legislative amendments to rectify any weaknesses in the Trade Practices Act identified by the committee’s inquiry.

Senator Carr to move on the next day of sitting:

That the following matter be referred to the Employment, Workplace Relations and Education References Committee for inquiry and report by 26 November 2003:

The Government’s proposed budget changes to higher education, with particular reference to:
(a) the principles of the Government’s higher education package;
(b) the effect of these proposals upon sustainability, quality, equity and diversity in teaching and research at universities, with particular reference to:
(i) the financial impact on students, including merit selection, income support and international comparisons,
(ii) the financial impact on universities, including the impact of the Commonwealth Grants Scheme, the differential impact of fee deregulation, the expansion of full fee places and comparable international levels of government investment, and
(iii) the provision of fully funded university places, including provision for labour market needs, skill shortages and regional equity, and the impact of the ‘learning entitlement’;
(c) the implications of such proposals on the sustainability of research and research training in public research agencies;
(d) the effect of this package on the relationship between the Commonwealth, the States and universities, including issues of institutional autonomy, governance, academic freedom and industrial relations; and
(e) alternative policy and funding options for the higher education and public research sectors.

Withdrawal

Senator ROBERT RAY (Victoria) (3.35 p.m.)—Mr Deputy President, I withdraw general business notice of motion No. 473, which is a reference of a matter to the Parliamentary Standing Committee on Public Works relating to the Christmas Island immigration reception and processing centre. I seek leave to make some brief remarks about that.

Leave granted.

Senator ROBERT RAY—It emerged that the government had received an exemption—from the House of Representatives—from referring the matter to the Public Works Committee, for the very valid reason that this project was going to be completed in 40 weeks, was very urgent and, indeed, that the
materials had to be flown into Christmas Island. Regarding the subsequent decision of the government to transfer the construction of the detention centre from the department of immigration to the department of finance, extend it to a three-year project and amend the project for other reasons, evidence was given that the initial exemption was going to pertain to this new project. As it turned out, I became the first senator for many decades to have a matter referred to the Public Works Committee. Senator Minchin intervened and said that he would review the situation. He has subsequently had the matter referred, in the House of Representatives, to the Public Works Committee. The appropriate action has now been completed, so I withdraw this notice and offer my thanks to Senator Minchin for the proper action he has taken in this regard.

Presentation

Senator IAN CAMPBELL (Western Australia—Manager of Government Business in the Senate) (3.36 p.m.)—I give notice that, on the next day of sitting, I shall move:

That the provisions of paragraphs (5), (6) and (8) of standing order 111 not apply to the following bills, allowing them to be considered during this period of sittings:

Governor-General Amendment Bill 2003

I also table statements of reasons justifying the need for these bills to be considered during these sittings and seek leave to have the statements incorporated in Hansard.

Leave granted.

The statements read as follows—

Governor-General Amendment Bill 2003

Purpose of the Bill
The purpose of the Bill is to set the salary of the next Governor-General.

Reasons for Urgency
The Prime Minister has announced that Major-General Michael Jeffery, AC, CVO, MC, will be sworn as Governor-General on 11 August 2003.
The salary of the Governor-General is laid down in the Governor-General Act 1974 and, by operation of the Constitution, cannot be varied during the term in office. To enable the salary to be set in time, the Governor-General Amendment Bill 2003 must pass both Houses before the conclusion of the 2003 Winter sittings.

In line with convention, the Governor-General’s salary will be set to exceed moderately the estimated average salary of the Chief Justice of the High Court of Australia over the notional term of the appointment (in the case of General Jeffery, three years).

(Circulated by authority of the Prime Minister)

HIH Royal Commission (Transfer of Records) Bill 2003

Purpose of the Bill
The bill allows the Australian Securities and Investments Commission (ASIC) to pursue efficiently and expeditiously the referrals made to it by the government following the HIH Royal Commission.

Reasons for Urgency
The HIH Royal Commissioner, Justice Neville Owen, reported to government on 4 April 2003.
The Commissioner identified 56 possible breaches of the Corporations Law and the Crimes Act (NSW) and recommended that they be referred to ASIC for further investigation and possible prosecution. The government on releasing the Royal Commissioner’s Report immediately referred all the possible breaches to the relevant authorities.
The records of the Royal Commission are now held pursuant to subsection 22(2) of the Archives Act 1983.

Legislative amendments are necessary to ensure that relevant records are delivered into ASIC’s possession to allow it to commence the process of further investigation, possible prosecution and referral of information to other relevant agencies.

(Circulated by authority of the Treasurer)
Withdrawal

Senator FERRIS (South Australia) (3.37 p.m.)—On behalf of the Chair of the Standing Committee on Regulations and Ordinances, Senator Tchen, and pursuant to notice of intention given on 23 June 2003 on behalf of the Regulations and Ordinances Committee, I now withdraw business of the Senate notice of motion No. 2 standing in the name of Senator Tchen for nine sitting days after today for the disallowance of the Farm Help Re-establishment Grant Scheme Amendment 2003 (No. 1) made under section 52A of the Farm Household Support Act 1992.

Postponement

Senator NETTLE (New South Wales) (3.38 p.m.)—by leave—I move:

That general business notice of motion no. 486 standing in her name for today, relating to Australia’s military ties with the United States of America, be postponed till the next day of sitting.

Question agreed to.

Postponement

Items of business were postponed as follows:

Business of the Senate notice of motion no. 1 standing in the name of Senator Brown for 26 June 2003, relating to the disallowance of Amendment 41 of the National Capital Plan (Gungahlin Drive Extension), postponed till 19 August 2003.

General business notice of motion no. 497 standing in the name of Senator Brown for today, proposing an order for the production of documents by the Minister representing the Minister for Industry, Tourism and Resources (Senator Minchin), postponed till 25 June 2003.

GAMBLING

Senator ALLISON (Victoria) (3.38 p.m.)—At the request of Senator Murray, I move:

That the Senate—

(a) notes that the effect of the Commonwealth Grants Commission system is to encourage states and territories to increase revenue from gambling and gaming;

(b) notes that on 23 June 2003 the Australian Capital Territory introduced legislation to increase its revenue from poker machines via taxation;

(c) calls upon the Commonwealth to help break the nexus between state and territory revenue needs and gambling and gaming; and

(d) asks the Government to ensure that the Commonwealth Grants Commission ensure that none of its determinations have the effect of encouraging increased state or territory reliance on gambling and gaming.

Question agreed to.

BUSINESS

Rearrangement

Senator IAN CAMPBELL (Western Australia—Manager of Government Business in the Senate) (3.39 p.m.)—I move:

That, on Tuesday, 24 June 2003:

(a) the hours of meeting shall be 12.30 pm to 6.30 pm, and 7.30 pm to 11.40 pm;

(b) the routine of business from 7.30 pm to 11 pm shall be government business only; and

(c) the question for the adjournment of the Senate shall be proposed at 11 pm.

Question agreed to.

COMMITTEES

Environment, Communications, Information Technology and the Arts References Committee

Reference

Senator CHERRY (Queensland) (3.39 p.m.)—I move:

That the following matters be referred to the Environment, Communications, Information Technology and the Arts References Committee
for inquiry and report by the last sitting day in March 2004:

(a) the current and prospective levels of competition in broadband services, including interconnection and pricing in both the wholesale and retail markets;

(b) any impediments to competition and to the uptake of broadband technology; and

(c) the implications of communications technology convergence on competition in broadband and other emerging markets.

Question put.

The Senate divided. [3.44 p.m.]

(The President—Senator the Hon. Paul Calvert)

Ayes……….. 33
Noes……….. 36
Majority…….. 3

AYES

Allison, L.F.
Bishop, T.M.
Buckland, G.
Carr, K.J.
Collins, J.M.A.
Cook, P.F.S.
Denman, K.J.
Forshaw, M.G.
Hogg, J.J.
Kirk, L.
Lundy, K.A.
Marshall, G.
Moore, C.
Nettle, K.
Ray, R.F.
Stephens, U.
Wong, P.

Bartlett, A.J.J.
Brown, B.J.
Campbell, G.
Cherry, J.C.
Conroy, S.M.
Crossin, P.M.
Evans, C.V.
Greig, B.
Hutchins, S.P.
Ludwig, J.W.
Mackay, S.M. *
McLucas, J.E.
Murray, A.J.M.
O’Brien, K.W.K.
Sherry, N.J.
Webber, R.

NOES

Abetz, E.
Barnett, G.
Calvert, P.H.
Chapman, H.G.P.
Coonan, H.L.
Ellison, C.M.
Ferris, J.M. *
Harris, L.

Aliston, R.K.R.
Brandis, G.H.
Campbell, I.G.
Colbeck, R.
Colbeg, A.
Ferguson, A.B.
Harradine, B.
Heffernan, W.

Hill, R.M.
Johnston, D.
Knowles, S.C.
Lightfoot, P.R.
Macdonald, J.A.L.
McGauran, J.J.J.
Murphy, S.M.
Santoro, S.
Tchen, T.
Vanstone, A.E.

Humphries, G.
Kemp, C.R.
Lees, M.H.
Macdonald, I.
Mason, B.J.
Minchin, N.H.
Patterson, K.C.
Scullion, N.G.
Tierney, J.W.
Watson, J.O.W.

* denotes teller

Question negatived.

Corporations and Financial Services Committee

Meeting

Senator FERRIS (South Australia) (3.50 p.m.)—At the request of Senator Chapman, I move:

That the Parliamentary Joint Committee on Corporations and Financial Services be authorised to hold a public meeting during the sitting of the Senate on Thursday, 26 June 2003, from 4.30 pm, to take evidence for the committee’s inquiry into Australia’s insolvency laws.

Question agreed to.

Public Works Committee

Meeting

Senator FERRIS (South Australia) (3.50 p.m.)—At the request of Senator Ferguson, I move:

That the Parliamentary Standing Committee on Public Works be authorised to hold a public meeting during the sitting of the Senate on Thursday, 26 June 2003, from 9.30 am till 10 am, to take evidence for the committee’s inquiry into the refurbishment of the Australian Institute of Sport.

Question agreed to.
Legal and Constitutional References Committee

Meeting

Senator MACKAY (Tasmania) (3.50 p.m.)—At the request of Senator Bolkus, I move:

That the Legal and Constitutional References Committee be authorised to meet on Tuesday, 24 June 2003, from 5.30 pm, to take evidence for the committee’s inquiry into progress towards national reconciliation.

Question agreed to.

Environment, Communications, Information Technology and the Arts References Committee

Extension of Time

Senator CHERRY (Queensland) (3.51 p.m.)—In hope, I move:

That the time for the presentation of reports of the Environment, Communications, Information Technology and the Arts References Committee be extended as follows:

(a) the role of libraries as providers of public information in the online environment— to 19 August 2003;
(b) environmental performance at the Ranger, Jabiluka, Beverley and Honeymoon uranium operations— to 19 August 2003; and
(c) Australian telecommunications network— to 2 December 2003.

Question agreed to.

ENVIRONMENT: CARBON DIOXIDE EMISSIONS

Senator ALLISON (Victoria) (3.51 p.m.)—I move:

That the Senate—

(a) notes that:

(i) the United Kingdom has changed its regime for taxation of company vehicles so that vehicles are taxed according to their price list value and level of carbon dioxide emissions rather than a combination of list price, age and annual business mileage, and
(ii) according to a Pricewaterhouse-Coopers survey published on 18 March 2003, 92 percent of employees had selected to drive cars with lower carbon dioxide emissions as a result of the scheme;
(b) recognises the harmful effects of carbon dioxide emissions on global warming and public health, and that a significant percentage of carbon dioxide emissions in urban areas is the result of automobile emissions;
(c) calls upon the Government to investigate introducing a fringe benefits taxation system which encourages the acquisition of low emission vehicles as company cars, and which encourages the use of public transport; and
(d) urges state and territory governments to adopt vehicle registration systems for new vehicles which encourage the acquisition of low emission vehicles.

Question agreed to.

DOCUMENTS

Register of Senate Senior Executive Officers’ Interests

The DEPUTY PRESIDENT—I present the following report of the Auditor-General: Report No. 55 of 2002-03—Performance audit—goods and services tax fraud prevention and control—Australian Taxation Office.
NUCLEAR ENERGY: LUCAS HEIGHTS REACTOR

Return to Order

Senator ABETZ (Tasmania—Special Minister of State) (3.53 p.m.)—by leave—I make this statement on behalf of the Minister for Science. On 25 June 2002, the Senate sought:

... the study commissioned by the Australian Nuclear Science and Technology Organisation, on behalf of the Australian Radiation Protection and Nuclear Safety Agency, of the preliminary evaluation of the construction site for the replacement research reactor at Lucas Heights, carried out by the New Zealand company, the Institute of Geological and Nuclear Sciences, which included geological mapping of the excavation of the construction site and has revealed a geological anomaly or ‘fault’ at the site.

At that time, the Institute of Geological and Nuclear Sciences had not completed any such study. On 26 June 2002, the government indicated that studies of the geology of the replacement research reactor site were still being conducted and that it was unable to meet the Senate’s request at that time. The government indicated it would consider tabling the report once it was completed and the government had taken advice on the matter. I now table a summary report entitled Submission to ARPANSA on the site geological investigations for the replacement research reactor at Lucas Heights. The report incorporates the outcomes of various geological studies undertaken as part of the detailed seismic assessments of the replacement research reactor site, including the regional and near-site studies—which are included as background—the geological mapping of the site, the assessment of the fault type and characteristics found in the excavated area, the assessment made of the similarity of the fault to the information known about faults in the region, the dating of the fault and the comparison with criteria on fault capability. The report includes those studies undertaken by the Institute of Geological and Nuclear Sciences.

DOCUMENTS

Register of Senators’ Interests

Senator DENMAN (Tasmania) (3.56 p.m.)—In accordance with the Senate resolution of 17 March 1994 on the declaration of senators’ interests, I present the Register of Senators’ Interests incorporating statements of interests and notifications of alterations of interests of senators lodged between 6 December 2002 and 19 June 2003.

COMMITTEES

Public Accounts and Audit Committee

Executive Minutes

Senator WATSON (Tasmania) (3.56 p.m.)—On behalf of the Joint Committee of Public Accounts and Audit, I present executive minutes to various reports of the committee. I seek leave to move a motion in relation to the document.

Leave granted.

Senator WATSON—I move:

That the Senate take note of the document.

I seek leave to have my tabling statement incorporated in Hansard.

Leave granted.

The statement read as follows—


This report focused on whether the legislation has met the needs of the new financial management framework and the needs of the public sector; whether it remained consistent with other legislation, both Commonwealth and State; and whether accountability to Parliament has been maintained.

The second, Report No. 385, was the Review of Auditor-General’s Reports, 2000-2001, Second and Third Quarters
This report examined three performance audits of the Auditor-General which focused on the Australian Taxation Office Internal Fraud Control Arrangements, Fraud Control in Defence and Defence Estate Facilities Operations.

The third, Report No. 388, reviewed the Accrual Budget Documentation. This report reviewed the effectiveness of, and options for enhancing the format and content of, the current budget documentation including the Portfolio Budget Statements (PBS), Annual Reports and the Portfolio Additional Estimates, for the purposes of Parliamentary scrutiny.

The fourth, Report No. 389, was the review of Auditor-General’s Reports 2000-2001, Fourth Quarter. This quarterly report examined four performance audits of the Auditor-General which focused on Australian Defence Force Reserves, Assessment of New Claims for the Age Pension by Centrelink, Family and Community Services’ Oversight of Centrelink’s Assessment of New Claims for the Age Pension; and Performance Information for Commonwealth Financial Assistance under the Natural Heritage Trust.

In total, the committee made 24 recommendations in these reports. Of these recommendations 15 were of an administrative nature. Mr President, I am pleased to report to the Senate that the Executive has fully agreed or agreed in principle to 12 of these recommendations. I am pleased with the high rate of support for the committee’s recommendations as indicated in these Executive Minutes. However, in addition to noting Executive minutes in this way, the committee will at various times seek to monitor the extent to which recommendations have been implemented.

Question agreed to.

BUDGET

Consideration by Legislation Committees

Additional Information

Senator FERRIS (South Australia) (3.57 p.m.)—On behalf of the Legal and Constitutional Legislation Committee, I present additional information received by the committee relating to hearings on the additional estimates for 2002-03.

COMMITTEES

Corporations and Financial Services Committee Report

Senator CHAPMAN (South Australia) (3.57 p.m.)—I present the report of the Parliamentary Joint Committee on Corporations and Financial Services on the Corporations Amendment Regulations 2003 (No. 1), Statutory Rules 2003 No. 31, together with the Hansard record of proceedings and submissions received by the committee.

Ordered that the report be printed.

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

Leave granted.

Senator CHAPMAN—I move:

That the Senate take note of the report.

I draw the attention of the Senate to the fact that while the committee found in its hearings and in the submissions made to it that no matters of concern were raised in relation to the regulations set out in Statutory Rules 2003 No. 31—and therefore it recommended that they remain in force—the committee found that a number of the explanations contained in the explanatory statement did not assist members in gaining a sound understanding of the purpose, intention or application of the regulations. The committee suggests that, in future, greater attention be given to compiling explanations with a view to aiding both parliamentarians and those affected by legislation to obtain a better appreciation of the regulation, its purpose and application. I think this is an important point: explanatory statements should be drafted so that they are more understandable. I draw that to the attention of the Senate.

Question agreed to.
Membership

The DEPUTY PRESIDENT—The President has received letters from party leaders seeking variations to the membership of certain committees.

Senator ABETZ (Tasmania—Special Minister of State) (4.00 p.m.)—by leave—I move:

That senators be discharged from and appointed to committees as follows:

**Economics Legislation Committee**—
- Appointed—Senator Stephens
- Discharged—Senator Collins

**Economics References Committee**—
- Appointed—Senator Stephens
- Discharged—Senator Collins

**Employment, Workplace Relations and Education Legislation and References Committees**—
- Appointed—Participating member: Senator Humphries

**Environment, Communications, Information Technology and the Arts Legislation and References Committees**—
- Appointed—Participating member: Senator Humphries

**Legal and Constitutional Legislation and References Committees**—
- Appointed—Participating member: Senator Humphries

**Ministerial Discretion in Migration Matters—Select Committee**—
- Appointed—Senators Johnston, Santoro and Humphries.

Question agreed to.

CUSTOMS TARIFF AMENDMENT BILL (No. 2) 2003

EXCISE TARIFF AMENDMENT BILL (No. 1) 2003

NEW BUSINESS TAX SYSTEM (TAXATION OF FINANCIAL ARRANGEMENTS) BILL (No. 1) 2003

PRODUCT STEWARDSHIP (OIL) LEGISLATION AMENDMENT BILL (No. 1) 2003

First Reading

Bills received from the House of Representatives.

Senator ABETZ (Tasmania—Special Minister of State) (4.00 p.m.)—I indicate to the Senate that these bills are being introduced together. After debate on the motion for the second reading has been adjourned, I will be moving a motion to have two of 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 ABETZ (Tasmania—Special Minister of State) (4.01 p.m.)—I move:

That these bills be now read a second time.

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

Leave granted.

The speeches read as follows—

CUSTOMS TARIFF AMENDMENT BILL (No. 2) 2003

Customs Tariff Amendment Bill (No. 2) 2003 contains amendments to the Customs Tariff Act 1995.

In brief, the amendments in this bill impose additional customs duty of 38.14 cents per litre on ethanol for use as fuel in an internal combustion engine.
engine, as a consequence of the Government’s decision to remove the excise exemption on ethanol. This rate of duty is the same as the rate currently applying to petrol.

These amendments complement amendments to the Excise Tariff Act 1921 contained in Excise Tariff Amendment Bill (No. 1) 2003.

———

EXCISE TARIFF AMENDMENT BILL (No. 1) 2003

Excise Tariff Amendment Bill (No. 1) 2003 amends the Excise Tariff Act 1921 to validate the changes made by Excise Tariff Proposal No. 4 (2002). This Proposal removed the excise exemption from fuel ethanol from 18 September 2002 and imposed an excise duty rate equivalent to that applying to petroleum, currently 38.143 cents per litre.

Customs Tariff Proposal No. 3 (2002) made complementary changes to customs duty on imported fuel ethanol.

The measure was introduced as part of the Government’s strategy to encourage the use of biofuels in transport in Australia. At the same time the Government introduced a domestic production subsidy for new and existing producers of fuel ethanol at a rate of 38.143 cents a litre. This subsidy, administered by the Department of Industry, Tourism and Resources, was a targeted means of maintaining the use of biofuels in transport in Australia while the Government considered longer-term arrangements. Ongoing arrangements have been announced in the Budget.

The amendments to the Excise Tariff Act 1921 alter the classification of denatured ethanol for use as fuel and impose an excise rate equivalent to petroleum. A new formula is inserted in the Excise Tariff Act 1921 for determining the duty payable on a blend of fuel ethanol and other petroleum products, reflecting the changed classification and rate of duty.

Complementary changes to Customs legislation are being addressed through Customs Tariff Amendment Bill (No. 2) 2003.

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

———

NEW BUSINESS TAX SYSTEM (TAXATION OF FINANCIAL ARRANGEMENTS) BILL (No. 1) 2003

The measures contained in this bill reflect the ongoing implementation of the Government’s initiatives to reform the taxation of financial arrangements. The measures amend taxation legislation to remove tax barriers to the issue of traditional securities and to remove anomalies, distortions and gaps in existing laws governing the taxation of foreign currency gains and losses.

These reforms will also reduce on-going compliance costs for business and serve to enhance the efficient operation and competitiveness of Australia’s business sector.

Removal of the taxing point on conversion or exchange of certain traditional securities

Schedule 1 addresses a potential cash flow disadvantage that arises where the holder of traditional securities that convert or exchange into ordinary shares, does not have the cash from the conversion or exchange to pay the tax on any resultant gains.

The amendments address this potential disadvantage by removing the taxing point at the time of conversion or exchange. This will mean that an investor who acquires an ordinary share on the conversion or exchange of a traditional security will not be subject to tax until the ordinary share is ultimately sold.

This will improve the ability of business to raise new capital using convertible and exchangeable traditional securities by making them more attractive to investors.

Schedules 2 and 3 contain technical corrections to the capital gains tax provisions to ensure that they operate as intended for convertible interests and rights, respectively.

Foreign currency gains and losses

Amendments addressing foreign currency gains and losses are the second stage of the Government’s reforms to the taxation of financial arrangements recommended by the Ralph Review of Business Taxation. The measures have been developed with the benefit of a public consulta-
tion process and are broadly supported by business.

Schedule 4 addresses a number of uncertainties and anomalies arising under the current law’s tax treatment of foreign currency gains and losses. It introduces a general translation rule into the income tax law, which will translate foreign currency denominated amounts into Australian dollars. This ensures that Australian income tax liability is calculated by reference to a common unit of account.

It also introduces functional currency rules, under which the net income or loss of an entity (or specified part of an entity) that functions predominantly in a particular foreign currency can, under certain circumstances, be determined in that currency, with the net amount being converted into Australian dollars. This measure should reduce the compliance costs of businesses with large international operations.

Schedule 4 also introduces a core realisation principle into the income tax law which, together with the translation rule, ensures that foreign currency gains and losses are brought to account when realised, regardless of whether there is an actual conversion of foreign currency amounts into Australian dollars. It ensures that foreign currency gains and losses have a revenue character, subject to limited exceptions.

This Schedule also introduces a simplified treatment for certain foreign currency denominated bank accounts, and optional roll-over relief for the issuer of certain securities under finance arrangements. These two measures were developed in consultation with industry and professional bodies to reduce the costs of compliance for small and large business and to reflect commercial finance arrangements.

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

I commend the bill.

PRODUCT STEWARDSHIP (OIL) LEGISLATION AMENDMENT BILL (No.1) 2003

The Product Stewardship (Oil) Legislation Amendment Bill (No.1) 2003 contains amendments to the Product Stewardship (Oil) Act 2000, with consequential amendments to the Product Grants and Benefits Administration Act 2000, to exempt certain oils or uses of oils, which are outside the original policy intent of the product stewardship arrangements for oil, from payment of the levy.

The Product Stewardship (Oil) Act was introduced as part of the Howard Government’s Measures for a Better Environment package in 2000. The product stewardship scheme for waste oil is designed to ensure the environmentally sustainable management and re-refining of waste oil, and involves a per-litre levy (5.449 c) on oil that is used to fund volume-based benefit payments for waste oil recycling and re-use. Benefits are paid according to a six-tier scale that reflects the environmental impacts of various recycling and re-use options.

Since the commencement of the product stewardship arrangements for waste oil in January 2001 it has become apparent that some oils, and some particular uses of oil, captured by the oil levy do not create a recyclable waste oil stream and represent only low levels of risk to the environment. These oils are outside the original policy intent of the product stewardship arrangements for oil, and therefore should not be subject to the oil levy.

Exemptions from the oil levy for single use oils that fit this category (food grade white oil, polyglycol brake fluids and aromatic process oils) came into effect on 15 April 2002. These products have characteristics that are distinguishable from other oil products, and as such they have been clearly defined as exempt under the Customs Tariff Amendment Act (No2) 2002 and the Excise Tariff Amendment Act (No1) 2002, passed by Parliament on 14 November 2002.

The intent of the bill is to provide a mechanism for the granting of relief from the oil levy for specific users or uses of multi-purpose oil that do not create a recyclable waste oil and represent only low levels of risk to the environment. Oils such as those used in the manufacture of printing inks have been identified in this category. These multi-purpose oils have not been defined as exempt under the Customs Tariff Amendment Act (No2) 2002 and the Excise Tariff Amendment Act (No1) 2002, as some uses of these oils create
waste that can be recycled. To maintain the policy intent of the product stewardship arrangements, in this instance it is necessary to identify both the oil product and its specific use as exempt.

The amendments in the bill will allow for levy relief for specific users or uses of multi-purpose oil through the creation of an additional category of benefit under the Product Stewardship (Oil) Act 2000. The new benefit category will be paid at the same rate as the levy for specific users or uses of particular oil as declared by the Minister for the Environment and Heritage by Gazette notice.

These amendments preserve the original intent of the product stewardship arrangements for waste oil—which is to reduce the environmental damage caused by the inappropriate disposal of waste oil by supporting economic recycling options for waste oil.

Debate (on motion by Senator Mackay) adjourned.

Ordered that the New Business Tax System (Taxation of Financial Arrangements) Bill (No. 1) 2003 and the Product Stewardship (Oil) Legislation Amendment Bill (No. 1) 2003 be listed on the Notice Paper as separate orders of the day.

HIH ROYAL COMMISSION (TRANSFER OF RECORDS) BILL 2003

First Reading

Bill received from the House of Representatives.

Senator ABETZ (Tasmania—Special Minister of State) (4.03 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 ABETZ (Tasmania—Special Minister of State) (4.03 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 provides for the transfer of the custody of certain records of the HIH Royal Commission to the Australian Securities and Investments Commission. This transfer is necessary to ensure that ASIC is able to pursue efficiently and expeditiously the referrals of possible breaches of the law made to it following the HIH Royal Commission.

The HIH Royal Commission was established at the Government’s instigation following the financial collapse of the HIH Insurance Group in March 2001. The collapse affected individuals, community groups, and the public generally.

The HIH Royal Commission’s terms of reference explicitly stated that the Commission was to inquire into the possibility of breaches of law and whether possible criminal or other legal proceedings should be referred to the relevant agency.

On 16 April 2003, the Government released the Report from the Royal Commissioner, the Hon. Justice Neville Owen.

The Report identified a number of possible breaches of the Corporations Law. The Commissioner indicated that these matters should be referred to ASIC for investigation and preparation of possible civil prosecutions.

On releasing the HIH Royal Commission Report, the Government indicated that it would immediately act on these referrals. To this end, a taskforce was established under the direction of ASIC to examine the referrals and prepare briefs for possible proceedings.

The Government took action in the 2003-04 Budget to support ASIC in its task. The Government committed an additional $28.2 million in funding for ASIC over the next two years. This funding is to be used by ASIC to undertake investigations and prepare briefs for civil prosecutions.

This bill will further assist ASIC’s work. It has three key elements.

First, the bill would provide for the transfer of records of the HIH Royal Commission to the Aus-
The records to be transferred to ASIC would be limited to those that were produced to the Royal Commission. This limitation excludes records produced by persons employed or retained by the Royal Commission, ensuring that internal Royal Commission records are not transferred to ASIC.

The transfer facilitated by the bill will provide ASIC access to, and subsequent use of, Royal Commission records and avoid potentially lengthy procedural requirements and legal uncertainties that could hamper the effective investigation of those matters identified by Justice Owen.

In the absence of the bill, the Commonwealth would be required to notify the owner of the records of the transfer to ASIC and provide them with the opportunity to object. This requirement would result in a lengthy and expensive process of settling any objections to the transfer. The process could be used to frustrate the expeditious investigation and prosecution of potential offences by ASIC.

Second, the bill would ensure that ASIC is able to use the records for the purposes of performing its functions and powers. Importantly, this will also allow ASIC to transmit or copy the records within its custody to other Commonwealth institutions, such as the Director of Public Prosecutions, in support of their functions and powers.

Third, the bill will explicitly maintain the existing protections that attach to the records transferred to ASIC. Therefore, the protections for individuals against self-incrimination that would usually apply to the records of a Royal Commission will be maintained.

In addition, any right to claim legal professional privilege over the transferred records will also be preserved. As a further safeguard, the transferred records would also be afforded the same confidentiality as information collected by ASIC in the course of its operations.

This bill will assist the corporate regulator to investigate a number of serious potential breaches of the Corporations Law while maintaining the safeguards that are due and appropriate under Australian law.

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.

**EXPORT MARKET DEVELOPMENT GRANTS AMENDMENT BILL 2003**

Report of Foreign Affairs, Defence and Trade Legislation Committee

**Senator McGauran (Victoria)** (4.03 p.m.)—On behalf of the Chair of the Foreign Affairs, Defence and Trade Legislation Committee, Senator Sandy Macdonald, I present the report of the committee on the provisions of the Export Market Development Grants Amendment Bill 2003, together with the *Hansard* record of proceedings.

Ordered that the report be printed.

**CIVIL AVIATION AMENDMENT BILL 2003**

Report of Rural and Regional Affairs and Transport Legislation Committee

**Senator McGauran (Victoria)** (4.04 p.m.)—On behalf of the Chair of the Rural and Regional Affairs and Transport Legislation Committee, Senator Heffernan, I present the report of the committee on the provisions of the Civil Aviation Amendment Bill 2003, together with the *Hansard* record of proceedings and documents presented to the committee.

Ordered that the report be printed.

**FAMILY AND COMMUNITY SERVICES LEGISLATION AMENDMENT (DISABILITY REFORM) BILL (No. 2) 2002 [No. 2]**

Second Reading

Debate resumed.

**Senator Marshall (Victoria)** (4.04 p.m.)—Originally, when the government introduced the Family and Community Services Legislation Amendment (Disability Reform) Bill (No. 2) 2002 [No. 2] into the parliament, it argued that its reforms were all about supporting people with disabilities in
finding employment—a very admirable and acceptable notion. The government should be putting the economy to work for people with disabilities who want to work. However, there are no such proposals contained in this bill. Nobody disputes the need for welfare reform—Labor has been quite vocal in this regard for some time. Labor recognises that we need to increase the number of people on the disability support pension who work and it agrees that too few people with disabilities are working when they can and are willing to do so. However, this government’s proposal does very little to facilitate this. In fact, the proposal does nothing to promote this goal.

Under the bill before us, an individual who was to find work and move off the DSP but who, for one reason or another, has to return to the support payment will lose benefits. For those currently receiving the benefit, this is a massive disincentive to move off it and find work. This is firmly in contrast to the supposed objective of the government, which was to support an increased participation of people with disabilities in the work force. What incentive does an individual have to get out there and seek work if there is a risk that they will lose their much-needed support if, for one reason or another, they need to rely upon it again? There is simply none. This is a fundamental flaw in the legislation before us.

This government’s proposal is not about disability support reform. It is a full-frontal attack on a social safety net—the net that protects Australians with disabilities from impoverishment. Over time, Senator Vanstone and many other members of the government have made crystal clear their real rationale for these changes to the disability support pension. It is not about facilitation for people with disabilities who want to work. This government argues that many people receiving disability support pensions are no more than whingers, malingerers or rorters of the system who refuse to work. Senator Vanstone has cited that many people in receipt of the DSP have no better excuse for receiving it than having a bad back. How much further from the truth can that view get?

To receive the disability support pension in the first place now and before these proposed changes were to enter into force, people need to demonstrate to Centrelink that they have disabilities, illness or injuries that attract an impairment rating of at least 20 points on the impairment table and also be able to prove that they have been unable to work full time or be retrained for full-time work for at least two years due to their disability. ‘Full-time work’ is defined as being able to work for at least 30 hours per week at award wages. The intention of the bill before us today is to reduce that 30-hour requirement to 15 hours a week at award wages. If the minister is satisfied that so many individuals are receiving a DSP for having no disability other than being plagued by a bad back, why doesn’t she increase the capacity for Centrelink to undertake compliance investigations against those suspected of committing fraud of the system? It is interesting to note that the government has not increased its efforts in this regard; rather, it has decreased its efforts in stamping out Centrelink fraud and funding the compliance sector of Centrelink.

These reforms come from a government which promised before the last election that nobody’s pensions would be cut. The Prime Minister, who spoke at the ACOSS conference on 25 October 2001, said:

... nobody’s benefit will be cut as a result of changes to the social security system.

It is another story of saying one thing before an election and committing to undertake exactly the opposite after the election. This is a government hell-bent on fulfilling its ideo-
logical agenda. This reform package has nothing to do with facilitating people with disabilities who can work to find a situation in the work force; rather, the package has everything to do with slashing the number of people in receipt of the disability support pension in whatever and whichever way it can. The government has recently demonstrated its ability to find the resources necessary to undertake a war, yet it cannot find the resources to fund the disability support pension. This is a strange set of priorities. I urge the Senate to again reject this bill. It is fundamentally flawed. It is an insult to the many people with disabilities in Australia who rely upon a fair go.

Senator VANSTONE (South Australia—Minister for Family and Community Services and Minister Assisting the Prime Minister for the Status of Women) (4.09 p.m.)—I thank senators for their contributions to the Family and Community Services Legislation Amendment (Disability Reform) Bill (No. 2) 2002 [No. 2]. I do not want to take long in responding; I just want to say a couple of things. Firstly, everybody who has had even a cursory look at this issue understands that reform of the disability support pension is long overdue and that we have an unsustainable system. In Australia’s long-term interests it must be changed. We cannot afford to keep pretending that we can have a system that does not provide the appropriate incentives for people who may have some apparent disability and that simply accepts they do not need to get out there and do the best they can for themselves and participate in the work force if that is possible. We simply can no longer afford to have the system that we have; nor—and this is my primary reason for advocating change—even if we could afford it, should we.

The basic premise being put to the Senate in this bill is whether it is really fair that we pay a person who is so incapacitated—they might be in a wheelchair; they might be tube fed—and cannot work the same as someone who can tile a roof at award rates for 25 hours a week? I do not think Australians, if the question is put to them that simply, will say, ‘Yes, I think that is fair. Yes, let’s pay the bloke who can do fencing, or tiling, or paintwork, or vine pruning, or work as a clerk or as a receptionist’—not meaning a Clerk of the Senate, of course, Mr Evans but meaning a clerk in the administrative sense. Very few could aspire to that high office, I understand.

Senator O’Brien—It’s not 25 hours a week either.

Senator VANSTONE—And he certainly works a lot more than 25 hours a week; more like 75, I would have thought. But that is the basic premise: do we really want to pay someone who has so serious a disability, born with or acquired, as to not be able to work at all or maybe be able to do only two or three hours, and not even at award rates, the same amount as someone who can work for 25 hours a week? On this side of the chamber we answer no. On that side of the chamber they say yes. That is the difference. I listened to some of the debate, and I heard one of the senators contributing to this debate last night talk about the inequity of the government’s proposition. It was Senator Moore. Senator Moore claims that if this bill is passed there will be two levels of people on disability: the people who will be quarantined in the existing system and the people who will move to the new system. She rightly points out that there would be some people with the same disability on a different benefit.

Mr Acting Deputy President, let me tell you a couple of things Senator Moore did not say. The people with the same disability who are really disabled and who cannot work for 15 hours or more would be on the same
benefit. The ones who would be on a different benefit are the ones who can work 15, 20, 25 hours. That is because Labor and the Australian Democrats made such a fuss about changing the existing system that the government said, ‘All right, we will quarantine the existing system. If you want to leave the unfairness in the existing system, if you want to say to people who could do more on the existing system, “We will keep you protected,” fine, say it. But do not do it to future people.’

So, if this bill passes, the only people who will be getting a different benefit for the same level of disability will be the people who can work more than 15 hours. The ones I am really concerned about, the ones with a serious disability, would be on exactly the same benefit. So the passage of this bill will protect all of those who have a serious disability who cannot work for 15 hours or more and it will give them all the same payment. If Labor were happy to do the same for everyone else, we would be happy to change the bill and include the existing DSP population, or if the Democrats were happy we would be happy to change it. It is all very well to say we have some people on the same level of disability but differing benefits and neglect to mention that they are the people with the lesser disabilities and that the people with serious disabilities would be on the same benefit. That is what would happen if this bill were passed.

But let us look at what will happen if this bill is not passed. What will happen is that the guy who cannot work, who would love to be included, love to participate, love to feel that there were other people who valued his contribution, however small it might be, will be paid the same amount as someone who can do a lot but does not. And why? Because we have designed a system that encourages that. We have said to people, ‘If you can’t work for 30 hours or more at award rates, then don’t worry about it, mate, buddy, pal; we’ll pay you to not do it.’ That is the inequity.

The bill as it currently stands will pay some people who in my view should be doing more to stay on DSP and it will quarantine them. To make a change for the better in the future I will accept that inequity—that some people will be quarantined who in my view should not be. Some people who can work for more than 15 hours a week and are now on disability support will be quarantined and protected, and those in the future will not. I can live with that inequality. What I do not want to live with is the inequality where the same benefit is paid to people on vastly differing levels of disability.

That is a consequence of rejecting this bill. That is what Labor and the Democrats are supporting—an inequality that pays the same amount to people on vastly different levels of disability, unlike what they do in New Zealand, unlike what they do in the United Kingdom and despite the fact that one of the worst things you can do is encourage any level of dependence. Despite all of that, despite the national interest, despite having no alternative policies yourselves, despite having listened to McClure and his suggestion that we look at the New Zealand system and the United Kingdom system, because on the other side you cannot do anything but oppose—and for what reason the Democrats have chosen this position I am at a loss to understand—you want to vote to maintain this inequity. Well, you do so.

Question put:
That this bill be now read a second time.

The Senate divided. [4.21 p.m.]

(The President—Senator the Hon. Paul Calvert)
Tuesday, 24 June 2003

SENATE

ENERGY GRANTS (CREDITS) SCHEME BILL 2003

ENERGY GRANTS (CREDITS) SCHEME (CONSEQUENTIAL AMENDMENTS) BILL 2003

In Committee

Consideration resumed from 27 March.

ENERGY GRANTS (CREDITS) SCHEME BILL 2003

Bill—by leave—taken as a whole.

Senator LEES (South Australia) (4.26 p.m.)—I move APA amendment (1) standing in my name:

(1) Clause 2, page 1 (lines 9 and 10), omit the clause, substitute:

2 Commencement

(1) Sections 1 and 2 are taken to have commenced on the day on which this Act received the Royal Assent.

(2) Subject to subsection (3), this Act (other than sections 1 and 2) commences on 1 July 2003.

(3) If, before the day on which this Act would (but for this subsection) commence under subsection (2), vehicle standards have not been determined under section 7 of the Motor Vehicle Standards Act 1989 that:

(a) relate to motor vehicle emission standards; and

(b) adopt the technical requirements, relating to motor vehicle emission standards, of the following:

(i) Regulation 83 of the United Nations Economic Commission for Europe, relating to uniform provisions concerning the approval of vehicles with regard to the emission of pollutants according to engine fuel requirements, incorporating all amendments up to and including the 04 Series of Amendments;

(ii) subject to subsection (4), European Council Directive

[Further text follows]

Question negatived.


come into effect as specified in subsection (5);

does not commence until the day on which those vehicle standards are determined.

(4) Subparagraph (3)(b)(ii) does not apply to the extent that the technical requirements in European Council Directive 98/69/EC relate to the standard commonly known as Euro 4, for emissions from petrol vehicles.

(5) The vehicle standards must come into effect as follows:

(a) in relation to the technical requirements referred to in subparagraph (3)(b)(i):

(i) from 1 January 2002 for light diesel vehicles that are models first produced on or after 1 January 2002; and

(ii) from 1 January 2003 for all light diesel vehicles produced on or after 1 January 2003; and

(iii) from 1 January 2003 for petrol vehicles that are models first produced on or after 1 January 2003; and

(iv) from 1 January 2004 for all petrol vehicles produced on or after 1 January 2004;

(b) in relation to the technical requirements referred to in subparagraph (3)(b)(ii):

(i) from 1 January 2005 for petrol vehicles that are models first produced on or after 1 January 2005; and

(ii) from 1 January 2006 for all petrol vehicles produced on or after 1 January 2006; and

(iii) from 1 January 2006 for light diesel vehicles that are models first produced on or after 1 January 2006; and

(iv) from 1 January 2007 for all light diesel vehicles produced on or after 1 January 2007;

(c) in relation to the technical requirements referred to in subparagraph (3)(b)(iii) to the extent that they relate to the standard commonly known as Euro 3:

(i) from 1 January 2002 for medium and heavy diesel vehicles that are models first produced on or after 1 January 2002; and

(ii) from 1 January 2003 for medium and heavy diesel vehicles produced on or after 1 January 2003;

(d) in relation to the technical requirements referred to in subparagraph (3)(b)(iii) to the extent that they relate to the standard commonly known as Euro 4:

(i) from 1 January 2006 for medium and heavy diesel vehicles that are models first produced on or after 1 January 2006; and

(ii) from 1 January 2007 for medium and heavy diesel vehicles produced on or after 1 January 2007.

This amendment puts back the commence-ment clause from what was a temporary bill, the Diesel and Alternative Fuels Grants Scheme Bill, and ensures that fuel and engine specifications are put into the act in line with the Measures for a Better Environment
package, which was negotiated with the government. I am not quite sure why this clause was dropped, but I am very pleased to see that the government has now agreed that this oversight needs to be rectified and the clause reinstated.

Senator O’BRIEN (Tasmania) (4.27 p.m.)—I want to make some preliminary comments and will use this amendment as a device to do so. It is interesting that these energy bills give partial effect to the commitment made by the government to the Australian Democrats in May 1999 under the Measures for a Better Environment package to replace the Diesel Fuel Rebate Scheme and the Diesel and Alternative Fuels Grants Scheme with a single scheme called the Energy Grants (Credits) Scheme. It is to ensure that a person who is entitled to an off-road credit when purchasing diesel fuel for use in eligible activities that are the same activities as those activities currently eligible for rebate under the Diesel Fuel Rebate Scheme continues to be entitled. Similarly, the stated intention of these bills is to ensure that a person will be entitled to an on-road credit when purchasing fuel for use in activities that are the same as those activities eligible for a grant under the Diesel and Alternative Fuels Grants Scheme.

The opposition will support this legislation. We have long indicated to the government our support for these bills, subject to a Senate committee inquiry and subject to draft regulations being made available to the Senate prior to its deliberation on the bills. In relation to these two conditions, the Senate committee has tabled its report but, despite an undertaking from the Treasurer’s office some months ago, the opposition has only today been shown the draft regulations and then only under a confidentiality agreement. The Senate as a whole, and therefore the parliament and the Australian people, still awaits the draft regulations that are critical to the operation of this scheme. It is critical with legislation such as this, where the devil is always in the detail as to how the legislation will work, that the parliament have the opportunity to properly consider them before, or at least concurrently with, the consideration of the legislation.

As I pointed out in the Senate last Thursday, most ministers within the Howard government follow this course, but not in this case. Some months ago, on 20 February, the opposition was briefed on these bills in Treasury Place, Melbourne. At that meeting the Treasurer’s office undertook to make the draft regulations available before the Senate’s proceedings. On that day Labor accepted that the draft regulations would not be available in time for the consideration of the bill in the House, and we therefore cooperated in good faith to allow the bills to advance through the House of Representatives. Then things changed. In his response to the Senate’s return to order—and the return to order was about production of the regulations—the Treasurer claimed:

It is long-standing practice in this portfolio not to release draft regulations relating to amendments currently under the consideration of Parliament.

The Treasurer’s office has also advised the opposition that the provision of draft regulations to the opposition before this bill had passed the Senate would ‘set a precedent’ for the Treasury portfolio. As this is an important Treasury bill we could have expected, and should have been given, full cooperation in our efforts to review the regulations to ensure that, if enacted, this bill will deliver what is intended. But the Treasurer is so arrogant that he is prepared to play games at the expense of good public policy and that is why he will not allow the Senate to properly consider the functioning of a multibillion-dollar taxpayer funded program. In the face of this arrogance we must look to precedent
and that which the Treasurer does not wish to set.

A very quick review of legislation has revealed two instances I wish to draw to the attention of the committee: the Taxation Laws Amendment (Superannuation) Bill (No. 1) 2002 and the Income Tax (Superannuation Payments Withholding Tax) Bill 2002. In the case of each of these bills draft regulations were released on 9 March 2002. The bills were introduced into the House of Representatives on 14 February 2002 and passed the Senate on 21 March 2002. Senators will be interested to learn that I looked up the explanatory memoranda for these bills. Imagine my surprise to discover that both memoranda were circulated by the authority of the Treasurer, the Hon. Peter Costello MP.

The bills before us relate to a scheme that was promised to the Democrats and the Australian people to be in place by 1 July 2002. But the Howard government, true to form when it comes to promises, could not or would not meet the original promised deadline. Labor had reasonably expected to see these bills before Christmas last year, based on the need to get them passed by the parliament in time for the 1 July 2003 commencement date. Labor was told that the draft regulations would not be ready in time for the bills to be debated in the house—this debate occurred at the end of March—yet on 15 May this year draft regulations were circulated to industry bodies. Labor agrees that the industry should be fully consulted but, unlike the Treasurer, Labor believes that the Australian people should also be properly consulted on where and how billions of dollars taken from the pockets of working men and women by the highest taxing government in Australian history will be spent.

The Treasurer’s refusal to provide draft regulations to the Senate is a damning indictment of the contempt with which the Treasurer, the pretender to the Camelot of Sydney Harbour, holds this parliament and the Australian people. I am sure senators are disappointed, as am I, that the Prime Minister is currently whipping up the spectre of an obstructionist Senate. He claims to be interested in ensuring that the parliamentary process works effectively for the good of the nation. Those are high ideals indeed for a man who was a senior member of the opposition that in 1975 blocked supply and precipitated the gravest constitutional crisis in our history—at least until this year. Whilst the Prime Minister pontificates on the need for an effective parliamentary process, his Treasurer actively works to undermine that very process. If the Prime Minister is truly interested in an effective parliamentary process he must pull his overtly loyal but increasingly impatient deputy into line.

The Treasurer’s assertion that it is longstanding practice in his portfolio not to release draft regulations relating to bills currently under the consideration of parliament is simply untrue. The Treasurer has set the precedent he claims he wants to avoid and has released such draft regulations when it has suited him, and he has done so again today but only after Labor embarrassed him by pointing out the precedents I mentioned earlier. The Treasurer finally agreed last night at 7.30 p.m. to allow the opposition to see the draft regulations today but on the condition that we sign a confidentiality agreement. I suppose this will be the Treasurer’s new precedent. I suppose we can expect that in future he will make draft regulations available but only on a confidential basis and only minutes before a bill is due for debate, thereby stifling the opportunity for proper, open consideration of these regulations.

There are some other matters which I will further address during the course of this debate. In relation to amendment (1) as moved
by Senator Lees, this amendment appears to be from section 2 of the Diesel and Alternative Fuels Grants Scheme Act 1999 and links this measure to the introduction of Euro vehicle standards according to the timetable proposed under the Measures for a Better Environment package. Labor will be supporting the implementation of the Euro standards as agreed under the package. Therefore, Labor supports the amendment to the legislation to ensure that the Democrats and the Australian public are not duffed by the government, as they have been with so many other parts of the Measures for a Better Environment package.

Senator BROWN (Tasmania) (4.35 p.m.)—I am in the very pleasant position of agreeing totally with Senator O’Brien. Equally, I am objecting totally to the process here whereby the committee is being asked to deal with a very important matter which has been an ongoing subject of debate in this place but is immensely important to communities outside this place. The government says, ‘We will dump the regulations on the Labor Party at the last second but we will not even show them to the crossbench which has a huge interest in the issue.’ That is absolutely unacceptable. I do not even ask the minister to say why he has given the regulations to the opposition but will not give them to Senator Lees, Senator Allison or me. The fact is there is no valid reason for that situation pertaining. On behalf of the Australian Greens I too will be supporting Senator Lees’s amendment, but I do not think we should move to a debate until we get the information on the crossbench that has been supplied to the opposition so late in the piece.

Progress reported.

SUPERANNUATION (SURCHARGE RATE REDUCTION) AMENDMENT BILL 2003

Second Reading

Debate resumed from 23 June, on motion by Senator Alston:

That this bill be now read a second time.

(Quorum formed)

Senator SHERRY (Tasmania) (4.42 p.m.)—Today we are considering the Superannuation (Surcharge Rate Reduction) Amendment Bill 2003. This bill is the third attempt by this government to reduce the rate of the surcharge from 15 per cent to 10.5 per cent over three years. I note that Senator Kemp is laughing. There chuckles the chief architect of this tax. This bill will provide an exclusive tax cut for high-income earners—those currently earning more than $90,500—with the greatest benefit going to those earning more than $109,900. This is a blatantly unfair tax cut that will result in substantial benefits flowing exclusively to less than five per cent of working Australians. It does not reduce the tax burden for low- and middle-income Australians who are struggling to save enough for retirement.

It is Labor’s belief that, particularly in a time of negative returns on the superannuation of most Australians and with record amounts of tax coming from superannuation—imposed by Australia’s highest taxing Treasurer, Mr Costello—the Liberal government should be cutting superannuation taxes for all working Australians, not just for high-income earners. Labor has presented a plan to deal more fairly with tax on superannuation, with its proposal to cut the contributions tax for all, which I will deal with in detail later. First, let us recall the previous occasions when this bill has been before the Senate.
During both previous debates on the surcharge tax reduction, Liberal government speakers repeatedly insisted that the surcharge tax was a terrible burden on high-income earners, a burden that should be reduced to encourage high-income earners to save more for their retirement. Obviously, government senators have forgotten that the surcharge tax was an invention of the Liberal government in 1996—an invention that broke the promise made by the Prime Minister, Mr Howard, on 1 February 1996, when he said:

We are not going to increase existing taxes and we’re not going to introduce new ones.

That was a clear and unambiguous promise that the Liberal government broke just six months later, when it announced a new higher tax on superannuation contributions. At the time, the Liberal government justified the imposition of the surcharge as an equity measure. Mr Costello, the Treasurer, in his budget speech on 20 August 1996, said:

The measures I am announcing tonight are designed to make superannuation fairer. A major deficiency of the current system is that tax benefits for superannuation are overwhelmingly biased in favour of high income earners.

He continued:

For high income earners the superannuation contributions will still be highly concessional but more in line with concessions to middle and low income earners.

The same Liberal government that introduced the surcharge tax as an equity measure now wants to reduce it—an inequitable measure even in its own view. When this issue was previously debated, did anyone on the government side raise this issue at all? No, not one. I can recall back in 1996 both the Treasurer and the then Assistant Treasurer, Senator Kemp, complimenting themselves on the decision to impose this new tax on themselves. On 27 August 1996, Mr Costello boasted:

... the point I’d like to make is that on Budget night the first Treasurer in history—me—stood up and put a surcharge in respect to high income earners and applied it to himself and every other politician, you know, we’re the good guys in relation to this.

We had similar statements from the then Assistant Treasurer, Senator Kemp, in this chamber. Where did Mr Costello say this? It was on the Midday Show while he was dancing the macarena. How things have changed since then. I doubt whether the Treasurer will be dancing the macarena again, at least not after the Prime Minister’s recent announcement of his leadership intentions. But we are likely to see today a whole line of macarena dancers from the government side arguing passionately for this tax cut. I challenge senators on the other side to explain how they are going to justify to the vast majority of voters in their respective states a substantial tax cut that applies exclusively to high-income earners.

The reality is that this is an unfair bill that will provide a significant benefit for a small minority of people. I think most people in the community, given the current circumstances, would agree that this is extremely unfair. There is one legitimate criticism of the surcharge tax—that is, the administrative costs. It is an unnecessary expense. It is Australia’s most expensive tax to collect. In the first year of operation some superannuation funds incurred as much as 30 per cent of the revenue paid as associated administrative overheads. I think it was only yesterday that, in the Australian Financial Review, there was a report detailing the ongoing costs of collecting this tax at about 11 per cent. Of course, the remaining administrative burden of the surcharge falls on all fund members in some way. The associated collection and compliance costs must be met and consequently must reduce the overall accumulation of all fund members, not just those on whose be-
half the surcharge is levied. But reducing the rate—this is what Senator McGauran needed explained—of the surcharge does absolutely nothing to address the administrative costs. If anything, the implementation of a 4.5 per cent reduction over three years is more likely to increase the administration costs that will be carried by all members of superannuation funds.

In the time since the last debate on this issue, the Liberal government has done a bit of dodging on the issue. The minister responsible, Senator Coonan, has routinely argued that this measure is designed to ‘enable those who are able to save for their retirement to do so’. Here we have a minister caught by her own rhetoric. Starting from the reasonable premise that high-income earners are already able to save for their retirement, she makes the absurd argument that they need a tax cut to enable them to do what she says they are already able to do. Labor, on this side of the house, would ask the minister: what about those middle- and low-income earners—more than eight million of them—who, right now, are struggling to provide for their retirement? Where is their tax cut? What is the Liberal government doing to enable them to save for their retirement?

The minister has accused us of playing the politics of envy, but Labor is concerned with the politics of fairness. Is the minister accusing ordinary Australians of being envious of those on higher incomes? Ordinary working Australians are not envious but they expect fairness. They are justifiably angry that the Liberal government gives them nothing yet it is prepared to throw hundreds of millions of dollars towards that exclusive tax cut on superannuation for high-income earners. While the co-contribution will be debated at greater length at a later stage, let me reiterate that Labor will support the low-income earners co-contribution. Furthermore, we welcome the government’s decision to introduce it as a separate bill—a sign that it has abandoned its cynical tactic of linking it to the surcharge reduction. That said, the contrast between the surcharge reduction and the co-contribution for low-income earners could not be starker, and the contrast goes to the heart of the inequity in the Liberal government’s approach to the taxation of superannuation.

Senator McGauran—And the Nationals.

Senator SHERRY—I am sorry if I am forgetting the National Party in the critique, Senator McGauran. The co-contribution is only payable where low-income earners—those earning less than $32,500 a year—can find the extra cash to make voluntary super contributions. On the government’s own figures that is about one in 20 low-income earners. The surcharge tax reduction, on the other hand, will benefit everyone earning more than $90,500 a year, regardless of whether or not they make any extra contributions. The Liberal government claims its measures constitute a balanced package. What does the Liberal government mean by a balanced package? What it means is a benefit for one in 20 low-income earners, at the other end of the scale a guaranteed benefit for high-income earners and nothing for the millions of middle-income earners—not one cent for those earning between $32,500 and $90,500. So much for balance.

No doubt the government will also try to grandstand about the Senate obstructing its mandate to reduce the surcharge. Well, I hope it does. I look forward to the day when we see government ministers more vigorously advancing the rationale for an exclusive tax cut on superannuation for high-income earners. Go out there and argue it. We will happily take up the challenge of a potential double dissolution in respect of this bill. We will argue this one; we are very happy to argue it. We will continue in our position not to support this exclusive tax cut;
rather, we will argue for a cut in the tax for low- and middle-income earners. I am quite happy on behalf of the Australian Labor Party to put to the Australian people that Labor will not support an exclusive tax cut for the top four or five per cent of taxpayers but, rather, will put our proposition that there should be a tax cut on most Australians’ superannuation contributions.

It is interesting that the Treasurer did not mention this tax cut in his recent budget speech. He has kept it hidden. But this bill clearly shows that the government’s tax cut is much more expensive than it first thought. There was no word in the budget about the blow-out in costs, but the explanatory memorandum that was released just a few weeks later says that this exclusive tax cut for high-income earners will cost some $525 million over three years—some $155 million more than in the budget a few weeks before. While not disclosed by the government, the cost in 2006-07 is at least equal to the $290 million in 2005-06. With this included, the total cost over three years is even higher. Clearly, the Liberal government is giving more to high-income earners than it admitted a year ago.

We now have an opportunity to implement a fairer proposal to boost retirement incomes, but this chance will be lost if the Liberal government is successful in passing this unfair tax cut through the Senate.

In contrast to the Treasurer’s embarrassed failure to talk about superannuation on 13 May, Labor have shown leadership by presenting a detailed and fully costed plan to cut the superannuation contributions tax paid by all working Australians. Labor’s plan to cut the contributions tax is the best way to deliver higher retirement incomes to millions of working Australians. It is a way to encourage all Australian workers to better prepare for their retirement. It is interesting that the Treasurer, Mr Costello, has admitted he cannot do anything, that he is totally bereft of policy in this area. He has given up. He said in a radio interview on 22 October 2001:

It’s pretty complicated. The taxing of contributions on the way in started back in the mid eighties ... and I think now that it’s started that’s going to always be with us ... So it’s still better to put money into superannuation, than to take it as income. But that system having commenced 15 years ago would be incredibly complicated to unravel now.

It seems quite incredible to me that the Treasurer, Mr Costello, thinks it is too complicated to unravel the contributions tax, or at least reduce it a point or two, but that somehow it is less difficult to unravel the surcharge tax. One would think it would be considerably less complicated to unravel the universal contributions tax than the high-income earners surcharge tax. It is the first time I can ever recall the Treasurer, who is not renowned for being meek and mild in his contributions on policy, actually admitting that he cannot do anything. Why does Mr Costello believe so desperately that he needs to unravel the surcharge tax on high-income earners when he believes it is too difficult to unravel the contributions tax?

Perhaps the Treasurer refuses to cut the contributions tax because to do so would be an admission that under his government superannuation taxes have reached a record level of almost $5 billion, compared to $1.6 billion when the Liberal Party was elected back in 1996. I will repeat those figures. When the Liberals were elected in 1996, tax on superannuation contributions stood at $1.6 billion. Where is it this financial year? Five billion dollars. And if you look in the budget papers for the fastest growing tax in Australia, it is not income tax, it is not the GST, it is superannuation tax. Is it any wonder Mr Costello is the highest taxing Treasurer in Australia’s history. Another reason the Treasurer is refusing to cut the contributions tax may be that he does not really believe in
superannuation as a policy to increase retirement incomes for ordinary Australians, nor does he believe in superannuation as a policy for preparing Australia for the challenges of an ageing population. As with Medicare, the Liberals opposed compulsory superannuation from the word go and are determined to undermine it from government.

Labor proposes that this bill, together with the unfair and unnecessary changes to Commonwealth public sector superannuation which will be debated later, should be set aside and the money redirected into cutting the contributions tax from 15 to 13 per cent, phased in over four years. As outlined in my statement, this plan is affordable and will add thousands of dollars to the retirement savings of ordinary Australians over their working lives. I will give a couple of examples of people who will benefit from Labor’s approach. Matthew is 20 and earns $40,000 a year over his career. He gets an extra $7,128 in a retirement nest egg under Labor’s plan to cut the contributions tax. Matthew would receive nothing under the Liberal government’s exclusive tax cut. Another example is Heather, who is 40 and earns $60,000 a year over the rest of her career. Under Labor’s fairer tax cuts she receives an extra $4,069. Heather would receive nothing under the Liberals’ proposal. These examples are in present values so they reflect the value in today’s terms. The benefits would be substantially more in the dollars of the future. These outcomes provide a powerful incentive for Australians to invest in their own future, helping us to cope with our future needs. At a time of negative returns and widespread dissatisfaction with excessive fees and charges in some funds, Labor’s plan will boost confidence in superannuation.

When we first introduced our alternative proposal to reduce the universal contributions tax instead of the selective high-income earners tax, the government’s reaction was to challenge the costings. But they soon did a backflip, particularly in relation to the central feature of their superannuation policy—the laughable children’s accounts—which has proved to be a spectacular failure. If ever a government’s superannuation policy could be called weak and wimpy, it would have to be in relation to these accounts. In launching the package on 15 November, the Prime Minister, Mr Howard, boasted that children’s superannuation accounts, the centrepiece of Liberal Party policy, were trailblazers, particularly in the area of superannuation for children; that it was a policy that would teach children the wonders of compound interest and produce a strong savings and investment culture; and that $42 million had been set aside to provide for the cost to revenue of 470,000 of these accounts. This was later revised down to 47,000 accounts. So far we have got one open. I think it will be more than one, but it will be a lot short of 470,000.

The contrast between the Labor and Liberal parties on superannuation could not be clearer. The Liberal Party does not really believe in superannuation and is only prepared to offer an exclusive and unfair tax cut to those earning more than $90,500. I move the second reading amendment circulated in my name:

At the end of the motion, add:
“but the Senate is of the view that the bill:
(a) should be withdrawn by the Government because the proposed surcharge tax reduction to high-income earners is an exclusive tax cut to those earning greater than $90,500 surchargeable income ($94,961 from 1 July 2003) with the greatest benefit going to those on an income greater than $109,900 ($114,981 from 1 July 2003) with the result that it assists only the highest 5 per cent of income earners; and
(b) should be redrafted to cut the contributions tax for all Australians, a fairer approach, particularly at a time of negative returns, to boost the retirement income for all Australians and assist the Nation in preparing for the ageing of the population”.

Senator BUCKLAND (South Australia) (5.02 p.m.)—I will take up only a moment or two of the Senate’s time to speak on the Superannuation (Surcharge Rate Reduction) Amendment Bill 2003. I have a great deal of interest in the bill because, as I see all that the government has attempted to do with this bill, it does not have the best interests of low-income workers at heart. The amendments in this bill reduce the superannuation surcharge rates by one-tenth of their current level over three years and the amendments are subject to a large degree of controversy. The controversy is built around the inequity of low-income against high-income earners. Through this bill the government is implementing its election promise to reduce the superannuation surcharge. But what does it do in real terms? It establishes the low-income earners co-contribution scheme and it reduces the high-income earners superannuation surcharge.

The government cannot take credit for doing very much for ordinary Australians who are battling to save as best they can for a more secure and more comfortable retirement—something we should all be very mindful of. Indeed, I think we would all be looking for a more comfortable and more financially secure retirement than that which many of us know our parents and grandparents had. This bill is not really doing that for low-income workers, and that is where my real concern lies. It seems to me that there is an exclusive benefit to the high-income earners with the surcharge tax reduction at a four-year cost of $525 million, up from some $370 million over 18 months ago. It is considerably higher and more beneficial to the high-income earners. There are about 340,500 active super fund members contributing who earn what would be considered high income of $90,500 per annum. These are the people who gain most from the surcharge reduction.

What about the low-income earners? For them there is the co-contribution with a maximum of $1,000 matching payment at income below $20,000 a year tapering down for those on incomes of up to $32,500, at a four-year cost of just $337 million. This is clearly a benefit to those who currently make contributions or may be encouraged to do so. But the low-income earners are those who gain least from what the government is attempting to do. Superannuation is an area that needs much more attention than is being given to it now. The work of the Senate Select Committee on Superannuation is finding with each inquiry that there are avenues opening all the time for further inquiries into the regulation, management and dealings with superannuation in this country.

The surcharge has never really met the objectives that it set out to achieve. It is in relation to this point that I think we need to be cautious about how we move ahead, and it is for this reason that the government really has not tackled the real issues that are before it with this particular bill. The minister should consider further ways in which there can be equity between high- and low-income earners. Apart from the 2002-03 budget papers, the government has not produced any economic analysis of the benefits of its proposal. The crux of the bill is that it will narrow the tax base and reduce the tax burden on high-income earners by $520 million a year by the end of 2005-06, and it does very little—if anything meaningful—for those workers and contributors on low incomes. They were the only comments I wanted to make in relation to this bill this afternoon. Senator Sherry was
certainly more eloquent and thorough in dealing with it and I am confident that my friend and colleague Senator Hogg will make a very worthwhile contribution to this debate.

Senator HOGG (Queensland) (5.09 p.m.)—Like Senator Buckland, I want to make a few comments on the Superannuation (Surcharge Rate Reduction) Amendment Bill 2003 this afternoon. It is one of those bills in respect of which we in the Labor Party stand quite distinctly apart from the policies of the government. There is a clear delineation, and it comes about as a result of what one can see the government are trying to do in this bill. This bill is really about equity and fairness, something the government really know nothing about.

In my maiden speech—or first speech, as they now call it—I referred to three elements of security in your life which are important: security in youth, security in work and security in retirement. I will come back to them on each occasion I speak in a debate on a superannuation bill in this chamber. Superannuation really went to achieving security in retirement for people who had never known anything other than access to the age pension. Of course, the Senate superannuation committee—and I have been a member of that committee although I am no longer a member of it—over a period of time has done a number of inquiries into the adequacy of superannuation for retirement. It can be clearly seen that, over a period of time, even with superannuation now at the level of nine per cent, it is not going to provide an adequate retirement benefit for those people when they reach retirement age. There will still be a dependency upon the age pension and other social security arrangements to ensure that those people have dignity in their retirement.

The government could at least take away some of the reliance upon social security and other payments by making sure that the taxes that affect superannuation are reduced. This is an ideal opportunity for them to do this, but they have not chosen to reduce the contribution rate, as has been suggested by Labor as a real alternative. What they have chosen to do instead is to look at the issue of the surcharge tax which was put in place a number of years ago by this government. Of course, as my colleagues have clearly outlined, this is going to favour those who are well heeled in our community, those who are well off, and it is not going to provide any taxation relief for those people who are low-income earners and who need the most benefit out of superannuation because the superannuation that is currently in place at nine per cent will not provide adequately for those people when they reach retirement age.

If one thinks back to the introduction of the surcharge, it took the government a long time to admit that it was a tax. But it is a tax, and of course we know from its introduction that it was always a flawed tax—it was a flawed tax in the first place. It was a cumbrous tax; it was difficult to apply; it was costly to collect and it was an inefficient tax that was criticised widely throughout the superannuation industry and by people throughout the tax industry. They knew that it was a flawed tax, but nonetheless it was there. It was being levied and applied, and the relief that is now coming out of this initiative by the government is going to favour those people who have the greatest capacity to pay tax. Those are the people who should not be getting the relief. The people who should be getting the relief are those people with the least capacity and the people whose superannuation will deliver them a substantially lesser benefit than that of the people who are going to get the relief out of this particular legislation.
In that sense, it really is quite immoral that we are faced with this piece of legislation in this chamber today. As my colleagues have rightly pointed out, it should be addressing those people who are in low-income areas. Even a two per cent reduction in the contribution tax would assist the account balances of many of the low-income earners over the long period of time that most of their superannuation is invested until they reach retirement age. Whilst it would not totally take away dependency on social security benefits in many of those instances, as I said, it would nonetheless assist those people in having a greater degree of independence. It is really quite sad to see these things come before the chamber with no real social benefits, no real community benefits and no real benefit to any group of people other than those who are extremely well placed in our community already.

It is worth while to look at Bills Digest No. 166 2002-03 on this particular issue, particularly at some of its concluding comments because I think they best sum up some of my feelings. I quote the first paragraph of those comments:

Apart from 2002-03 Budget Papers, the Government has not produced any economic analysis of the benefits of this proposal.

It goes on to say in a qualified way:

The Government could correctly argue that such arguments have been made elsewhere.

I do not believe that argument has been made by the government elsewhere. I think the government has shown that it is a divisive government, a government that favours those who have the financial capacity to pay tax over those who do not have the capacity, and I do not think that the government has substantiated its case in any way. It goes on to say:

Notwithstanding this omission, the inescapable conclusion is that, based on the estimates in the Explanatory Memorandum, this Bill will narrow the tax base and reduce the tax burden of high income earners by $525 million by the end of the 2005-06 year.

What an absolute disgrace! The people with the greatest capacity to pay are going to be the beneficiaries of this bill. It is going to reduce the tax burden of high-income earners by $525 million. It would be far better to have that distributed to those people who do not have the capacity to pay the tax and those people who do not have the capacity to receive the benefit by way of a lower contributions tax. The Bills Digest goes on to say at the bottom of page 5, in the concluding comments:

While these amendments will assist in a small way the individuals in the catch-up phase and those receiving redundancy payments, the amendments in this Bill also undermine the equity argument by increasing the level of tax concession available to high income earners. The Government has yet to justify the vertical inequity of this measure (i.e., why high income earners should be treated to this tax cut and not lower income earners).

I will not prolong my contribution to this debate, because I realise that time is now important in the consideration of other business of the Senate, but I cannot let the moment slip by without pointing out the absolute inequity of and the lack of fairness in the proposal that the government has before this chamber this afternoon. It does nothing to assist low-income people, the people who really need the assistance. There is no justification and no fairness to this measure. No one with a reasonable conscience would say that saving high-income earners $525 million by 2005-06 with low-income earners receiving no benefit at all can in any way be justified. It stretches one’s imagination to see how one can justify that sort of tax cut being given to those who are well off but not to those who are not well off, who need the benefit of improving superannuation condi-
tions—and I know that this bill is not about that—and who also need access to lower rates of tax. If there is an opportunity to cut the tax, then that should be afforded to those people first and foremost. Then if the government wants to look after the high-tax payers at some later stage, let it do so but not at the expense of low-income earners, who rely on their superannuation to provide them with some element of dignity in their retirement.

Senator CHERRY (Queensland) (5.19 p.m.)—The Australian Democrats will not be supporting the Superannuation (Surcharge Rate Reduction) Amendment Bill 2003 tonight. We are not supporting it because it goes too far in providing too big a benefit for too few people. This bill is about ensuring that those people who are earning six-figure salaries get a tax cut of 4½ per cent on their superannuation. The surcharge applies in 2002-03 to those in the income level between $90,527 and $109,924. It phases in over that particular period. In fact, from the 2003-04 year on, the full 15 per cent rate will only apply to incomes of $114,981 and above. The tax cut is also retrospective in that it applies from 1 July last year, so it is an extraordinary thing that when the surcharge figures are done for this year people will get this little present from the government for last year.

The cost to the budget is quite substantial—$525 million over the next four years. By the third year of operation it will be $290 million a year—a $290 million tax cut for people earning effectively over $114,981 a year. I have heard Senator Coonan, in various interviews, describe those people as ‘the battlers’ but I must confess that there are not too many battlers in my state of Queensland who are earning $114,981 or more a year. What is very sad from my point of view is that the battlers are the people on the low incomes in the $20,000 to $30,000 range and this government is only offering those people $115 million a year in terms of the co-contribution for low-income people. So almost three times as much money is being offered in tax cuts to the very high-income people earning $100,000-plus while only $115 million is being offered to those people on less than $20,000 or in the $20,000 to $30,000 range.

The other interesting thing is that, from the time this was announced in last year’s budget to the time the explanatory memorandum actually came out, the cost of this measure blew out quite significantly. It blew out from $200 million in that third year to $290 million, which is an increase of about 40 per cent. That reflects the fact that the superannuation surcharge is a very profitable tax and is collecting an awful lot of money for the government. The reason for that is that, even after the 15 per cent contributions tax and the 15 per cent surcharge, super is still a very good deal for high-income people. They still get a tax concession of 18½ per cent off their marginal tax rates. It is the reason why there is plenty of evidence that high-income people are still attracted to super and still putting money into super, which is why the collections on the surcharge have been growing so sharply in recent years. This particular tax cut comes on the back of many tax cuts this government has already provided for high-income people. The Democrats and the Greens I think were the only two parties to vote against the billion dollar tax cut in capital gains tax in this place two or three years ago—80 per cent of which went to the top income bracket. Only last week, we raised concerns about the fact that the tax cuts could have been pared back on the above $60,000 range; $175 million of the tax cuts voted on by this parliament last week were because of the reduction in the tax bracket of the $60,000 and above range.

The Democrats are prepared to concede that there may be a need for some ameliora-
tion of the surcharge. We do not like it; we do not like a lot of things that we are forced to deal with in the Senate, but we recognise the government has a political problem with its supporters in the high-income range. We recognise that, when Mr Stone was still President of the Liberal Party and he was accusing the Treasurer of leading a government that was mean, tricky and out of touch, the surcharge was one of the three touchstone issues that the government was obviously struggling with. So we recognise that the government may need to do something in this area. But we say to the government that if you must do something in this area then, for goodness sake, structure it in a way so that the bulk of the money is going to low-income people. Instead of putting $290 million a year into the high-income bracket and only $115 million into the low-income bracket, why don’t you reverse the percentages? To me that would make sense; that would be a package that would be supportable from the Democrat point of view. But at this point in time, given that we have two stand-alone bills—a bill for the co-contribution for low-income people, which has a very puny and very small incentive going to a very small number of people; and a bill for a high-income earners surcharge, which is very big and provides an awful lot of benefit to a very small number of people—the Democrats will have to vote against the bill before the chamber.

We have made it quite clear to the government over several months, as well as in my correspondence with Senator Coonan, that we would be prepared to support a compromise, but no compromise has been forthcoming from government. I would remind the Senate that the compromise we have offered to date is that we want this surcharge cut at least halved and the savings from that put into the co-contribution. I do not care how it is put into the co-contribution. That is a structural matter for the government and they can come back with the various costing options. But I do want to make sure that, if this government is putting up a package of concessions to superannuation, it must be balanced in favour of low-income people. The reason why that is so necessary is that the superannuation system is so regressive in its taxation. The flat rate tax, the 15 per cent tax that the Labor Party is talking about reducing, actually provides a much greater concession for high-income people than for low-income people. At a 15 per cent ‘concessional’ tax rate, the concession for people earning less than $20,000 a year is only $3/2c in the dollar, which is 18½ minus 15. For the middle range—the people in the 30 per cent tax bracket—their concession is only 16½c in the dollar. For the moderately high-income people—earning between $60,000 a year and $115,000 a year—their tax concession is 33½c in the dollar. You can see that it is very unusual in tax terms in this country for the rate of tax concessions to increase with income levels, but that is what we have with the flat rate of taxation on superannuation.

The Democrats have for a very long time been calling for superannuation to be taxed at marginal rates—tax which is not in the hands of the funds but tax which is in the hands of the employee. It would get around that enormous administrative cost that the surcharge has, which was reported on by the Australian Tax Research Foundation only last week. The Tax Research Foundation actually found that the collection costs of this surcharge are equal to about 11 per cent of the tax, which is an extraordinary amount of money when you think about it. The fundamental problem is the design of the tax. The fundamental problem is not the fact that we are asking high-income people to actually pay more tax; they should pay more tax in their super contributions because they get more of a concession. Even with this 15 per
cent surcharge plus the 15 per cent contributions tax, they are still getting a higher tax break at 18½c in the dollar than someone on a low income or even someone on a middle income. Certainly from that point of view, the Democrats are of the strong view that the surcharge itself is supportable as a tax impost, although it would be preferable for it to shift to a more progressive system of taxation through the income tax system.

We say to the government that the Democrats are prepared to talk about a system which actually delivers more for low-income people rather than high-income people, but we are not prepared to talk about providing $290 million a year to high-income people in a tax break that clearly they do not need, judging by the amount of funds flowing in from high-income people into superannuation. Certainly from that point of view, the Democrats urge the government to look at a better way of using the $525 million in this bill. That $525 million could do an awful lot to attract low-income people into superannuation. That $525 million could actually ensure that the low-income earners contribution could be extended from its current range where it starts to cut out, at $20,000, right up to very close to average earnings. That would actually provide one, two or possibly 2½ million Australians with access to that co-contribution, encouraging them to save for the first time.

To me that is a very important objective because Australia has, at the moment, I think the lowest saving rate in the OECD. The last figure I saw was a zero per cent savings rate. This country cannot afford a zero per cent savings rate. We cannot afford the fact that, over the last year because we had the worst returns from superannuation in 28 years, we had one of the biggest falls in personal contributions to superannuation—I think it was down $3 billion in a year. That is an enormous fall in personal contributions to superannuation. We need to encourage people to save. We do not need to encourage high-income people to save because they are saving very merrily and that is shown in the surcharge collection figures. What we need to do is encourage low- and middle-income people to save, and that is why we believe this money needs to be adjusted across and put into the co-contribution for low-income people. We will be supporting the bill later when it comes before the chamber, but on this occasion I say to the government that the Democrats cannot support this bill.

I also say to the ALP that we will not be supporting their second reading amendment to this legislation. The reason is that, because the contributions tax on superannuation is a flat tax across the board, it is in itself regressive, and the notion of cutting that tax rather than trying to improve the progressiveness of the taxation of superannuation, to me, is a second order reform. The first order reform should be to try to encourage low-income people to put more money into superannuation. You can do that not so much by cutting everybody’s superannuation contribution but by cutting it for low-income people by increasing their co-contribution.

We have just heard speeches from Senator Hogg and Senator Buckland. They talked about why high-income people should not have a cut in their superannuation taxes. The contributions tax is also paid by high-income people—by all the senators in this chamber. Under the Labor Party’s proposal we would get a two per cent reduction in our contributions tax. I do not particularly think that we need one. I would prefer to see that money go towards encouraging low-income people to save through the co-contributions system. I add that the co-contributions system is a variant of a model that the Keating government originally proposed—their second version, the I-a-w tax cuts, back in 1996. It was a good reform then and, even though the
The government’s proposal is a very pale imitation of what the Keating government proposed in 1996, I think it is a good reform now.

From that point of view, the Democrats will not be supporting this bill tonight. We will not be supporting the second reading amendment and we will be opposing the motion for the second reading when the question is put.

Senator COONAN (New South Wales—Minister for Revenue and Assistant Treasurer) (5.31 p.m.)—I rise to sum up the debate on the motion for the second reading of the Superannuation (Surcharge Rate Reduction) Amendment Bill 2003. The government first foreshadowed its intention to reduce the maximum surcharge rates in its 2001 election policy statement, A Better Superannuation System. That policy statement noted that, while this government’s low interest rate environment has made home ownership far more achievable and capital gains tax has been reduced to encourage other investments, superannuation remains a crucial element in planning for a comfortable and secure retirement.

A Better Superannuation System set out a range of measures to provide greater incentives for voluntary contributions: the removal of inequities in the system, improved security of superannuation benefits, broadening the availability of superannuation to more Australians, and promoting the value of lifelong saving. Among the government’s package of measures to provide greater incentives for voluntary contributions are the government’s proposed co-contributions scheme for low-income earners and the proposal to reduce the maximum surcharge rates. These measures provide incentives for people, both higher- and lower-income earners, to make greater personal contributions to superannuation than they otherwise may do, and achieve greater self-reliance in retirement.

The government announced its intention to proceed with the rate reductions effective from 1 July 2002 in the 2002-03 budget. This initiative will reduce the maximum surcharge rates to 13.5 per cent for the 2002-03 income year, 12 per cent for the 2003-04 income year and 10.5 per cent for the 2004-05 income year. The government remains committed to this initiative, notwithstanding comments by Labor that it will not support this measure and qualified support, although not tonight, from the Democrats.

The government’s commitment is reflected in the fact that this is the third time that the House has considered this measure. During the course of the debate, both here and in the House of Representatives, we have heard some very tired arguments to the effect that this is a tax break for the rich. It is disheartening, to say the least, that such a narrow focus is being taken by those opposite on what is in fact a much broader issue—that is, the ability of people to save for their retirement, their retirement incomes and saving incentives.

In any event, the Labor Party fails to recognise that higher-income earners will still be paying significantly higher rates of tax and surcharge once this measure has been passed than will other income earners. I think that point has not escaped Senator Cherry’s attention. The application of the surcharge can be a huge disincentive for people to save for their retirement. Why, when the issue of an ageing population is widely known, are we still arguing in this place about sensible policy measures designed to decrease retirement savings disincentives?

What is more, the application of the surcharge positively hampers the attempts by some groups in our society to save effec-
tively for their retirement. Let me give an example. I refer particularly to women attempting to compensate for broken work patterns and, indeed, to older Australians approaching retirement who may be attempting to supplement their current savings. This was certainly not an intended consequence of this legislation. Here are at least two groups who are clearly in need of support from the government if they are to have a chance to make further savings in order to enjoy a comfortable retirement. It is nothing less than appalling that the Labor Party feel that it is right for these groups to be subject to savings disincentives.

Whilst those opposite may not care about issues facing older Australians and women juggling work and family responsibilities and returning to the work force, I can assure them that the government does. I draw the attention of honourable senators to an editorial in today’s Financial Review. The article indicates that recent research has indicated that taxpayers on only $60,000 a year can be subject to the surcharge. It was never the intention to subject these taxpayers to the surcharge. It is disturbing that the surcharge measure is being cynically opposed under the guise of opposing tax cuts for the rich when what is being sought to be achieved is to reduce the burden on these taxpayers.

Ultimately, the underlying issue is one of incentives—or, rather, getting rid of disincentives. I cannot overstate the importance of incentives to encourage people to save for their retirement. That is why this government has been so active in bringing forward policies to encourage saving. I have mentioned the co-contributions and the surcharge reduction, the increased dollar for dollar deductions for superannuation contributions by the self-employed, increasing the age up to which contributions can be made, child accounts to promote lifelong saving, allowing superannuation contributions by those receiving the baby bonus—and the list goes on. Another policy allows people whose marriages, unfortunately, have broken down to be able to split their superannuation on divorce. And I will shortly be bringing forward proposals to allow spouses to split superannuation.

This is a list of accomplishments and policies of which any government would be justifiably proud. However, the Labor Party—apart from talking about the contributions tax and having little idea about how to pay for it other than to raid other policies—have no other policies and can only obfuscate. The only object of derision in relation to this bill should be the obstructionism by some in this chamber of what is a sound measure that will remove a disincentive on those who would otherwise probably be inclined to put away some more money for their retirement. No attempts to misrepresent the government’s policies or retirement income goals will dissuade the government from moving forward with a sound agenda to provide decent outcomes for retirement savings for all Australians.

I note that the opposition continue to call for the removal of this proposal and for the implementation of their own policy proposal through a second reading amendment. However, I remind the Labor Party that they are not in a position to make such a demand because they were not successful at the last election—

Senator Sherry—It’s policy. We are putting forward policy.

Senator COONAN—much as Senator Sherry wishes he had been. Had the opposition gone to the electorate with any superannuation policies at all, and had they been elected, their position might have been different. But they did not. The opposition should now recognise this fact and allow the government to implement the policies that
were put before the Australian people and on which it was elected. The Labor Party should also listen to the electorate on this issue and to the calls for a bipartisan approach to this matter. It is not just me calling for it; once again, an editorial today says:

The potential failure to get the surcharge changes through the Senate illustrates the complexities of superannuation taxation and the need for both major parties to adopt a bipartisan approach.

I think the electorate is saying to this chamber tonight that they would like a bipartisan approach on these sensible measures that have already been subjected to an election and on which a government that was prepared to implement these policies was, in fact, elected.

The government will be opposing the second reading amendment. The government’s measure to reduce the superannuation surcharge is, when all is said and done, a modest reduction in the extra charge that affected Australians’ pay on their superannuation. It is appropriate that this burden be reduced to encourage those who have the capacity to save for their retirement. Why? Because it removes the burden on those who cannot. Even after the reduction, other higher income earners will still be paying a higher rate of tax on their superannuation than others. This measure is part of a suite of measures introduced by the government which will make superannuation more attractive and more accessible and will encourage all Australians to save for their retirement.

In the course of debate it was said, I think, by Senator Buckland and Senator Hogg that the bill does not do anything for low-income earners—and I think Senator Cherry said that also. The low-income earner co-contribution will, however, deliver benefits to 350,000 recipients in 2003-04. The measure will deliver $385 million into the superannuation accounts of low-income earners over three years. Senator Cherry also said that the increasing dollars in superannuation—in other words, the increasing amount taken in relation to the super surcharge—indicate that the surcharge reduction is not required. However, the increases in contributions are, of course, not voluntary. The increases in contributions are not because people see superannuation as such a fantastic deal; they are occurring due to the increased incomes—thanks to the government’s sound economic management. Similarly, the superannuation guarantee rate has only recently increased to nine per cent. Those factors explain more accurately why there is an increase in the surcharge received.

Finally, these two measures—the co-contribution, in a separate bill, and the surcharge—are carefully thought through measures aimed at targeting two specific areas where it is thought that significant improvement can be made to superannuation. The first measure is for low-income earners, who otherwise would not have the capacity to save for their retirement and who need an incentive to do so. That is clearly a well-targeted measure and one that has been carefully thought through. It is not one that has been directed at assisting people right up the scale; it will assist those who most need help. The surcharge is an extra charge that certain people pay over and above the taxes that everyone else pays. It is, in its effect, inequitable in the ways that I have outlined. I call upon the Labor Party and the Democrats to pass the reduction in the surcharge. People need to have the yoke removed from their nest eggs. I commend the bill to the Senate.

Question put:
That the amendment (Senator Sherry’s) be agreed to.

The Senate divided. [5.48 p.m.]

(The President—Senator the Hon. Paul Calvert)

CHAMBER
Question negatived.

Original question put:

That this bill be now read a second time.

The Senate divided. [5.53 p.m.]

* denotes teller
The TEMPORARY CHAIRMAN (Senator Hutchins)—The committee is considering the Energy Grants (Credits) Scheme Bill 2003 and amendment (1) on sheet 2916, moved by Senator Lees. The question is that the amendment be agreed to.

Senator BARTLETT (Queensland—Leader of the Australian Democrats) (5.58 p.m.)—I will continue with the issue that was being addressed prior to the committee deciding to report progress, and follow on from the points made by Senator O’Brien and the good research he has done on previous draft regulations that have been provided to the Senate. I know that a hastily arranged meeting provided what I understand was a confidential showing of regulations to a few people at the back of the chamber. It may or may not have been confidential. The point that I want to make and which I think needs to be made—and it is a much broader one than just this bill but obviously is germane to it—is that there was a return to order passed by this chamber last Thursday that the government refused to comply with. Once upon a time not that long ago—I have been here getting close to six years now and even in that recent history—refusal to comply with a return to order was seen as highly inappropriate and bordering on a contempt of the Senate. I recall at least once a mild punitive action was taken by the Senate in response to a failure by the then social security minister Senator Newman to comply with a return to order.

In the life of this parliament, in less than 15 months, according to the Notice Paper, there have been 24 different returns to order or orders for the production of documents that this government have refused to comply with. It is certainly contempt in the general sense of the word if not in the legal sense of the word. More importantly than that, the statement given by the government on behalf of the Treasurer, when they refused to comply with this order for the production of documents, said, ‘It is longstanding practice in this portfolio not to release draft regulations relating to amendments currently under consideration of parliament.’ That, Senator O’Brien has clearly demonstrated, is a false statement. The minister, on behalf of the Treasurer, misled the Senate in refusing to comply with the return to order in terms of the reasons given.

That is not something that should be waved aside as a bit of gamesmanship. It is bad enough to be contemptuous of the Senate in refusing to comply with the return to order but to then give a false reason for not complying is extremely serious. I believe that the government needs to respond to that. It needs to correct the record in terms of its reasons. It has now shown the regulations confidentially to industry and to the tax office’s fuel grant advisory forum—they got to see them back on the 15th. It then showed them to the Labor Party today confidentially and, after the reasonable point was made by others in the chamber, it then showed them to a few of us. It still has not actually tabled them. It has not actually made them available to the public. It still has not got them on the record. I do not know whether any of us are able to take copies with us. No copy is provided—we get a quick glance, a few notes, and that is it. I will leave others to judge whether that is sufficient in the context of this debate.

The broader point is that the Senate made an order for the production of documents that was not complied with for the 24th time in the short life of this parliament and for a rea-
son that has now been shown to be false. Also, absolutely no reason has been given as to why the regulations should be confidential, why they should be shown to the tax office’s fuel advisory forum confidentially and why they should be shown to the rest of us confidentially. If you are going to be contemptuous of the Senate, at least give us some truth when you are using the reasons why you are being contemptuous. The Treasury portfolio seems to think it is exempt from the practice that is used by other portfolios. Why is the Treasury so special that it does not have to be open to scrutiny? Why is the Treasury so special that it is not required to be cooperative in terms of giving an idea of what is in draft regulations? It has certainly happened in other portfolios that I have had experience with, and I am sure others would agree. I do not know why this portfolio seems to get special treatment or seems to think that it should be exempt from this approach. I think it is a dangerous precedent to suggest that Treasury can have greater privilege than other portfolios in not assisting with showing people draft regulations. It is not enough to say, ‘You can disallow them if you do not like them.’ Once legislation is through, disallowing the new regulations leaves you with nothing at all, which is often not tenable.

It is simply another case of a government refusing to open itself up to scrutiny. I guess it is not surprising in this particular area of the energy credits scheme where it has clearly failed to deliver on its commitments to the public and to the Democrats for a number of years. Even now, it is trying to hide things under a cover, once again showing contempt for the Senate. This body is here to enable the public to have proper scrutiny of what is going on. It is here for a check on the actions of government. We know that the Prime Minister does not like the Senate. We know that the Prime Minister wishes the Senate would go away. We know that he would love to remove our powers to do what we have been doing in the last week: significantly improving legislation, putting a spotlight on the government’s failings, getting improvements, enabling public awareness about what the arguments are and enabling Senate committee inquiries. I have noticed the constructive approach of the cross-benches just recently in actually preventing a Senate committee inquiry, despite the committee unanimously recommending that that was what they wanted. I am not quite sure how that fits into working constructively rather than working obstructively, but that is neither here nor there.

Senator Ian Campbell—Mr Temporary Chairman, on a point of order: the question before the chair relates to Senator Lees’s amendment which would amend clause (2). You have put that question and I do not think that anything Senator Bartlett has said is relevant to that question. I think he needs to be relevant to that question.

The TEMPORARY CHAIRMAN (Senator Chapman)—We are dealing with clauses relating to the commencement of the bill, so that does enable a degree of breadth in terms of comment. I would ask Senator Bartlett to be mindful of the need in the committee stage to remain relevant to the subject under discussion.

Senator Ian Campbell—If the Democrats want to filibuster this bill, I remind them that I asked their spokesman on this issue whether she was happy to proceed with this legislation after the briefing from the Treasury officers and Tax officers. I was given a clear agreement that she was. So were the Greens. I heard through a spokesman from Senator Lees’ office that they were happy to proceed immediately after the surcharge. If there is genuinely some problem with this then I am happy to adjourn it and go to the
next legislation, but I really do not want to waste the next 25 minutes—very valuable minutes—by debating issues that are extraneous to the bill. If there is a concern, just tell me. Be upfront and honest and I will adjourn this bill again and go on to the next one. I would be quite happy to that but I do not want to waste 25 minutes of the Senate’s time in a week when we do not have much time.

The TEMPORARY CHAIRMAN—Senator Campbell, that is a point to be raised in debate rather than as a point of order.

Senator BARTLETT—If the minister wants to talk about commitments from the government, how they have blatantly breached them in recent times and reasons why that might be annoying, then I am quite happy to have that debate.

Senator Ian Campbell—Do you want me to report progress?

Senator BARTLETT—No. I am not interested in reporting progress.

Senator Ian Campbell—Then it is a waste of time.

Senator BARTLETT—If you think that it is a waste of time to point out that you have blatantly misled the Senate about a return to order and your reason to comply, then that is your—

Senator Ian Campbell—Mr Temporary Chairman, I rise on a point of order. I ask that that reflection on me be immediately withdrawn.

The TEMPORARY CHAIRMAN—I ask Senator Bartlett to withdraw. That was a reflection on Senator Ian Campbell.

Senator BARTLETT—Which reflection, sorry?

The TEMPORARY CHAIRMAN—The comments you made alleging that Senator Ian Campbell had blatantly misled you or the Senate.

Senator BARTLETT—I do not think I was implying that. I withdraw that, if that is what I said.

The TEMPORARY CHAIRMAN—Thank you, Senator Bartlett.

Senator Ian Campbell—If you are not sure about what you are saying, you should seek advice.

The TEMPORARY CHAIRMAN—Order! Senator Ian Campbell, as the Manager of Government Business in the Senate, you know that interjections are disorderly.

Senator BARTLETT—If Senator Ian Campbell were genuine in trying to progress the debate then he would probably not try to provoke me with highly unhelpful reflections on what I am doing. I thought I said that the government misled the Senate last Thursday in its reasons for not complying with the order of the Senate. He suggests that it is not worth even five minutes of comment about regulations that are the subject of this bill and the amendment before us. If he thinks that is wasting time, I disagree. I think it is a very appropriate point to make. I should say that, in the context of what I repeatedly say is a difficult job for the Manager of Government Business in the Senate—to get all these issues through—it is a matter of cooperation across the board.

If the government maintains a huge record of contempt for orders of the Senate then it cannot expect cooperation every single second of the day. If some ministers wish to blatantly breach agreements about negotiations that are under way on other pieces of legislation and to completely go back on agreements—the energy grants scheme is a perfect example of where there have been four years of breached agreements and breached pledges—then they cannot expect us to be 100 per cent cooperative every single second of the day. I am sorry. Perhaps Senator Ian Campbell, who I know has a
very difficult job, might like to talk to those of his colleagues who are quite happy to breach written agreements and undertakings regularly. He might get more cooperation. If he thinks eight minutes of pointing out these difficulties is hugely uncooperative, I suggest to him that I can be a lot more uncooperative than this. I think it is an important point that needs to be made. When the government does not comply with returns to order at the best of times, and when the reason it gives is clearly wrong, as Senator O’Brien points out, that compounds the contempt. I simply flag the point that treating the Senate with contempt time after time is eventually going to lead to some opposite reaction that will not be in the interests of the government or, I suspect, of Senator Ian Campbell’s blood pressure.

Senator ALLISON (Victoria) (6.10 p.m.)—I have some questions to raise about this amendment. From what I can see, this amendment simply lifts some text out of the Diesel and Alternative Fuels Grants Scheme legislation and puts it into this bill. But I would like some indication of the implications of that. For instance, I note that in proposed subsection (5), which is to do with vehicle standards that must come into effect, we are talking about standards that came in on 1 January 2002—and 1 January 2003, for that matter—which would all appear to be retrospective. Did those standards come into effect on those dates? What is the purpose of now introducing them into the legislation?

Senator IAN CAMPBELL (Western Australia—Parliamentary Secretary to the Treasurer) (6.11 p.m.)—It is for Senator Lees to explain that. Senator Lees is obviously keen to put them into legislation, and we have no problem with that.

Senator LEES (South Australia) (6.12 p.m.)—I presumed, as Senator Allison had an interest in this bill, that she would understand what we are doing. We are simply lifting this across. It was, I believe, an omission on the part of the government that should have been rectified earlier. I am very pleased indeed that the government has agreed to do this. Yes, everything is in place. There is nothing retrospective here. It is very important, particularly as we move through 2004, 2005, 2006 and on, that we have it all spelt out. Basically, this ensures that fuel and engine specifications are brought into line with the Measures for a Better Environment package which was negotiated between the Democrats and the government.

Senator ALLISON (Victoria) (6.13 p.m.)—I would like an indication of the implications of not having them in the bill.

Senator LEES (South Australia) (6.13 p.m.)—People would be in a situation where they may or may not decide, under this legislation, to keep up to speed with the changes and the improvements. I think it is extremely
important that we put the commencement clauses back in.

Question agreed to.

Senator LEES (South Australia) (6.14 p.m.)—As Senator Allison prefers to deal with the amendments one at a time, I will move them one at a time, although I would have been happy to have moved them together, I therefore move Australian Progressive Alliance amendment (2) on sheet 2916 revised:

(2) Page 1 (after line 10), after clause 2, insert:
2A States and Territories are bound

This Act binds the Crown in right of each of the States, of the Australian Capital Territory and of the Northern Territory. This clause binds the Crown legally. It is the same wording as in a raft of different environment legislation, and we wish to have it in this bill for safety’s sake.

Senator O’BRIEN (Tasmania) (6.14 p.m.)—This amendment is straight from section 3 of the Diesel and Alternative Fuels Grants Scheme Act 1999. It was included in the previous legislation and we support its inclusion in this bill.

Senator ALLISON (Victoria) (6.14 p.m.)—Could I have an explanation from the government as to why this and, for that matter, the previous amendment were not included?

Senator LEES (South Australia) (6.15 p.m.)—I am happy to explain, as they are my amendments. I believe that there were some oversights between the two bills. There has been quite some debate and discussion. Eventually, my staff prevailed and impressed on the government the importance of doing this. Perhaps I can help Senator Allison by explaining that examples of legislation that have this binding clause in them include the National Environment Protection Measures (Implementation) Act, the Environment Protection and Biodiversity Conservation Act and, as has already been mentioned by Senator O’Brien, the Diesel and Alternative Fuels Grants Scheme Act.

Senator ALLISON (Victoria) (6.15 p.m.)—Could the government respond to that, please? I can see the purpose in having it in the legislation but I want to know why it was not there when we considered this legislation the last time around, and the time before that, for that matter.

Senator IAN CAMPBELL (Western Australia—Parliamentary Secretary to the Treasurer) (6.16 p.m.)—We think the legislation would work without it but we entirely concur with Senator Lees and her exception-ally good staff in putting it in.

Question agreed to.

Senator LEES (South Australia) (6.17 p.m.)—I move Australian Progressive Alliance amendment (R3) on sheet 2916 revised:

(R3) Page 2 (after line 2), at the end of Part 1, add:

3A The Energy Grants (Credits) Scheme

(1) The purpose of the Energy Grants (Credits) Scheme is to provide active encouragement for the move to the use of cleaner fuels.

(2) In the case of diesel fuel, the Commonwealth intends to restrict entitlements available under the Energy Grants (Credits) Scheme to ultra low sulphur diesel for purchases from 1 January 2006 when a mandatory standard of 50 parts per million of sulphur will come into effect.

Senator ALLISON (Victoria) (6.17 p.m.)—The Democrats will not support amendment (3) because it does not, in fact, encourage the move to cleaner fuels. There is nothing in this bill or in any of the amendments to do so. For us, this makes no sense. The other point is that paragraph (2) would
appear to be redundant. Given that ultra low sulphur diesel is mandated to be 50 parts per million by January 2006, there is little point in this amendment. This amendment says that you are not entitled to a grant unless you have ultra low sulphur diesel, yet that standard is already mandated. It is totally redundant and totally unnecessary because, if the law is complied with, no diesel has more sulphur in it than 50 parts per million. Can the minister answer that question? What is the value of the second paragraph? I am sure he would disagree with my comments about the first, but what is the point of putting in such a paragraph?

Senator IAN CAMPBELL (Western Australia—Parliamentary Secretary to the Treasurer) (6.18 p.m.)—The value is that it does not do any harm.

Senator LEES (South Australia) (6.18 p.m.)—We are now talking about ultra low sulphur, which is even cleaner than low sulphur fuel. Basically, we are putting the purpose of the legislation back in as it was in the Diesel and Alternative Fuels Grants Scheme.

Senator O’BRIEN (Tasmania) (6.19 p.m.)—The first paragraph of Senator Lees’s amendment is essentially the same as the amendment to the consequential bill circulated in my name. Both amendments include the purpose in the Diesel and Alternative Fuels Grants Scheme Act 1999 to provide active encouragement to move to alternative fuels. Section 4(2) of the Diesel and Alternative Fuels Grants Scheme Act 1999 states:

(2) The purpose of the Energy Grants (Credits) Scheme will be to provide active encouragement for the move to the use of cleaner fuels by measures additional to those under this Act ...

This purpose was removed from the bill currently under debate. Interestingly, it appears that Senator Lees has given up on having any additional measures to those contained in the act, as her amendment is limited to stating:

The purpose of the Energy Grants (Credits) Scheme is to provide active encouragement for the move to the use of cleaner fuels.

As the government has indicated, it is prepared to support this amendment. Labor will support Senator Lees’s amendment as a compromise to ensure that the purpose is carried through to the new legislation. Therefore, I will be withdrawing the amendment to the consequential bill that has been circulated in my name in this respect.

The second proposed subsection of the amendment limits the entitlements to ultra low diesel from 1 January 2006, when the mandatory standard of 50 parts per million of sulphur will come into effect. This amendment is, I must admit, largely redundant as it excludes providing the grant to something that will not be available at that time, unless of course the government breaks another promise under the Measures for a Better Environment package. Of course, we are not expecting that it will be in a position to do that in 2006. Obviously Senator Lees does not trust the government to deliver on its deal and, one must say, it is no wonder with the government’s track record, yet Senator Lees stands here to broker another deal in which the Australian public loses out—not only on media ownership but on heritage protection as well. Labor will support this amendment as it is designed to do what the Democrats and Senator Lees have so far failed to achieve—keep the government honest with its GST deal.

Senator BROWN (Tasmania) (6.21 p.m.)—There is no good point and no bad point for putting this so I will put it to the government now because I expect that after dinner would be a good time to get an outline of it. In his second reading speech the minister, in responding to the failure to have active
measures to protect the environment as promised in the GST deal some years ago, says:

The Measures for a Better Environment package also noted that the Energy Grants Credit Scheme will provide encouragement for the conversion to cleaner fuels. The government is committed to pursuing options to achieve this and is doing so by examining the issue as part of the consideration of alternative fuels within the Energy Task Force.

I will paraphrase that: we have done nothing, but we are noting things, we are examining things, we are encouraging things and we are even going to consider things. What I want from the government here is really very important, because through this legislation we have $2.8 billion going to encourage the burning of fossil fuels in the country which already is the worst greenhouse gas producer on the face of the planet. This bill is actually an incentive to pollute. What we want to hear from the government are not these weasel words but its action plan. Three years down the line, where is it? What is the action the government has brought in to even offset the incentive to burn fossil fuels that is built into this bill? Where is the $2.8 billion to promote solar power and energy efficiency and clean alternatives? The fact is the government has cut back on spending on those items.

Anybody who understands what is happening in terms of global warming, not just the environmental but the economic threat to this nation’s future and the planet’s future, has a right to be very angry indeed about the government’s cavalier treatment of everybody involved in this, not least Senator Lees and the then Democrats who negotiated an agreement out of which were going to come active measures. They have not come. They are not here. But we are still being asked to pass on this incentive to burn fossil fuels in the form of this legislation. The Greens will be opposing this bill for those reasons. We must, in the committee stage, hear from the government what its action plan is. Where is it? Why hasn’t it been implemented? When will it be implemented? And what is going to be the outcome in terms of an environmental good?

Senator LEES (South Australia) (6.24 p.m.)—I will very briefly answer Senator Brown. Parts of this package have been extremely successful. The photovoltaic package was oversubscribed to the point that the government has now agreed to put more money into it. The trucking industry assure us that there have been considerable changes in engine specifications, and the fuel industry tell me that this is going a long way to give them the incentives they need to clean up diesel much earlier and in a far more cost-effective way than they would otherwise have done. So we have already seen some changes. They are there for all to see, indeed. And with the passage of this bill there will be further improvements.

Senator BROWN (Tasmania) (6.25 p.m.)—Senator Lees might be happy that she has got assurances from the trucking industry but that was not what I was asking about. I was asking about the actual achievement of environmental good coming out of this. We should be getting measurement. Senator Lees, I was not attacking you over this. I thought that you opposed the GST totally but that was not what I was asking about. I was asking about the actual achievement of environmental good coming out of this. We should be getting measurement. Senator Lees, I was not attacking you over this. I thought that you opposed the GST totally but there was built into that a commitment from the government which went to the nation, over your handshake with the Prime Minister, that there would be extraordinary environmental benefits coming out of this. They have not surfaced, and the response you give is minimalist. We are talking about very major moves to clean up this nation’s worst in the world environmental record. They have not happened. Where is the evidence before this committee that the hundreds of millions
that were going to be committed to that end have achieved what was promised?

You talk about fuel alternatives. In terms of the solar industry in the last few years, we have the best technology in the world but the photovoltaic industry in this country has had to go cap in hand for every cent it can get. It has had funds cut from it in this country as money went across to the coal industry in the pursuit of that oxymoronic term ‘clean coal’ as an energy future. So let’s call a spade a spade here. The GST deal, as far as giving an environmental good to the country, is a flop. It did not work. Mr Howard duded the then Democrats leadership. We have to recognise that the government is reckless when it comes to the environment. We are dealing with a $2.8 billion stimulus to the bad. Where is the $2.8 billion for the good? It is not there; it has not been given. It is not working. To talk about getting assurances from the trucking industry, or from the mining industry for that matter, is simply fatuous. It has been a failure.

Senator LEES (South Australia)  (6.27 p.m.)—I cannot go to dinner and leave Senator Bob Brown’s comments unanswered. I just say to Senator Brown that if he wants to talk to a couple of industries that have had huge boosts then one he needs to talk to is the rail industry. What we did under that bill—and I have not brought all the correspondence with me—has made a huge impact with the success in particular of rail freight. We would not have a photovoltaic industry without the original money that was in this package. You can go and ask the industry. Again, I do not have the correspondence with me, but that has been hugely successful. Perhaps I should go to dinner leaving some questions to Senator Brown. What have you achieved in your time here by way of money for the photovoltaic industry, for the rail industry, for cleaner fuels?

No, we do not have a magic wand. We did not expect the impact of what we did back in 1999 to be equivalent to a magic wand. We do not believe you can jump from where we are today, with the mess that we are still in, to nirvana and find everything perfect and in complete order and exactly as we would want it. But the Measures for a Better Environment package that we negotiated with the government have made significant improvements. We have real outcomes. We have done the hard yards. I say again to Senator Brown: I do not see any packages that you have negotiated for the rail industry or the photovoltaic industry. I do not see any packages that you have negotiated to improve engine specifications and to clean up diesel fuel. It is a step-by-step process. We are not going to get there in one leap. It takes hard work. It takes a lot of discussions. It takes putting a considerable amount of evidence before government and a process where, yes, industry is involved. I did not mention the mining industry, but certainly the trucking industry I would congratulate for coming on board with many of these initiatives. I also congratulate particularly one of our key fuel providers, one of the big companies which is investing a lot of money in research in clean green energy, particularly in solar energy. We certainly have a long way to go, but we have also made a significant impact.

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

The TEMPORARY CHAIRMAN (Senator McLucas)—The committee is considering the Energy Grants (Credits) Scheme Bill 2003 and amendment (R3) on sheet 2916 revised moved by Senator Lees. The question is that the amendment be agreed to.

Question agreed to.

Senator LEES (South Australia)  (7.31 p.m.)—by leave—I move APA amendments (4), (5) and (6) on sheet 2916 revised:
(4) Clause 9, page 9 (after line 24), after paragraph (3)(c), insert:

(ca) the Total Environment Centre Inc; and

(5) Clause 9, page 9 (after line 26), at the end of the clause, add:

(4) A determination under subsection (1) or (2) is a disallowable instrument for the purposes of section 46A of the Acts Interpretation Act 1901.

(5) The Commissioner must, 30 days before making a determination, publish a draft of the determination on the Australian Taxation Office website together with an invitation seeking public comment on the draft determination.

(6) The Commissioner must cause to be included in his or her annual report, in respect of each determination he or she has made:

(a) a summary of public comment received in accordance with subsection (5);

(b) a description of how public comment was taken into account in the final determination;

(c) where public comment is not taken into account in the final determination, a statement of reasons why the comment was not taken into account.

(7) As soon as practicable after making a final determination, the Commissioner must for at least 45 days publish the determination on the Australian Taxation Office website.

(6) Clause 34, page 28 (line 5), omit “turtles, dugong.”.

I will speak very briefly to each of these amendments. Amendment (4) adds the Total Environment Centre to the specific groups that will be consulted. Amendment (5) is for the purpose of public transparency in making the termination disallowable. Amendment (6) specifically identifies dugong, which are a listed threatened species—as are turtles. Many of them are endangered and they should not have been listed as allowing any sort of a rebate.

Senator O’BRIEN (Tasmania) (7.31 p.m.)—I will deal with the opposition’s position on these amendments. Amendment (4) includes an environment group on the list of those to be consulted when a determination is made by the commissioner on what operation of a journey constitutes a journey. Labor certainly supports the inclusion of an environment group in those to be consulted, so we support amendment (4). Amendment (5) makes the determination of the commissioner on what operation of a journey constitutes a journey a disallowable instrument and introduces a public consultation process. In the interests of good public policy and accountability, Labor will also support this amendment. We will also support the exclusion of turtles and dugong from the meaning of fish for the purposes of the Energy Grants (Credits) Scheme Bill 2003. We think that is entirely appropriate and taxpayer funds should not be used to subsidise fishing activities that catch either of these protected species.

Senator ALLISON (Victoria) (7.32 p.m.)—What are the implications of having turtles and dugong in the amendment? I would have thought we were not doing any fishing for dugong anyway. What is the effect of that change?

Senator IAN CAMPBELL (Western Australia—Parliamentary Secretary to the Treasurer) (7.33 p.m.)—From the government’s point of view, it speaks for itself. It ensures that anyone who is caught fishing for turtle or dugong would not be able to receive the rebate. It reinforces other environmental measures.

Senator ALLISON (Victoria) (7.33 p.m.)—I am still not clear what this does. As
I said, I thought you were not entitled to fish for dugong anyway and that there are other provisions that would have prevented that. If someone were wont to do this, I am sure losing 18c a litre in their rebate would not be much of a disincentive.

**Senator IAN CAMPBELL** (Western Australia—Parliamentary Secretary to the Treasurer) (7.33 p.m.)—The technical reason is that we brought forward the definition of fish from the old act which was written before the parliament and the government took an interest in turtles and dugongs. Senator Lees has very diligently picked up the fact that many other pieces of legislation and environmental protection measures at state and federal level now protect those species. This measure would have left it open for a fisherman who—illegally in many jurisdictions—caught turtles or dugong to still get the rebate. I do not think any of us would want to see someone getting Commonwealth government assistance for doing something that hurts turtles and dugongs.

Question agreed to.

**Senator BROWN** (Tasmania) (7.35 p.m.)—I move Greens amendment (2) on sheet 2881:

(2) Clause 35, page 28 (line 20) to page 29 (line 11), omit the clause, substitute:

35 **Wood production**

- the planting or tending, in a place, of trees, intended for felling; or
- the thinning or felling, in a place, of standing timber;

and includes:

- the transporting, milling or processing, in a place, of timber felled in the place; or
- the milling of timber at a sawmill or chipmill that is not situated in the place in which the timber was felled; or
- where timber is milled at a sawmill or chipmill that is not situated in the place in which the timber was felled—the transporting of the timber from the place in which it was felled to the sawmill or chipmill; or
- the making and maintaining in a place referred to in paragraph (a) or (b) of a road that is integral to the activities referred to in paragraph (a), (b) or (c);

and it does not include:

- wood production or related operations, including making or maintaining a road, in a native forest or in a place where native forest existed in 1990; or
- clearing of native vegetation.

**native forest** means forest dominated by tree species that are indigenous to the place in which it is situated.

**native vegetation** means vegetation indigenous to the place in which it is situated.

**forest** means a vegetation community dominated by trees with a projective foliage cover greater than 30%.

Under this amendment the diesel fuel subsidy that goes to the woodchip industry would be removed from the Energy Grants (Credits) Scheme Bill 2003. The amendment would not remove the subsidy if it were going to the plantation industry per se, but it would remove it as far as native forest logging is concerned. This would apply not least to the woodchipping industry and to the industry that the Tasmanian government has been trying to foster but cannot find an investor in, which is to cut down native forests and put them into forest furnaces and send that energy as so-called renewable energy to Melbourne so that unsuspecting Melburnines will be having native forest burnt to supply them with so-called green energy. I will be very brief about this, but it needs to
be said again that this year 150,000 log trucks under the regional forest agreement signed by Prime Minister Howard with Premier Bacon’s assent will go to the woodchip mills in Tasmania taking native forest timbers, ecosystems and the living places for wildlife to destruction. The forestry minister says that the intention is to totally remove 20 per cent of remaining native forest cover in Tasmania in the coming years—that is, if you do not count the selective logging and so on. We have less than half of what we had, but the intention is to destroy 20 per cent under a scheme which we are now being asked to subsidise through the Diesel Fuel Rebate Scheme, and that is totally outrageous.

At the same time Gunns, the biggest export woodchip company in the world for hardwood, is announcing record profits. This corporation is squeezing the Tasmanian contractors—the people who do have the trucks and the machinery—for every last cent; it is wringing every last drop out of them. Those people are put over the rack by this big corporation, with former Premier Robin Gray and Mr Gay and others on the board who are getting hundreds of thousands of dollars as their annual subsidy.

What we are going to do here is simply put more money on their table out of the taxpayer’s pocket. This money should be going to the environment, to education, to hospitals—to a whole range of public purposes. Instead of that, it is going to help wreck the environment. There is no way the Greens would support that. This is a very important amendment as far as we are concerned: the woodchip industry should not be subsidised through this legislation. We will be opposing this amendment.

I point out that, although Senator Brown refers to Gunns squeezing contractors, in fact his amendment would further squeeze contractors by denying them access to the rebate for diesel fuel that they use, so there is a bit of an inconsistency in the position that he announces where he seeks to differentiate between the contractors and a company such as Gunns. I am a little confused because, in some debates, Senator Brown and his colleagues in the Tasmanian Greens suggest that Gunns is not as financially strong as it should be, but in this debate Senator Brown is suggesting that they are so strong that perhaps all we are doing is building them up even further with grants available under this legislation. Labor does not believe that there should be a break in the continuity. We believe that there should be a transition between the areas of coverage of the current legislation and the legislation that will be made if this bill is passed. As I said, we will be opposing this amendment.

Senator IAN CAMPBELL (Western Australia—Parliamentary Secretary to the Treasurer) (7.40 p.m.)—The government will oppose the amendment for similar reasons to those enunciated by the Labor Party opposition spokesman, Senator O’Brien. The government has given commitments about maintaining what Senator O’Brien calls continuity. I was partly distracted during Senator O’Brien’s contribution, but I think he was referring to the fact that contractors would generally do this sort of cartage. I know in
my own state of Western Australia that would be the case, and I know that Senator Brown’s amendment aims to maintain the grants for plantation based timber but not for timber taken from native forests, even though certainly the taking of the timber from the native forests in my own state—and I presume in Tasmania—would be done under a strictly controlled process, the subject of a range of environmental protection measures. I think from an implementation point of view—and I do not think Senator Brown would probably care too much about this—you could potentially have a contractor carting some logs from a native forest block legally, under a contract, to a timber mill in the morning and then, that very afternoon, using the same tank of diesel, carting some logs from a plantation forest operation on the same day. There would be ways of trying to figure out and apportion the difference between native and plantation.

Senator Brown interjecting—

Senator IAN CAMPBELL—I guess it would be easier, Senator Brown, if you got rid of all native vegetation harvesting—that would make it easier from your point of view—but I do not think anyone would agree with that. There are compliance costs and difficulties, which I am sure the Greens do not really mind, but the main point is that the government has made commitments about continuity, and we will be sticking by them.

Senator BROWN (Tasmania) (7.43 p.m.)—I reiterate that we would remove the diesel fuel rebate altogether if it was put to us, and we would put that money into the environment, education, hospitals and so on. We are talking about $2.8 billion here. As far as Senator O’Brien’s defence of Gunns goes, the logging contractors in Tasmania know where they are; they are squeezed. It is just nonsense. He says, ‘Not giving them this subsidy is going to put them into a bigger squeeze.’ What rubbish!

The Bacon government, his friends in Tasmania, repeatedly refused to enact in any way protection for those forest workers or even a stipulation that written contractual arrangements must be made to guarantee their viability. Gunns rules the roost down there. When Gunns says to forestry minister Lennon, ‘Jump,’ he says, ‘How high?’ He is a complete lackey of this big corporation. Besides his numerous dinners with Mr Gay, he repeatedly turns his back on the Tasmanian people and these contractors in the bush. I have never seen him step off a kerb anywhere in defence of their rights—not once.

The TEMPORARY CHAIRMAN (Senator Mclucas)—Senator Brown, I request you to withdraw those comments. I think you are referring to a minister of the Tasmanian government.

Senator BROWN—I would ask you which comment, Temporary Chair. I would need to be acquainted with which one.

The TEMPORARY CHAIRMAN—The term ‘lackey’ I think is unparliamentary.

Senator BROWN—I take back ‘lackey’. He is completely compliant with the wishes of Gunns in Tasmania and when asked to jump he says, ‘How high?’ His performance there is a total disgrace. I think the word ‘lackey’ is not appropriate because it cannot put into the negative the character of that minister. That being said, this is a regressive bonus to industries like this and it is doubly regressive in this case to the environment, and that is why the Greens have put the amendment forward.

Question put:
That the amendment (Senator Brown’s) be agreed to.

The committee divided. [7.50 p.m.]
(The Chairman—Senator J.J. Hogg)

Ayes…………  8
Noes………… 37
Majority……… 29

AYES

Allison, L.F. *  Brown, B.J.
Cherry, J.C.  Greig, B.
Lees, M.H.  Murray, A.J.M.
Nettle, K.  Ridgeway, A.D.

NOES

Abetz, E.  Barnett, G.
Bishop, T.M.  Buckland, G.
Campbell, G.  Campbell, I.G.
Carr, K.J.  Chapman, H.G.P.
Colbeck, R.  Collins, J.M.A.
Cook, P.F.S.  Crossin, P.M. *
Denman, K.J.  Eggleston, A.
Evans, C.V.  Ferguson, A.B.
Hogg, J.J.  Humphries, G.
Johnston, D.  Kemp, C.R.
Kirk, L.  Knowles, S.C.
Ludwig, J.W.  Lundy, K.A.
Marshall, G.  Mason, B.J.
McGauran, J.J.  McLucas, J.E.
Moore, C.  O’Brien, K.W.K.
Sherry, N.J.  Stephens, U.
Tchen, T.  Tierney, J.W.
Watson, J.O.W.  Webber, R.
Wong, P.

* denotes teller

Question negatived.

Senator O’BRIEN (Tasmania) (7.53 p.m.)—I move opposition amendment (1) on sheet 2884:

(1) Page 31 (after line 12), after clause 37, insert:

37A Non-entitlement

Despite the other provisions of this Part, use in marine transport does not include use for a purpose in a vessel in marine transport where a vessel is operating under a single or continuing voyage permit.

The open application of this significant benefit for the operators of foreign vessels operating under single and continuing voyage permits is a major issue for the opposition. This benefit adds to the existing high level of advantage given to foreign operators with the permit system. The opposition has been asking about how these bills apply to these vessels, and we finally got a few answers. It is now clear that some benefit accrues, and Labor opposes this.

Advice from the Treasurer’s office is that overseas vessels operating on the Australian coastal trade on single voyage or continuing voyage permits are able to claim a rebate under the Diesel Fuel Rebate Scheme for fuel they purchase in Australia or import into Australia. We are also advised by the Treasurer’s office that overseas vessels entering into Australia to commence coastal voyages are required to pay import duty on any fuel on board the ship on arrival. Overseas vessels operating on the Australian coastal trade are not allowed to purchase duty free fuels. Importantly, the advice from the Treasurer also confirms that the ship owner-operator can apply for a rebate under the marine transport category of the Diesel Fuel Rebate Scheme for any fuel that has been imported or purchased duty paid and that the Energy Grants (Credit) Scheme will maintain this entitlement.

This is another example of the Howard government propping up foreign operators in unfair competition against Australian shipping and their workers. The permit provisions were placed in the Air Navigation Act under Labor. They were designed to be used in extreme circumstances for domestic coastal trips when an Australian licensed vessel was not available. Labor did not issue a single continuing voyage permit; the Howard government issued 123 in the year 2000. These permits allow foreign vessels to operate for periods of six months in our domestic trade and they can be extended. There are examples where these vessels have operated for periods of over two years. In the year
1996-97, almost four million tonnes of freight was carried under these permits. But starkly, in the year 2000-01, that figure has risen to almost 10 million tonnes. Foreign vessels are operating under these permits and are competing directly against Australian company shipping, road and rail operators with big advantages. They are not required to apply Australian award wages and conditions. These foreign companies are not required to pay the same tax. And now we learn that, whilst they get those benefits, they are exempted from the obligations that apply to the Australian coastal trade vessels, and they are eligible for the Energy Grants (Credit) Scheme rebate.

These vessels are being given these concessions and amongst them are flag of convenience vessels which pose significant risk to our marine environment. The opposition is yet to hear a credible argument in the face of this evidence as to why the Australian taxpayer should give these operators an excise holiday. That is what is proposed under these bills. That is what the opposition objects to, and the force of the opposition amendment is to remove that benefit. We do believe in a fair go and fair competition, but the Australian transport operators continue to be disadvantaged by the Howard government with respect to the liberty and access given by this government to foreign operators in the domestic transport market. They are not obliged to observe other Australian laws, particularly with regard to wages or tax, yet in this regard they are to be given the benefit of legislation which would effectively not require them to pay part of the duty on the diesel fuel that they use. The Howard government has continued to exploit every law to advantage foreign ship operators alone in the name of cheaper shipping costs, which is not in the public interest. It is a pity that the government has not directed more effort towards dealing with critical issues. They could, for instance, focus on policies to ensure cleaner fuel and working to implement commitments they have given instead of looking for ways to let foreign shipping operators undercut Australian shipping, road and rail operators.

I advise senators that Senator Ian Macdonald, I think at estimates, reminded the committee that we were now seeing that the cost of freight shipped on single or continuing voyage permits was cheaper by sea than it was by rail from Western Australia to the eastern seaboard. In other words, the fact that these vessels operate with the advantages of not having to pay Australian tax or wages allows them to compete unfairly with Australian operators in the rail or trucking sectors. They are instead looking for ways to let foreign shipping operators undercut Australian shipping, road and rail operators in this uneven market and therefore taking Australian jobs as well as risking our marine environment, particularly in the case of the operation of flag of convenience vessels.

So the opposition believe it is inequitable that this rebate be available to vessels operating on the Australian coast under single or continuing voyage permits. We believe this amendment will return some equity to the situation—not a lot, just a little. The fact of the matter is that the rebate is clearly a disadvantage to Australian registered vessels—and, to the extent that the Australian shipping fleet is getting older, there is no incentive for Australian companies to invest in vessels to ply the Australian coastal trade when their markets are being taken by vessels that, effectively, are subsidised by the Australian taxpayer and by Australian workers.

Senator IAN CAMPBELL (Western Australia—Parliamentary Secretary to the Treasurer) (8.01 p.m.)—We will be opposing this amendment. I think some of the underlying reasons Senator O’Brien explained for
the ALP moving this amendment are in stark contrast to the position he took in relation to the Greens’ amendment which he voted against in the last division. One of the key arguments he put forward was that we maintain continuity by continuing the features of the old administration into the new legislation. We are talking about a package of measures that does seek to improve environmental outcomes—even though they are not improvements to the extent that Senator Brown and some others would want. I missed where the figure that Senator O’Brien gave of four million tonnes came from; obviously it was a previous year.

Senator O’Brien—It was four million tonnes in 1996-97.

Senator IAN CAMPBELL—So in 1996-97 there was four million tonnes of materials carried around the Australian coast under the previous government’s regime. That has built up to 10 million tonnes for the latest year.

Senator O’Brien—That figure is for 2000-01.

Senator IAN CAMPBELL—Yes, it is 10 million tonnes for 2000-01. So there has been significant growth. I think it is fair to say there has been significant growth in trade in that period anyway; the economy has grown. I have only been briefed in the scantiest detail by my officials tonight, but I am told that about 80 per cent of the coastal trade is owned and operated by Australians and that the proportion of the marketplace we are talking about here is about 20 per cent. I am told that, in terms of the transport sector, Australian owned shipping operators are up to a very high capacity utilisation; clearly they are very busy. The figures Senator O’Brien gave us show that coastal trade is improving. I think that is a fantastic thing. It has always struck me that Australia is a maritime nation with ports around its borders and that it should be doing what it can to ensure that the transport of as many goods as possible takes place across the oceans. It strikes me as an incredibly efficient way to move very large amounts of goods in terms of both cost and the movement of goods across large distances, and it is environmentally advantageous.

Clearly it is desirable for Australia to develop a solid Australian owned and operated domestic shipping fleet—and you have to put in place measures across a range of portfolios to do that—and having an efficient waterfront is a crucial part of that. I do not want to reopen a very heated debate, but, from an economic point of view, being able to move goods across the wharf, get goods to the wharf through efficient rail systems and ensure that you can move goods on and off ships efficiently and cost effectively is a crucial part of that. Having efficient, modern ships crewed by talented people—good seafarers who are properly remunerated—is also a crucial part of that. Having foreign ships in your coastal waterways is also quite important. There are many ships which travel around the Australian coast, and to put in place measures that could ultimately have the effect of shifting 10 million tonnes off these ships and onto the roads would be an environmental disaster.

It seems to me that Labor are seeking to use this legislation, which seeks to maintain the status quo. If a foreign ship comes into an Australia port to refuel and then heads back across the seas to another land, it pays no tax. Contrary to Senator O’Brien’s assertion that they do not pay tax, they do in fact pay tax. They have to pay all taxes when in Australia. The normal legislative requirement, which was in place under the previous Labor administration, is that they get that rebated if the ship is used for a coastal voyage and they do not pay it in the first place if the fuel is put on for an international voyage. So we are maintaining the status quo here.
With this amendment, the Labor Party are seeking to run, I guess, a quite legitimate industrial relations agenda through the tax system. We know that the Maritime Union would prefer to have only Australian owned and operated ships on the coast; they would prefer not to have foreign ships on the coast.

Senator O’Brien—Wouldn’t you?

Senator IAN CAMPBELL—I have already said, Senator O’Brien, that I would prefer to have a stronger and a bigger Australian fleet, but I do not think you would do that with this sort of fairly obtuse measure. I am sure that a number of people in the trade union movement would say, ‘Well done, comrade. Good try.’ But you need to look at the other effects of it. The other effects will be an increase in the freight costs around the coast. I come from Western Australia and I think Senator Macdonald made a good point. He said that more and more freight is going to Western Australia from the east using ships. That is a good thing for the environment. It is a good thing for West Australians. We already pay a premium for our cornflakes, for our beer and for anything we buy from the Eastern States. It costs West Australians more to buy all of the things that people in the Eastern States take for granted because you have to move virtually all of the grocery items and all of the important things in life—like beer and those sorts of things—across the Nullarbor for many thousands of miles.

Senator Brown—Don’t you make beer in Western Australia?

Senator IAN CAMPBELL—We make lots of wonderful things, Senator Brown, as you know. We make wonderful beer, too, but some West Australians like drinking James Boags and other beers from your part of the country. That is the wonderful thing about trade: you do not always have to drink Swan Lager or Emu Bitter; you can drink James Boags or other Tasmanian brews—and even Tasmanian champagne if you are celebrating something. That is an important thing. Clearly, I would have thought, Tasmanians have an interest as well. This will have the effect of increasing the cost of moving freight around Australia. It will have the effect of shifting freight back onto Australian roads and pumping more diesel fumes and more pollutants throughout the mainland road network. So I think it is a perverse measure. I can see the motivation behind it, but I do not think this is the way to solve the issues that the Labor Party sees in relation to foreign ships on the Australian coast. We will oppose it for those reasons.

Senator BROWN (Tasmania) (8.09 p.m.)—I have been influenced by what Senator O’Brien has had to say, for the second time tonight. It would help to sort it out for me if Senator Ian Campbell could tell us that Senator O’Brien is wrong—that the wages and the conditions on these foreign owned ships are the same as on Australian owned ships, by law.

Senator IAN CAMPBELL (Western Australia—Parliamentary Secretary to the Treasurer) (8.10 p.m.)—I do not have that information at hand. I am happy to accept Senator O’Brien’s word that the conditions are not the same. I accept that that is the case. But I put it to the Senate that, if you want to address the issues of wages and conditions on foreign flagged vessels on the Australian coast, a fuel taxation measure is not the way to solve that particular problem. The direct result of this will not change the wages and the conditions of seamen on foreign owned vessels. What it will do will be to put up the cost of cornflakes to people in the suburbs of Australia and to ensure ultimately that there are more diesel fumes around the suburbs of Australia. It is far more efficient to shift goods around the coast on a ship. If you put this impost onto the cost of that shipping, you will undoubtedly put...
the cost of transport up and you will increase diesel fuel emissions. So it is entirely against the objectives of the bill and it is entirely detrimental to the environment.

Senator BROWN (Tasmania) (8.11 p.m.)—Senator O’Brien wins in this case. If we cannot legislate to ensure that people are paid fairly—the same pay for the same work—in this country then those who do not pay should not get the subsidies. That is pretty clear. On the matter of shipping, I was speaking with Mr Laurie Goldsworthy, who is of international stature, in looking at this. Let us not forget that the diesel burnt in ships produces photochemical smog—a big contributor in the Northern Hemisphere, in particular—so it is not free of environmental costs. I was not being altogether trite when I suggested that Senator Campbell drink Swan, because we ought to be very aware—particularly with bottled goods and heavy goods that are moved around the country—that there is a big environmental impost on that. I think the best time to drink Boags is when you are in Launceston.

Senator IAN CAMPBELL (Western Australia—Parliamentary Secretary to the Treasurer) (8.12 p.m.)—The Senate should know—I do not have the figures with me, but I am happy to supply them at a later date because it would be very interesting if the Greens were to vote for such a measure—that there is no doubt that you can carry significantly larger amounts and heavier weights of goods on board a ship far more efficiently, in terms of the fuel that will be used to move that, over longer distances. So the reality of this measure is that the Greens are really indicating that they are much happier to see diesel burnt at a much greater rate per kilojoule of energy to move a certain good across the roads. That is what they are really saying.

There is no doubt that a ship will burn fuel and will create emissions—no doubt about it—unless you reach the nirvana that I aspire to, Senator Brown, and move these vessels back to using sails. In the good old days, sailing ships used to shift all of the hard goods, which is of course my chosen way of transport. I spend most of my time across the sea with my sails up, getting transported by the wind. It is not free either, I might tell you—you have to pay for the sails, the masts and everything else. The fact is that transport across the sea uses a lot less energy and therefore creates a lot less emissions per tonne of cargo than carrying that cargo across the highway. So the effect of this will be to increase the amount of emissions into the atmosphere, and it will be an interesting vote to see how the Greens go on this.

Senator ALLISON (Victoria) (8.14 p.m.)—I will say first of all that it is good to hear the minister extolling the virtues of fuel efficient transport and shifting transport off road but, of course, this bill does not do anything to further that objective. My question, before determining whether this has our support, is: what exactly does this mean? Are we talking about enormous quantities of diesel? What are the revenue implications? Is there some estimation of the percentage of transport which would shift to road? The minister seems convinced that there would be a lot, presumably. Can we quantify that? Can we have some idea of what it is we are debating?

Senator IAN CAMPBELL (Western Australia—Parliamentary Secretary to the Treasurer) (8.15 p.m.)—I do not have those figures at hand. It is a Labor amendment and I am not quite sure how long we have had it. To get a revenue impact on it, you would have to look at the impact on foreign ships. They may well, as I have indicated, just put their prices up to cover the loss of the rebate, which would transfer to the packet of cornflakes I was talking about. It may well see
significant amounts of freight shift to the roads. I think it would be quite a complicated thing to model.

In terms of the amount of the rebate that goes to various industries—I am quoting from Mr Colmer, who was in Senate estimates on 18 March answering questions from Senator Conroy; I do not see the question but apparently this is the break-up of which industry gets the benefit of the rebate for 2000-01—it says here that mining gets 48.3 per cent, which will make Senator Brown happy; agriculture gets 28.8 per cent, which will make Senator Boswell happy; rail gets 9.3 per cent, which will make Tim Fischer happy; fishing gets 5 per cent; marine gets 3.8 per cent, which is the figure I think Senator Allison was looking for; and forestry gets 2.7 per cent. The rest get about 0.7 per cent—that is, residential, hospitals, nursing homes, aged care homes et cetera.

Senator ALLISON (Victoria) (8.17 p.m.)—Perhaps it then comes to the ALP to give us some sort of grasp of what percentage of that 3.8 per cent is likely to be in this category of overseas ships. It is my understanding that there are few vessels that are Australian owned these days. It is interesting that the Labor Party should be so keen to see Australian ownership when they sold the ANL—but that is another story. Can there be some indication given of whether we are talking about a very small number of voyages or whether this is most of them—just some sort of grasp of the extent of the issue?

Senator O’BRIEN (Tasmania) (8.18 p.m.)—We have requested more detailed information from the government. As you would appreciate, the opposition is not in a position to gather that information itself. To date, that information in precise terms has not been supplied. There are a couple of points that one should make here. If our amendment is carried, then there will be less rebate applied to the maritime sector—that is, they will not get the rebate and, therefore, the effect on the budget will be a positive not a negative. In terms of the measure, we are providing the government with money to spend as is appropriate. In terms of the effect on the trade, that might ultimately be neutral if there were measures put in place—and they have not been put in place by this government, notwithstanding what Senator Campbell says—because the Australian fleet is ageing.

Many operators are coming to a point where they will need to make critical decisions about investment, yet more and more of the Australian cargo available to be shipped is being carried by vessels flagged overseas. In some cases, Australian vessels purchased by overseas companies have had the Australian crew dismissed and a foreign crew engaged, and trade has continued on under continuing voyage permits by a now foreign flagged vessel—that is, the vessel that was previously Australian flagged is now foreign flagged. That vessel may now be carrying a Ukrainian crew. I do not want to single out that country for any particular purpose, but there is a circumstance in which a Ukrainian crew has replaced an Australian crew at lower wages.

What we would say is: they should not get the benefit of the positives of the Australian legislative package when they do not take the other parts of it. They do not pay the same company tax and they do not pay Australian wages and conditions under our award system. The question we pose is: why should they get both advantages? They are exempted from the requirements of other laws which, one might argue, would impose a burden upon them, but in this case they would be given the benefit of an Australian law which gave them cheaper fuel. We say, in terms of a budgetary cost and in terms of
equity, that there are no grounds on which to reject our amendment.

Senator IAN CAMPBELL (Western Australia—Parliamentary Secretary to the Treasurer) (8.21 p.m.)—I would like to make the point—because Senator Allison asked the question of Senator O’Brien and it was not answered even though I had referred to it earlier—that 80 per cent of coastal trade is under Australian owned, flagged and operated vessels and roughly 20 per cent is foreign vessels. I also make the point that if you wanted to apply the logic that Senator O’Brien is asking us to apply to shipping you would say to a foreign airline that was operating in Australia, let us say Garuda Airlines, that while they are flying in Australia they should apply Australian wages and conditions to all of their staff.

Senator O’Brien—They don’t fly domestically.

Senator IAN CAMPBELL—They fly across Australia; they fly Australians to Jakarta. It is the same difference. Using tax measures to change other countries’ industrial relations practices is a bizarre thing. The bottom line is that this measure will see transport shifted back onto the road. That is what Senator O’Brien wants to do. He seems to think that shifting stuff to Western Australia on ships is a bad thing. The reality is that you could well, as a result of this measure, see far more diesel used up on the road transporting stuff that was otherwise transported by ship and that you could in fact end up paying out more by way of rebates. We will not know until it happens but let us hope that it does not, because it is such a silly idea.

Question put:
That the amendment (Senator O’Brien’s) be agreed to.

The committee divided. [8.27 p.m.]
(The Chairman—Senator J.J. Hogg)
gressive Alliance amendments (R7) and (R8) on sheet 2916 revised:

(R7) Page 37 (after line 29), after clause 49, insert:

49A Proposed use for certain prohibited actions under Environment Protection and Biodiversity Conservation Act 1999

(1) Despite the other provisions of this Part, you are not entitled to an on-road credit for the purchase, or importation into Australia, of on-road diesel fuel, or on-road alternative fuel, for a particular use that involves taking an action mentioned in subsection (2) of this section without the approval mentioned in that subsection being in operation.

(2) For the purposes of subsection (1), the action is one to which a subdivision of Division 1, Part 3 of the Environment Protection and Biodiversity Conservation Act 1999 would apply unless an approval required under that division were in operation.

Note 1: Division 3 of the Environment Protection and Biodiversity Conservation Act 1999 make it an offence to take action that has, will have or is likely to have a significant impact on a listed matter of national environmental significance unless an approval is obtained under that Act.

Note 2: This section does not apply if another exemption applies under Part 3 of the Environment Protection and Biodiversity Conservation Act 1999.

The reason I ask that the amendments be moved together is that they are complementary. One deals with on-road use and one deals with off-road use. These are perhaps some of the most important amendments that we are dealing with in the Energy Grants (Credits) Scheme Bill 2003 tonight. They ensure that we are not giving any taxpayer funded credits to in any way destroy marine migratory species, other habitats or, indeed, anything that is on the register of critical habitats or threatened ecosystems.

There have been incidents in the past where damage has occurred. For instance, on one island—it might have been Groote Eylandt—a company lost 10 million litres of leaked diesel fuel. The government at the time could never quite answer the question
whether or not the company had got some $3 million of taxpayer subsidies under the pre-cursor to this legislation—the scheme we are replacing—the Diesel Fuel Rebate Scheme. Basically, we suspect that the company did get that $3 million for effectively polluting the marine area. Unfortunately, farmers have been caught clearing areas of the national estate, particularly in national parks. Logging, for example, goes on surreptitiously in national parks. If caught, people will not only find that they are subjected to all the usual fines and prosecutions but also be made to repay any rebate that they have. I am pleased to say that it seems the opposition and government will be supporting the amendments.

Senator ALLISON (Victoria) (8.33 p.m.)—I have a question about compliance on this issue. How will the system be monitored and administered? Is the tax office going to get staff trained in ecological assessments? How will this work?

Senator IAN CAMPBELL (Western Australia—Parliamentary Secretary to the Treasurer) (8.34 p.m.)—I am told that it is fundamentally a self-assessment system but, where people are found to be in breach, action can be taken. We are happy that the compliance challenges thrown up by this can be quite easily handled.

Senator ALLISON (Victoria) (8.34 p.m.)—Let me be clear about how it works. If an action approved under the EPBC Act is nonetheless an action which under the amendment will threaten listed species and therefore there is no breach, will this provision still apply?

Senator IAN CAMPBELL (Western Australia—Parliamentary Secretary to the Treasurer) (8.35 p.m.)—I am informed that if it has an approval under the act, it is eligible.

Senator ALLISON (Victoria) (8.35 p.m.)—Can the minister indicate how many actions which capture, destroy or whatever listed threatened species that have not been the subject of the EPBC Act have involved the use of diesel thus far?

Senator IAN CAMPBELL (Western Australia—Parliamentary Secretary to the Treasurer) (8.36 p.m.)—We do not have a detailed answer to that. In principle, this is a measure that Senator Lees, to her credit, has brought forward that reinforces the objects of the act. It makes it quite clear that the government is not going to be part of subsidising fuel for actions that are in contravention of Australia’s environmental laws. Quite frankly, Senator Lees is to be commended on taking the initiative in improving this bill in this way. I commend her and her staff on approaching this legislation in a very constructive way and seeking to find ways within the government’s policy objectives for this bill to be improved. The words of the amendments speak for themselves. The government thinks that they enhance the bill and is happy to accept them.

Senator O’BRIEN (Tasmania) (8.37 p.m.)—These amendments prohibit granting an entitlement for both off- and on-road activities that are regulated under the EPBC Act and impact on listed threatened species and listed threatened ecological communities. That includes taking, capturing or destroying any listed species and communities, listed migratory species, listed marine species, habitats on the register of critical habitats and critical habitats identified in all recovery plans. I must say that that is entirely consistent with the existing regulatory regime. However, the fact that Senator Lees feels that these amendments are necessary indicates that she is not confident that the EPBC Act is protecting the species and habitats that it is designed to protect.

Labor will support these amendments, but we note that the EPBC Act is failing to pro-
tect the environment at the same time as it is administratively complex and cumbersome for those it regulates. We are not offended by the amendments, but we think that they indicate that the great EPBC package that the Democrats supported when Senator Lees was with them obviously is not all that it was purported to be when we passed that legislation here on a Saturday, spending about 10 seconds on average per amendment that went through when the bill went through. So I suppose bad process gives you bad legislation. Senator Lees obviously feels that there is some want in that legislation which requires these amendments. We will support her and accept that omission.

Senator LEES (South Australia) (8.39 p.m.)—Certainly, these amendments are not because of any failing of the EPBC Act whatsoever. Indeed, I stand by that act as one of the most effective pieces of environment legislation anywhere in the world. We have seen already a number of people taken all the way through to the Federal Court processes, which would never have happened under the previous various pieces of environment legislation which were rolled together to create this act. We have found that people have been locked up already under this act, which would certainly never have happened under Australia’s previously existing environment legislation. The amendments are absolutely no reflection on this act whatsoever. They simply say that, when people are caught under this act, why should they continue to receive what is effectively a tax subsidy? Why should they not have another level of penalty besides whatever else is going to happen to them under this act? In the example I gave earlier, the amount of subsidy in question was some $3 million. Surely this chamber should be very keen to get that back if someone is caught damaging the environment.

Senator ALLISON (Victoria) (8.40 p.m.)—We have already heard Senator Lees talk about when someone is caught. We presume from that that they have breached the EPBC Act. But amendment (R8) says that the activity requires approval, not that someone has been caught breaching the act. That is why I ask what the process is. It is perfectly obvious that if somebody has been found guilty of breaching the act you would also want to throw the full weight of the law at them, including taking off their rebate. But for those for whom the activity actually requires approval, would this not broaden the scope of activities? At what point would a determination be made in terms of the activity requiring approval? Who determines that an activity requires an approval? At what point do you say, ‘This activity doesn’t get the rebate or the credit’?

Senator IAN CAMPBELL (Western Australia—Parliamentary Secretary to the Treasurer) (8.41 p.m.)—I think Senator Allison has not understood the wording of the new clause that Senator Lees seeks to insert into the legislation. It is quite clear that either you are in breach of the EPBC Act or you are not. I think it has been worded quite clearly and quite sensibly. Clearly, if you have an approval under the EPBC Act then it is not a breach of the law. If it is a breach of the EPBC Act then you do not get the grant. I think we are beginning to saw sawdust here.

Senator ALLISON (Victoria) (8.42 p.m.)—That is not what amendment (R8) says. It simply says that the activity requires approval; it does not say that there has been a breach. It does not say that it has not been given approval; it just says that it requires approval. Minister, I am not sure we can be confident of this amendment if you do not know how it is going to work either. All I am asking is what the process is. Is it the tax office that pursues such activities? How is this progressed?
Senator LEES (South Australia) (8.43 p.m.)—Perhaps I can assist by reading what is, I think, for Senator Allison the unclear part of amendment (R8). Paragraph (2) goes on to state:

Note 1: Division 3 of the Environment Protection and Biodiversity Conservation Act 1999 make it an offence to take action that has, will have or is likely to have a significant impact on a listed matter of national environmental significance unless an approval is obtained under that Act.

That is the act we are referring to—the EPBC Act. I think it is perfectly clear that, if someone is found to be in breach of this act, all these penalties apply. All that we are saying in these amendments is that there should be an additional penalty, in that, if they have obtained any rebate for the fuel used in the committing of that particular illegal action against the environment, they should not continue to get the rebate. Surely, in the trawling industry, if someone catches a dugong or perhaps some other endangered species—

Senator ALLISON (Victoria) (8.44 p.m.)—I am sorry to pursue this again, but should this then be reworded to say that the activity requires approval and approval was not sought, or something to suggest that this is not just pending—that this is an action which does not comply with the EPBC?

Senator IAN CAMPBELL (Western Australia—Parliamentary Secretary to the Treasurer) (8.45 p.m.)—I am not sure whether Senator Allison is reading from a different sheet. I might just make sure that she is reading from sheet 2916 dated 24 June 2003 at 5.48 p.m.—that is at the bottom of the page. There has been a revised sheet; perhaps she does not have it. As to the amendment that is before the chair at the moment, the government is totally satisfied that it does what Senator Lees has explained it does on two occasions now. It is quite clear, and I think that even what Senator Allison is saying she wants to occur is covered by the amendment.

Senator ALLISON (Victoria) (8.46 p.m.)—I am sorry, I did have an older sheet. I see that the wording has been changed to ‘apply unless an approval required under that division were in operation’. Thank you; that answers my question. There was another matter. Division 3 is referred to in note 1. Can I get clarification that that means part 3?

Senator IAN CAMPBELL (Western Australia—Parliamentary Secretary to the Treasurer) (8.47 p.m.)—I do not have a copy of the EPBC with me; I usually carry it around most days. I thought that these things were called divisions in this act. The Clerk has told me that a part is part of a division, so division 3 may have some parts to it.

The TEMPORARY CHAIRMAN (Senator Chapman)—I might be able to clarify that. A part is within a division, if that assists your query.

Senator ALLISON (Victoria) (8.47 p.m.)—Maybe that is something that can be taken on board to check. Also, in relation to note 2, why is it that there is only mention of
exemptions in part 3 when there are, as I understand it, other exemptions—for example, the national interest in section 158—that are not in part 3? That presumably does not exclude those.

Senator IAN CAMPBELL (Western Australia—Parliamentary Secretary to the Treasurer) (8.48 p.m.)—I presume that it refers to the approvals in part 3 because they are the approvals that we care about in relation to this division of the EPBC.

Question agreed to.

Senator BROWN (Tasmania) (8.49 p.m.)—I move Australian Greens amendment (3) on sheet 2881:

(3) Clause 53, page 39 (lines 27 and 28), omit “mining operations (otherwise than for the purpose of propelling any vehicle on a public road or in”.

Fifty per cent of the nearly $3 billion of taxpayers rebate goes to the mining industry. It would be much better spent on the average taxpayer’s health and education. I have debated this issue before. It is not helping the little person; it is helping the big corporations. It is environmentally negative and, in this case, sometimes doubly so. The amendment speaks for itself.

Senator O’BRIEN (Tasmania) (8.50 p.m.)—For essentially the same reasons that we did not support amendment (2) moved by Senator Brown, we will oppose this amendment.

Question negatived.

Senator BROWN (Tasmania) (8.50 p.m.)—by leave—I move Australian Greens amendments (1) and (4) on sheet 2881:

(1) Clause 4, page 6 (after line 29), after the definition of State or Territory authority, insert:

| Sun Fund | the fund created when an energy grant for an off-road credit is used to generate renewable energy and improve energy efficiency. |

(4) Page 45 (after line 12), after Part 5, insert:

PART 5A—SUN FUND

57A Sun Fund credits

Basic rule

If you are entitled to an off-road credit you may use all or part of the estimated credit to which you would otherwise be entitled for a period of up to ten years to generate renewable energy, including installing and maintaining renewable energy systems and installing and maintaining systems, equipment and appliances to improve energy efficiency.

57B Draft regulations

(1) The Minister must cause draft regulations to implement the Sun Fund to be released for public consultation no later than 1 September 2003.

(2) The Minister must cause regulations to implement the Sun Fund to come into effect no later than 1 March 2004.

This is the Sun Fund bill, which Labor blocked—Senator Kerry O’Brien will remember this—some years ago. It was and is a move for rural people to be given 10 years of their diesel fuel rebate upfront so that they can convert to renewable energy—solar power for energy efficiency—and other forms of energy on their stations, for example. A terrific environmental bonus is involved in it. It would have produced 50,000 jobs in the bush and would still do so. It would stimulate small businesses right throughout the regions.

It would certainly stimulate the photovoltaic industry, for example, in Australia through enhancing hot water delivery to the bush and for other power sources. Of course, you cannot apply it to your moving machinery just yet. But certainly there are other uses, and it was very much supported by the renewable energy industry in Australia. It is effectively revenue neutral. It is positive in every way you look at it. So here is an op-
portunity a few years down the line to see how important this move is. I again pay tribute to Margaret Blakers, who devised the legislation originally and is still a great promoter of renewable energy in Australia. I ask that the government and the opposition think again about their opposition and previous negative attitude to what is a pretty wonderful scheme—a win-win for everybody.

Senator ALLISON (Victoria) (8.53 p.m.)—I indicate support from the Democrats for this amendment. In fact, this was one of the ideas that were put in our discussion paper for the energy credit scheme two years ago. I think there is great scope for farmers in particular but also mining companies to bring forward those credits and allow that money to fund a small wind turbine or solar energy and in some way displace some diesel from current use, which is often for pumping water from a dam or other purposes. I think a lot of work has to be done to put in place such a scheme, but it was always disappointing to us that the government did not take up this idea and talk about it with those sectors that could benefit from it.

It makes a lot of sense to me because so many of the users of the diesel rebate are locked in—they are disinclined to change fuels or to radically alter their consumption of diesel because they are tied to the rebate. If you were to free up some of this money, to bring it forward up front, as I said, then I imagine there would be a number of circumstances where using diesel could be displaced by generating renewable energy. There is just not the leadership on the part of the government to follow this through, either with the mining sector or with agriculture, where there is the greatest scope for the use of renewables. So we will support the amendment. Clearly if it does not have the support of the opposition it is not going to get up; but, in terms of sending a message, we want to join the Greens in supporting this idea.

Senator O’BRIEN (Tasmania) (8.55 p.m.)—This amendment appears to be intended to assist in the generation of power from renewable sources instead of diesel in those areas of Australia not serviced by the main grid, for example. We are not of the view that this is an appropriate use of this scheme, especially in light of the fact that through the Australian Greenhouse Office, as I understand, there is currently up to $264 million available for its Renewable Remote Power Generation Program. Labor do support renewable energy. Labor moved to increase the mandated renewable energy target to five per cent by the year 2010; an amendment voted down in the other place by the Howard government. But, given that Renewable Remote Power Generation Program funds appear to be underspent for want of suitable projects, we are not convinced that this measure in relation to an Energy Grants Credit Scheme will drive a renewable energy solution or further use.

We think that perhaps there has been a failing of the government in terms of seeking to drive the expenditure of moneys available under that program. I know that there are substantial examples of the use of solar power in regional Australia just for the purpose that Senator Allison referred to—solar pumps. There is certainly a lot of solar use in heating water. I visited a property on Flinders Island where the entire property was powered by solar or wind power—there was no diesel generation at all. That was the sort of model I would have thought this government would have been using to promote the ideas of replacing nonrenewables with renewables in a way that would benefit remote communities and properties. An opportunity is there. Perhaps the government will decide that there is a way to find projects that are suitable for this money, or there may be ways
in which the money can be made more attractive.

In relation to amending the legislation to effectively adopt the Sun Fund scheme, I am certainly not in a position to block legislation, Senator Brown. I think you are recalling a Senate committee report, which I was a signatory to, on the proposed Sun Fund Bill where, on behalf of the opposition, I indicated that the opposition would not support that legislation. I guess if that is blocking it that is blocking it, but I did not think that was quite what it meant. In essence, we will not support this amendment. We think there are better measures available.

Senator IAN CAMPBELL (Western Australia—Parliamentary Secretary to the Treasurer) (8.59 p.m.)—I will be brief. The government will not be supporting it. It would be the creation of a new category within this scheme. But I can say that the government does budget significant amounts for alternative energy sources, particularly in regional and remote areas. I am aware, just anecdotally, of announcements of funding of projects around Australia coming from the fund that Senator O’Brien referred to.

I am also aware that he is quite right—there is money in that account. I have not been briefed on it lately but I know that the government is interested in proposals and that a number of proposals have been put up and have failed to comply with the various requirements. I think that is probably because the government has been quite diligent in ensuring that they do achieve the outcomes of the program. The government is not going to be involved in just anything. I do recall a strong effort from Western Australians to see some of that money going to the Derby tidal power project, and that was a significant investment in a long-term alternative energy source which would have replaced carbon fuel energy in the north-west of Australia to a significant degree. But that was opposed by the Labor government of Western Australia and in fact by the Australian Democrats. The mind boggles.

Senator O’Brien—It was supported by Wilson at least.

Senator IAN CAMPBELL—Yes. I think the project had enormous potential, but that has been killed. Senator O’Brien is right—the government has allocated over a quarter of a billion dollars. It is a significant amount. We would like to see that going into viable renewable energy projects around Australia.

Senator ALLISON (Victoria) (9.01 p.m.)—I might say that the Derby tidal power scheme is not viable. Under any measure of viability, almost every other renewable energy project stacks up against the Derby power scheme, which is why it is having such trouble getting off the ground. Of course, it would be typical of the government to put its support behind a project which is sure to be very environmentally damaging. I think that is a great shame. It would be nice to think that we could provide investment funding for wind farms and for solar energy that does not have the sort of footprint—or boot print—that you would describe the Derby power scheme as having. I really welcome the cost benefit analysis that might be put on the table sometime about this scheme, but all of the figuring I have seen so far shows it to be very costly and very doubtful in terms of its long-term sustainability. Again, I say it is a great pity that at the only time we ever talk about renewable energy in this place the government trots out the Derby tidal power scheme even though it would do as much damage as it would and is probably 100th in terms of viable kinds of projects for renewable energy.

Senator LEES (South Australia) (9.03 p.m.)—I add my support to Senator Brown’s amendment. I realise that there have been
some criticisms and some suggestions of potential rorting of schemes if people are given 10 years payment up front, but I think we can overcome those. We must move faster in the direction of renewables. One of the issues in South Australia as we try and get more wind turbines up and running is the transmission issue. It is important that we encourage farmers, in particular, to put a turbine on their properties. It is a viable proposition already but with some additional support we could have quite a lot of individual systems providing power to the individual farm and running everything the farm needs and then feeding into the grid, particularly off-peak at night. I commend this amendment.

Senator BROWN (Tasmania) (9.03 p.m.)—What an extraordinary contribution from the Labor Party. Senator O’Brien says that he went to Flinders Island and he saw this house and property that was totally powered by alternative energy. It was just great, but here is a scheme that would promote that to other properties and we are going to oppose it. It is just this old guard, last century failure by the opposition. It should be tackling the government with positive options on the environment, and here it is failing totally. It is a real sell-out of the Labor electorate and the aspirations of people out there and the wish to see opposition being positive. It is an entrenched, negative and losing strategy for Crean Labor that has been expressed by Senator O’Brien here tonight.

Question negatived.

The TEMPORARY CHAIRMAN (Senator Chapman)—We now move to Democrat amendment No. (1) on sheet 2995.

Senator ALLISON (Victoria) (9.05 p.m.)—I will not move this amendment. It was to provide for a review of the provisions that have been put in, but I am satisfied with some of the answers given that it is not likely to be as unwieldy as it first looked, although I still think there are great difficulties in implementing such a pair of motions.

Bill, as amended, agreed to.

Energy Grants (Credits) Scheme (Consequential Amendments) Bill 2003 agreed to.

Energy Grants (Credits) Scheme Bill 2003 reported with amendments and the Energy Grants (Credits) Scheme (Consequential Amendments) Bill 2003 reported without amendment; report adopted.

Third Reading

Senator IAN CAMPBELL (Western Australia—Parliamentary Secretary to the Treasurer) (9.07 p.m.)—I move:

That these bills be now read a third time.

Question agreed to.

Bills read a third time.

COMMITTEES

Finance and Public Administration References Committee

Extension of Time

Senator FORSHA W (New South Wales) (9.08 p.m.)—by leave—I move:

That the time for the presentation of the report of the Finance and Public Administration References Committee on its inquiry into recruitment and training in the Australian Public Service be extended to 18 September 2003.

Question agreed to.

BROADCASTING SERVICES AMENDMENT (MEDIA OWNERSHIP) BILL 2002

Second Reading

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

That this bill be now read a second time.

Senator ALSTON (Victoria—Minister for Communications, Information Technology and the Arts) (9.09 p.m.)—I realise that we may be taking a few people by surprise,
but I think there are about two minutes left for me to conclude my remarks. I simply say that this bill remains as important as ever. It is one that provides an opportunity to introduce some real flexibility into what should be a dynamic sector of the economy. If you look at what is happening in other countries, they very much understand this imperative. We have been saddled with laws that have been in place now for far too long. We want to move out of the information stone age and into the 21st century and to do it in such a way that media organisations have the opportunity to grow and expand and not simply focus on cost-cutting, as many of them are doing at the present time.

It is important to understand that the beneficiaries of this legislation are virtually every media organisation in the country. In other words, far from it being simply a matter of interest to some of the larger players, it is in fact of very significant interest to small and medium sized players who all see the opportunities that it could well open up for them. It gives them new horizons and new opportunities. That is really what diversity of opinion should be all about. If we can relax foreign ownership laws at the same time then clearly there is an opportunity there for new players to emerge and to introduce the competition that many people would say has been lacking for far too long. If that is the case, I hope that when the Senate does come to consider the committee stage amendments senators will be conscious of the need to ensure that we do not end up with unacceptable proposals that would simply mean that we were not able to progress this very important issue. I think it is an opportunity for all in the Senate—particularly the Labor Party, who, as we know, prior to the last election were in favour—to actually get serious this time around and focus on what is important in terms of the media sector and not just on what short-term political advantage might deliver.

Question put.

The Senate divided. [9.16 p.m.]

(The President—Senator the Hon. Paul Calvert)

Ayes........... 34
Noes........... 31
Majority....... 3

AYES

Abetz, E. Alston, R.K.R.
Barnett, G. Boswell, R.L.D.
Brandis, G.H. Calvert, P.H.
Campbell, I.G. Chapman, H.G.P.
Colbeck, R. Coonan, H.L.
Eggleston, A. Ellison, C.M.
Ferguson, A.B. Ferris, J.M. *
Harradine, B. Harris, L.
Heffernan, W. Humphries, G.
Johnston, D. Kemp, C.R.
Knowles, S.C. Lees, M.H.
Lightfoot, P.R. Macdonald, I.
Macdonald, J.A.L. Mason, B.J.
McGauran, J.J.J. Murphy, S.M.
Patterson, K.C. Santoro, S.
Scullion, N.G. Tchen, T.
Tieney, J.W. Vanstone, A.E.

NOES

Allison, L.F. Bishop, T.M.
Bolkus, N. Brown, B.J.
Buckland, G. Campbell, G.
Cherry, J.C. Collins, J.M.A.
Conroy, S.M. Cook, P.F.S.
Crossin, P.M. Denman, K.J.
Evans, C.V. Forshaw, M.G.
Greig, B. Hogg, J.J.
Hutchins, S.P. Kirk, L.
Ludwig, J.W. Lundy, K.A.
Mackay, S.M. * McLucas, J.E.
Moore, C. Murray, A.J.M.
Nettle, K. O’Brien, K.W.K.
Ridgeway, A.D. Sherry, N.J.
Stephens, U. Webber, R.
Wong, P. 

PAIRS

Hill, R.M. Ray, R.F.
Question agreed to.
Bill read a second time.

In Committee
Bill—by leave—taken as a whole.

Senator CHERRY (Queensland) (9.20 p.m.)—Before we get onto the first amendment I have a couple of questions which I want to put through to various people, starting with the Minister for Communications, Information Technology and the Arts. I am looking at the minister’s press release of 20 June and particularly at the last paragraph—the issue we discussed in question time today about the ABC NewsRadio roll-out. I am wondering if the minister could tell the Senate in committee how much extra money the government is proposing to commit to the ABC if this bill is passed and for what purposes that particular money would be at this point in time.

Senator ALSTON (Victoria—Minister for Communications, Information Technology and the Arts) (9.21 p.m.)—I do not know that this is relevant to the issue before the chair. If Senator Cherry wants to make a speech that is vaguely relevant to it, then let us hear it.

Senator BROWN (Tasmania) (9.21 p.m.)—I think we should get off to a better start than that. Senator Cherry is asking for information from the government and I think it is going to help things a lot if we do not get a block like that right at the outset. I think we have to have a better response from—

Senator Alston—For Senator Brown’s benefit—

The TEMPORARY CHAIRMAN (Senator Chapman)—Order! Minister!

Senator BROWN—Hang on, Minister, I am still on my feet. Just sit down for a moment. I think it is going to be a lot better if we get positive responses from the government as we move through this important debate tonight.

Senator CHERRY (Queensland) (9.21 p.m.)—I am interested in the minister’s response. I am reading from the minister’s press release. It says:

In addition, if the Government receives the Senate’s support for its media ownership reforms, it will commit the necessary funding to extend ABC News Radio to all transmission areas with more than 10,000 people, subject to spectrum availability.

If that is not a clear link with this bill, then we are going to have an extraordinary debate which is not going to cover any of the issues of diversity, which this bill is supposed to be about.

Senator ALSTON (Victoria—Minister for Communications, Information Technology and the Arts) (9.22 p.m.)—I am prepared to confirm what was in the press release—Senator Conroy—How good of you.

Senator ALSTON—I suppose I do not have to, but I will and I do. But if Senator Cherry is asking for a specific sum then I am not in a position to indicate that at this stage. What might be said at later stages are matters that will unfold, but I do not have anything to add to the press release that Senator Cherry has referred to.

Senator CHERRY (Queensland) (9.23 p.m.)—I would like to ask if any senator in this place knows if the figures that the minister has referred to in his press release do in fact exist?

Senator ALSTON (Victoria—Minister for Communications, Information Technol-
ogy and the Arts) (9.23 p.m.)—Mr Temporary Chairman, I would seek your ruling as to whether it is appropriate for a senator to simply spray a question around in that form. If he is asking a question of a particular person with the carriage of an amendment, then that is perfectly legitimate. But he has asked me a question; I have given him an answer. If he wants to move on to his amendment, I am more than happy to do so.

Senator Conroy—I can confirm, Senator Cherry, that I certainly do not know.

Senator Cherry—Thank you, Senator Conroy.

Senator BROWN (Tasmania) (9.23 p.m.)—I will be direct in this question: has Senator Alston given that information to any other senator?

The TEMPORARY CHAIRMAN (Senator Chapman)—That sounds like a rhetorical question to me, Senator Brown.

Senator ALSTON (Victoria—Minister for Communications, Information Technology and the Arts) (9.24 p.m.)—No precise figure has been provided to any senator at this stage.

Senator BROWN (Tasmania) (9.24 p.m.)—Has a figure, precise or otherwise, been provided to any senator by the government?

Senator ALSTON (Victoria—Minister for Communications, Information Technology and the Arts) (9.24 p.m.)—No. The discussions that have occurred have involved what might be done in terms of roll-out but not what the cost of that might be.

Senator CHERRY (Queensland) (9.24 p.m.)—The Democrats oppose schedule 1 in the following terms:
(4) Schedule 1, page 3 (line 2) to page 4 (line 10), to be opposed.

Schedule 1 of this particular bill proposes to remove all current foreign control limits on television. This is a provision which the Democrats are extremely concerned about. When you look around the world, it is a fairly common procedure for parliaments to impose some sort of level of foreign ownership control on their media organisations. Australia has done that over a very long period of time. We have heard various rumours of the need for media organisations to get equity into their organisations, but I do not think that particular argument is compelling. For example, if you look at the study that the ABA has done on the profitability of television stations over the last decade, their revenues actually grew by greater than the GDP growth rate for all but the most recent year. That says to me that there is not, in fact, a drought of money coming into our television stations at this point in time. Similarly, when you look at the issue of newspapers, the revenues flowing into our newspapers certainly show that they are quite profitable, and the question has not been a drought of foreign investment.

The Democrats are somewhat concerned that, if we actually pass this schedule, we will see the issue of control of many of our media organisations passing to overseas companies. Whilst we are not particularly opposed to lifting some of the foreign investment limits if that would assist some companies which are having some trouble getting foreign income in, the government in our view has not made out a case that there is a drought of investment across all of these companies, and they certainly have not made out a case that this particular complete deregulation is necessary at this point in time. I would be very interested to see what other senators think on the provision of foreign investment because we have not have had that discussion at any point of this debate.

The Democrats certainly want to see what particular mechanisms would be in place to ensure that inappropriate interference by for-
eign companies in our media was not actu-
ally in place. Given the minister has not an-
swered the first question in this debate and
has set a very bad precedent, I would cer-
tainly hope that he would answer the ques-
tion as to what concerns the government
have, if any, that Australian values could in
fact be undermined if there is a watering
down of foreign control limits in these par-
ticular bills. I will be fascinated by Senator
Harris’s contribution to this debate, as I
would have thought this would be a keynote
issue and a touchstone issue for his party.

The Democrats do make it clear that there
are plenty of precedents in public law in this
place for imposing foreign ownership limits
on key national institutions. They exist in
terms of Telstra; they exist in terms of our
banks; they exist in terms of our national
airline, Qantas; and they have existed for our
media for a very long time. They have ex-
isted because of the view that, in terms of
our culture and the protection of diversity of
viewpoints in this country, it is reasonable to
say that Australian control of the boards con-
trolling our media is actually a good thing. I
would be interested to know why the minis-
ter thinks that suddenly Australian control of
the boards of our key media institutions is no
longer necessary, given it is still regarded as
necessary for our banks, our telecommunications
giant, Telstra, for Qantas and for other
organisations. I would be fascinated to know
why, all of a sudden, for this particular set of
institutions it is no longer regarded as neces-
sary to have this limit removed.

The Democrats, as I have indicated, do
not oppose the notion of increasing the for-
eign investment limits for some media or-
organisations if they are capital starved, but we
do oppose the notion of control of our media
organisations shifting offshore. I would cer-
tainly hope that, in this debate, other senators
make it quite clear what their views are on
this particular schedule.

Senator ALSTON (Victoria—Minister
for Communications, Information Technol-
ogy and the Arts) (9.29 p.m.)—I would like
to deal with the two matters raised, because
Senator Cherry seems to be getting quite
excited about the first matter. The commit-
ment we have given is that extra funding
could be provided to the ABA and to the
ABC to fund the roll-out of PNN to all
transmission areas with more than 10,000
people where spectrum is available. The ac-
tual roll-out of infrastructure would be put
out to competitive tender. We do not know
what the results of that tender process might
be. If we were to give our estimate of what
we thought it might be at this point in time,
we would immediately remove any competi-
tive tension. So it does not make any sense at
all for us to put that number out into the
marketplace. What I think is of paramount
significance is to know that, in those circum-
stances, we are committed to further rolling
out PNN as a service that provides, we think,
a great improvement on the diversity of news
and opinion in regional Australia.

I will come to the question of foreign
ownership. Senator Cherry talked of a
drought of investment and then talked about
the Democrats opposition to ceding control
of media organisations to foreigners. The
fact is that, for a decade or more, there have
been no statutory restrictions on the foreign
ownership of radio.

Senator Cherry—We’ll get to that.

Senator ALSTON—You may well get to
it, but you have just started off by saying that
you are opposed to the ceding of control of
media organisations to foreigners. I am say-
ing that there have been no controls other
than the general controls that would continue
to be exercised by the Treasurer, pursuant to
the Foreign Acquisitions and Takeovers Act,
acting on advice from the Foreign Investment Review Board. At the present time there are specific statutory limits for both free-to-air television and pay television which are different, and there are aggregate limits which are also different. For print, you simply have a ministerial fiat which determines the level of ownership, and, again, it varies between metropolitan, regional and suburban papers. So we have a dog’s breakfast. There are all these different limits which, in some instances, are quite arbitrary; there is no logic as to why they should vary from medium to medium. As I say, there are none that apply to radio and there has been no exercise by the Treasurer of any adverse ruling. As a result, you have quite a significant level of foreign investment in radio.

The issue is not whether there is a drought of investment; the issue is whether you want to have a high-quality, competitive media sector. Radio has already demonstrated this. We have about six major players in the radio sector. Companies like DMG have come in and paid very significant sums of money to purchase licences. They are providing services that do not really bear on the diversity of news and opinion, as could probably be said fairly of most commercial media, who are much more in the entertainment business than in the news and information business. We want to have a consistent approach across the entire sector. We are not abrogating our responsibility to ensure that any mergers and acquisitions are in the national interest; we simply say that there should be a common approach taken and that we should do away with all these ad hoc and impossible to justify differential regimes.

Senator BROWN (Tasmania) (9.33 p.m.)—The minister has been quite critical of the home-grown ABC’s opinion, as he puts it—its news coverage, in effect. He has said that there has been bias reflected in that coverage. Is he not equally or more worried about foreign influence on the opinion and news delivery, for example, from other media outlets in Australia?

Senator ALSTON (Victoria—Minister for Communications, Information Technology and the Arts) (9.34 p.m.)—I do not quite know what Senator Brown has in mind.

Senator Brown—I am asking what is in your mind.

Senator ALSTON—I know you are asking me, but you are premising it by implying that, somehow, there is a big problem now that might become even bigger if foreigners were allowed to have a greater level of influence. I do not follow the logic of that. You can argue that if Rupert Murdoch is a citizen of the United States—and Rupert Murdoch is in effective control of the major print organisation in Australia—then somehow there is a foreign slant to what is in those newspapers. I have never noticed it. Similarly, you could argue that one of the television stations has a significant level of foreign influence. Does that mean that somehow reflects Canadian values or that it is somehow non-Australian in its content? These organisations are driven by fairly understandable imperatives. Basically, they need to make a profit, they need to cater for audiences and they need to provide a whole range of services of which they would all say news and current affairs is important. Does that mean that somehow reflects Canadian values or that it is somehow non-Australian in its content? These organisations are driven by fairly understandable imperatives. Basically, they need to make a profit, they need to cater for audiences and they need to provide a whole range of services of which they would all say news and current affairs is important. Does that mean that they would slant the news and current affairs depending upon who owns them? If you go back to the period of Conrad Black’s control of Fairfax, I do not think people would say that somehow the coverage was slanted.

Senator Conroy—Did you miss the Fox News coverage during the war?

Senator ALSTON—Is Senator Conroy seriously suggesting that you could look at the Fairfax newspapers during the Black regime and say, “That’s a Canadian influence I detect there; that is anti-Australian”? Is he
saying that you could look at the *Australian* and say, 'This is foreign influenced in its presentation'? You might want to argue about news selection and emphasis, but to suggest that somehow it is reflecting an alien view that is not acceptable to Australians seems to me to be the ultimate conspiracy theory. There is no evidence to indicate that, and no evidence around the world that foreign ownership of commercial assets makes any difference at all to the way these businesses are run. These people are in the business of running commercial organisations; and they will do so, whoever the owners are.

Senator BROWN (Tasmania) (9.36 p.m.)—The point I want to draw out of Senator Alston is that he has been critical of the ABC because he says that it is unable to be even-handed, but he is implying here that foreign media ownership is not going to be anything but unbiased, level and even-handed. That seems to me to be absurd. What I am trying to get from the minister is the logic behind that. If his criticism about home-grown, 100 per cent Australian product falling foul of the temptation of bias is correct, then how on earth does he expect that foreign owned media will not be worse?

Senator ALSTON (Victoria—Minister for Communications, Information Technology and the Arts) (9.37 p.m.)—We can state the meaning of absurdity until the cows come home. My proposition is that the ownership does not affect the way in which they present news and current affairs or, indeed, other programming. That is driven by commercial imperatives overwhelmingly. Whether it is Australian owned, foreign owned or jointly owned, the imperatives are still the same. If Senator Brown’s proposition is that a commercial network, radio station or newspaper owned by a foreigner is identifiably different in terms of bias then that is not what I am arguing. I am not saying one is more biased than the other; I am simply saying the incentives do not change and there is no reason to think that the approach would change simply by virtue of a change of ownership.

Senator BROWN (Tasmania) (9.38 p.m.)—The minister is arguing the unarguable. Let us look at the Murdoch press, and that well-known assessment by the *Guardian* that every one of the many more than 100 newspapers in the Murdoch realm had the same editorial position on the Iraq war. There was very clearly not only editorial influence there but an iron clamp on the editorial point of view being put out, and that included in Australia. There was no difference in the pro-war stand of the Murdoch empire. Is the minister trying to say that that was a fluke or that in such a hotly contested debate as there was in the lead-up to the Iraq war there was not the hand of Mr Murdoch very strongly on every editor in the Murdoch press right around the world and in this country? Is that not influence? Is that not bias? Is that not one-sidedness? Is that not influence on the delivery of editorial opinion from Australian editors to their reading public?

Senator CONROY (Victoria) (9.39 p.m.)—I put on the record that Labor will not be supporting the amendment of the Democrats to oppose the foreign ownership provisions of the bill. Labor have always indicated that we are relatively comfortable with the government’s moves to remove media specific foreign ownership restrictions in television broadcasting. Existing generic foreign ownership restrictions will, of course, remain in place under the government’s bill. While Labor would like to see some further safeguards in this foreign ownership schedule of the bill—for instance, to protect Australian overseas news bureaus—we do not support blocking this part of the bill outright.
Labor have always indicated that we are open to discussions with the government about suitable reforms to the foreign media ownership laws in the interests of attracting more capital and greater diversity to the Australian media landscape, but the government has rejected these overtures. The government is ultimately not interested in removing foreign media ownership restrictions, unless it can hand over the bulk of the Australian media market to three existing groups beforehand through the effective repeal of the key cross-media laws. This government is not interested in diversity. We will, therefore, oppose the Democrat amendment by supporting that schedule 1 stand as printed.

I want to respond to Senator Alston’s comments to Senator Brown. To suggest that any owner, foreign or domestic, does not impose their own will on content is, frankly, absurd. You only have to look at Channel 7. Senator Alston—I was not putting that proposition.

Senator CONROY—I thought you were.

Senator Alston—I was dealing with whether there is a differential between foreign and domestic. It’s like arguing that the Murdoch sphere would be different if he were an Australian citizen. I do not think Senator Brown would say it would be.

Senator CONROY—I think you are splitting a fine hair. But then I would have to say I agree with you—it does not matter whether it is foreign or domestic; they will impose their view.

Senator CHERRY (Queensland) (9.42 p.m.)—I want to respond to an earlier comment from the minister regarding this particular issue of foreign investment in radio. I concede that since 1991 the ownership of radio has been significantly deregulated in this country. The result has been a massive concentration of the ownership of radio stations in this country. Some 11 or 12 years ago, there were an awful lot more radio owners than there are now. As Senator Alston has pointed out, the largest investor in radio in Australia is DMG. They have, in fact, paid large amounts of money for metropolitan stations, and I concede that. They have also paid large amounts of money to buy out an awful lot of regional stations. In fact, 62 stations in this country are now owned by DMG, a foreign company, with 61.3 per cent coverage of the listening audience.

The impact of the networking of those regional stations, I think, has been deleterious to the interests of regional Australia. It is worth looking at the report of the House of Representatives committee inquiry into regional radio broadcasting from two years ago, which pointed out that there has been a significant decline in the amount of news produced by those radio stations post-networking and foreign ownership. For example, according to an ABA survey, just 32 per cent of programs and seven per cent of news are produced locally in small regional radio stations and just 60 per cent is produced locally in medium and large regions. That committee called for greater emphasis on localism in broadcasting and for ABA monitoring and regulation.

That to me is not a sign that foreign investment has been a huge success for regional radio broadcasting. In fact, the contrary is the story: the results of foreign investment and consolidation of ownership—the exact things we will see if this bill is passed—have been a very significant reduction in local news reporting, local program production and, importantly, the employment of journalists in country areas. I talked to the MEAA about this issue and their estimate is that the number of journalists employed in commercial radio has fallen from 650 to 250 over the course of the last decade as a result of the deregulation of ownership, the introduction of foreign ownership by DMG and
the consolidation of the radio network. So I would love to see how the minister can possibly argue that a reduction in the number of journalists by 70 per cent, the closing of almost every major local radio news bureau in country areas and the networking of virtually all of the programs in places where there were previously locally produced programs have actually benefited the diversity of viewpoints in country Australia.

Senator BROWN (Tasmania) (9.45 p.m.)—The government wants to delete the section of the Broadcasting Services Act—it is the very first thing in this bill—which says that the object of the act is ‘to ensure that Australians have effective control of the more influential broadcasting services’.

Why?

It would help if I got a response from the minister but, seeing as I have not, I will make a further request of the minister. The very first amendment that the government has brought in this legislation is to remove the object of the act which says that the act wishes ‘to ensure that Australians have effective control of the more influential broadcasting services’. Notwithstanding the debate that is taking place, why does the government—if there is not going to be influence levied by any of the foreign ownership expansion that will come out of this legislation—remove that section which says ‘the aim is to ensure that Australians have effective control of the more influential broadcasting services’?

The minister said that he feels these are cotton wool people, who are hands-off and will not influence broadcasting services. The only interpretation a fair-minded person could have of this is that that object is being lost, because the outcome of the government’s move will be to ensure that foreigners have effective control of the more influential broadcasting services, or can have. The minister says it does not make any difference. Then why remove the clause? That is absurd. What is happening here is that the government is moving to do away with the concept that Australians should have effective control of the more influential broadcasting services. It is a straight statement. What the government is aiming to do here is to take away that assurance that Australians will have effective control. Let us call a spade a spade. If the minister has any argument against that, let us hear it.

Senator ALSTON (Victoria—Minister for Communications, Information Technology and the Arts) (9.47 p.m.)—Senator Brown seems to think that, because you can tag the owner with some nationality, that somehow determines the quality of media in this country. We take the view that ownership is not what you should be concerned about. If you do not believe that a foreigner seeking to acquire a media asset is acting in the national interest, then you retain the power to disallow that merger. Any merger acquisition in excess of $5 million is subject to the provisions of the Foreign Acquisitions and Takeovers Act. If you want to regulate the amount of local content, as we do, you can do that under the Broadcasting Services Act. If you want to regulate any other aspects of media, you can do it, but it should not turn on the colour of the hair of the proprietor or their nationality.

When it comes to commercial media, overwhelmingly the imperative is ‘commercial’. In other words, they are not there to keep the Senator Browns of this world amused, they are not there to do what some of us might like them to do; they are there to provide a commercial service, and if they do not they go broke. The country has the ability to regulate the way in which all media companies operate. By removing that provision, we are simply saying that it is no longer appropriate to pine after some nostalgic view
of nationalism. That is what we are saying. We are saying there are plenty of ways—

Senator Brown—So you have done away with nationalism as far as the media is concerned.

Senator ALSTON—It has got nothing to do with the way in which media companies operate, and you know it. Smirk as much as you like; you know it. If you want to legislate to control and bind radio, television and newspapers hand and foot, you can do it, but do not do it on a discriminatory basis so that you punish foreigners more than you would punish Australians. You are concerned to achieve a quality outcome. It should not be a matter of who owns it; it should be a matter of what service they are offering to Australian audiences. If you do not like that, you can do something about it. That is the proposition. You retain the ultimate ability to reject a foreign acquisition and you do it, as Senator Conroy said, in a generic fashion so that it applies equally across all media platforms. You do not discriminate based on the birthplace of the proprietor; you regulate according to what you see as the national interest that affects all forms of media in this country.

Senator CHERRY (Queensland) (9.51 p.m.)—I am hoping that some other senators will eventually contribute to this debate, because they are fairly important issues. I am waiting for you, Senator Harris, to contribute to this debate because I have some quotes from your web site that I am looking forward to putting onto the record. I am disappointed that a number of senators have not discussed the issue of what has happened with regional radio broadcasting in this country. The government has already rejected the ACCC’s recommendation on Friday to open up the licences in television in this area. So we are being asked to deregulate the ownership, which happened in radio—

Senator Alston—You obviously have not read the report. That is not what they recommended.

Senator CHERRY—I certainly read the newspaper reports on it. Let us talk about the Productivity Commission recommendation then.

Senator Alston—Bring forward the review.

Senator CHERRY—Essentially, it has the same broad effect.

Senator Alston—It is 3½ years out, mate.

Senator CHERRY—The point I am making is that in radio we had the removal of the ownership restrictions and then over time the ABA opened up the licensing. In my home state of Queensland, pretty much all the various country radio stations are owned by people from outside Queensland. For the assistance of Senator Harris, being the other Queenslander in this debate, I would like to point out to him that DMG, for example, owns the radio stations in Atherton, Cairns, Charters Towers, Emerald, Mackay, Mount Isa, Rockhampton, Roma and Townsville. That huge impact of networking has significantly reduced the scope for each of those areas to have local newsrooms.

That huge figure is worth repeating: the number of journalists employed in radio stations in this country has fallen from 650 to
250 since the ownership limits were removed on radio in 1991. That is something which Senator Harris really has to respond to in this place. His party, like mine, has taken a very principled view on foreign investment for some considerable time. I am looking at the campaign that the Democrats ran, which One Nation and Senator Lees were part of, to ensure that there was not a deregulation of foreign investment under the Multilateral Agreement on Investment. Certainly, the Democrats and One Nation have shared some common ground in their views of GATS and its deregulation of ownership of institutions. So I will be very interested in what Senator Harris has to say on the issue of foreign investment in this act and how it fits in with his party’s longstanding position, and also his view on whether the networking of radio stations in country towns in Queensland has improved or reduced the amount of local news that is coming through.

Senator ALSTON (Victoria—Minister for Communications, Information Technology and the Arts) (9.54 p.m.)—What is fascinating about this debate is that Senator Cherry seems to be targeting and desperately flailing around trying to provoke other senators into providing him with ammunition when he clearly does not have enough of his own. Indeed, the way he has been arguing just recently suggests that he would be in favour of state-by-state restrictions so that presumably no-one outside Queensland can own any form of media. This is absolute madness. The fact is that networking, which Senator Cherry likes to demonise, comes about because people see opportunities to reduce their costs. In part they do that if there are no other opportunities to expand. If they are simply stuck in the market and if they cannot go from radio to television, for example, then they look at how they can improve their bottom line, and they do go for networking. Over the last 10 years I have had many people coming through my door asking for a special break on this basis that, ‘Unless we get it we will be forced into networking.’ The fact is it is a commercial imperative that is always going to be there. It is always available to media players unless of course they can have an outward orientation.

Senator Cherry is much more interested in trying to provoke internecine warfare than he is in addressing these serious issues, because this has got absolutely nothing to do with the fact that you have a highly competitive radio industry in this country. If Senator Cherry is somehow suggesting that we should not have a competitive radio industry, then I suppose he can close down foreigners, he can put up the interstate boundaries, he can hope that somehow people can cobble together or take the hat around and buy a few community stations in Queensland and hope that somehow you can get by. We would much rather have a vibrant and dynamic industry sector, and that is what you have now. You have people like DMG injecting enormous commercial pressure on other players. You have a number of Australian companies offering different services.

In the commercial sector, however, none of them have a great deal to do with what is really, or what should be, the principal subject matter of this debate, and that is diversity of news and opinion. All of these commercial radio stations are overwhelmingly in the entertainment business. Some of the AM talk stations are more interested in news and current affairs, but that is not where the new competitors have been targeting. The new players, whether it is RG Capital, DMG, Clear Channel or anyone else, have been in the FM band, and they are offering overwhelmingly entertainment services.

Do not think that other senators need to be distracted by your attempts to somehow whip up some Queensland based fervour.
The fact is that you have had over the last 10 or 12 years intense competition in the radio marketplace. If you are arguing against that then you really do not have any concept of what competition is all about. As a result of allowing those new players into the country, they have come in and they have injected competition into the marketplace. If you want to say you are against competition, sure, you can close off foreign investment and you can do a whole lot of other things to close down competition. We do not happen to have that view of the world.

Senator HARRIS (Queensland) (9.58 p.m.)—It is very interesting to see the way this debate is developing. In the movement of one amendment the Democrats have locked themselves into a fixed position. As the One Nation senator for Queensland I find that quite intriguing. Looking at the process of debate in this chamber, it is in the interests of how legislation is developed that senators come into this chamber with an open mind. How can you come into this chamber with an open mind and on the first amendment lock yourself into a position by gutting the bill? I want to place very clearly on the record what I have been saying in the media over the last few days: it is the position of One Nation to respond, firstly, to the people of Queensland and, secondly, to the entities that are going to be required to work under the legislation that we are debating. We have a responsibility to have a balance in how we approach a piece of legislation. One Nation has two amendments that we are going to move in the debate on this bill and other senators in this chamber also have amendments that they will move. How can one, as a senator, actually fix their position by gutting the bill before it even starts and then try to mount an argument that they are here to listen to a debate?

Senator BARTLETT (Queensland—Leader of the Australian Democrats) (10.01 p.m.)—As a fellow Queenslander, the suggestion that I or any of the Democrats are approaching this legislation with other than an open mind is a bit of an affront to all of us. We have taken a very open-minded approach to this and have put our views about the need for a range of diversity, and increasing diversity, in terms of expressions of opinion to the Australian people over a long period of time. To suggest that by indicating concerns about foreign control of media and television is somehow therefore having a closed-minded approach is a bit closed-minded, quite frankly. If we are going to engage in this debate I think it is appropriate that we do so from the point of view of highlighting the need to hear the different viewpoints without shallow approaches and cheap shots.

If we are talking about trying to come to an issue with an open mind and contributing to the debate, I noticed that earlier on there was an attempt to have an inquiry into broadband based on a unanimous decision of the relevant Senate committee that had decided that they want to have an inquiry into the various aspects of broadband. Without any contribution to the debate and despite suggestions that the role of some Independent senators is to be more constructive and to
prevent obstruction, what we had was obstruction of the attempt to have a Senate inquiry. This was despite a committee unanimously—including, of course, government members—wanting to have that inquiry. We talk about coming here with an open mind and then some people come in and, without expressing any view at all, vote against the opportunity for the Senate to even explore an issue via a committee that unanimously wants to explore it, and we then suggest that we are trying to be constructive. I think we need to look at what our actions are as opposed to a bit of rhetoric. That is what this issue is about. These arguments that have been put forward by my colleague Senator Cherry are about looking at the reality rather than cheap political rhetoric.

The Senate, despite what the Prime Minister would like, is about examining legislation and, as Senator Harris quite rightly says, looking at the outcome after the debate to see whether or not it is something worth supporting for the good of the nation as opposed to being for the good of cheap, short-term political interests and cheap shots. The Democrats, sometimes to our cost but overall to our benefit—and I think it is the reason we have survived for 27 years when so many other smaller parties have diminished and disappeared, most of them within the space of a year or two—do not resort to cheap shots. We look at the policy overall. I think if you maintain that consistent approach of looking at the best outcome for the people of Australia, you do not worry about the cheap shots from the bigwigs or the Prime Minister of the day, saying, ‘We do not like the Senate because they stop us doing what we want to do.’ You do not worry about the cheap shots from people who are there overnight trying to say that they are doing something they are not. You just focus on your job, and that job is the best outcome for the people of Australia.

Whilst I understand what Senator Harris was saying—it was probably his Queensland shot that particularly got my goat because it was suggesting that I am not concerned about Queensland whereas I am also concerned about the nation as a whole—we are looking at this issue with an open mind and we have approached it in that way. We have put forward constructive approaches a number of times about ways to encourage further investment in media whilst maintaining at least the current level of diversity of opinion within areas of communication to the public, and ideally expanding it. We will see what the outcome is at the end before we decide how to vote. But obviously, at the end any outcome which means further concentration of control and less diversity of opinion means a bad outcome whether you are talking about Queensland or whether you are talking about Australia. But our whole approach, whether we are talking about Senate committee inquiries, this individual legislation or any other issue, is to try to be constructive and to explain our reasons upfront rather try to do backroom deals that we will not then talk about. We want to try to get a good outcome. That is the approach. That is the reason why we have raised these concerns about foreign control. It is an issue that is relevant to the Australian people and I think it is appropriate that it be considered as part of the debate rather than simply as part of some short-term political manoeuvring.

Senator ALSTON (Victoria—Minister for Communications, Information Technology and the Arts) (10.06 p.m.)—In view of that particularly sanctimonious contribution, I think it is worth asking Senator Bartlett to put something on the record. He said at least four or five times that he has an open mind, that he is not into cheap shots and that he wants to give every opportunity to explain and explore the issues. Yet his party has just attempted to vote down the second reading
stage—in other words, to close off debate entirely. It might just be helpful if he explained why he took that position.

Senator BARTLETT (Queensland—Leader of the Australian Democrats) (10.06 p.m.)—I am very happy to explain that. Thank you, Minister, for providing me with the opportunity to further expand on that. I am pleased that you would like to hear me further expand on our view on this. We recognise, and we operate constructively in, the theatre of the Senate. I know that that is a foreign concept to the government, which likes to imagine a nirvana where the Senate has no power and where whatever the Prime Minister or the government of the day wants will get through—perhaps with some quaint three- or four-month delay before they can railroad through their agenda, whatever it might be. We in the Democrats, and all of us on the crossbenches, have always recognised the importance of working within the construct of the Senate chamber. Quite clearly, the Senate has decided that this bill needs to go to the committee stage. If the minister is suggesting that voting against the second reading of a bill therefore disqualifies you from having any further opinion, perhaps he would like to move an amendment to the standing orders to reflect that. If he is saying, ‘Any time you vote against something to get it to the committee stage you are therefore no longer able to contribute,’ he should put that forward. I have never heard that before from a minister. I think that is a new concept.

The Senate as a whole democratically made a decision. ‘Democratically’ is probably a foreign concept to you as well, Minister, being a member of cabinet. You know the idea: the people elect the Senate, the Senate decides something, the government doesn’t like it and says, ‘Let’s destroy the Senate.’ Unfortunately, the Constitution is there. That is what the people want, and they elect the Senate. That is what the Senate does. Just as it democratically decided before not to inquire into broadband and to prevent any scrutiny of that issue, now the Senate is deciding that it wants to scrutinise media ownership. Does that mean we are no longer able to comment? Is that what you are suggesting? No? Thank you. That means we are still able to comment. Now that we are here, we will consider with an open mind all the issues that are put forward. That will mean that we can put questions to you and, gee whiz, you might actually answer one in a hundred. Having sat through five years of question time with you and not yet seen you answer one question that has been put forward, I am sure that it will be a welcome change. Nonetheless, that is what the Senate is actually about and that is what the committee stage is about: expressing views, asking—

Senator Alston—So you are not prepared to explain why you voted against the second reading.

Senator BARTLETT—Do you want me to keep talking further? I have had Senator Ian Campbell saying to me all week, ‘No, stop talking. We want to get everything through as quickly as possible.’ But the minister keeps wanting me to expand further. We have put forward for a long time, quite openly and publicly I might add, our concerns about giving greater control of the media to a small number of people and reducing the number of voices bringing news and current affairs to the community. We heard the minister today say, ‘The opinion of Triple J doesn’t matter. What young people want to hear doesn’t matter. News and current affairs on Triple J are irrelevant.’ The fact that Triple J have a different type of news broadcast from NewsRadio and the fact that they actually employ journalists as opposed to recycling BBC stories does not matter either. That is probably the only part of the ABC that you like hearing, Minister, because oc-
occasioned it broadcasts your voice on nights like tonight. But more people like to listen to other things.

More people, particularly younger people, like to hear an alternative approach to the news. They like to see more journalists employed who give a diversity of views. If you had answered differently in question time today then that would have influenced my vote. If you had said, ‘Yes, we would like more journalists to be employed; we like hearing a different approach to news and current affairs that appeals to young people,’ I may well have voted differently. But you have made it clear that you do not give a stuff. You just like the bit of the ABC that you like. You are clearly trying to maximise control of the media for a small number of people. That is why I did not think it was worth bringing the bill to this stage of debate. But now that it is here, we will see what the Senate can do.

The Senate, you may be surprised know, Minister, is a magical place. Sometimes it can transform something horrendously ugly into something wonderful for the people of Australia. We will see what the Senate as a whole can do. Your contribution will probably be as negative as always, but the rest of us here will see if we can transform this thing that you have provided us with into something that will be of benefit to the people of Australia. If my colleagues around us can do that, we will see where we get to at the third reading stage. Who knows? We have open minds; we may agree to it. I am quite happy to extrapolate on this further, if you wish, Minister, but I have sympathy with Senator Ian Campbell, who has a very tough job as the Manager of Government Business in the Senate in trying to get all this legislation through. Unless you want me to expand further, I will stop there and we might be able to progress the debate.

Senator HARRADINE (Tasmania) (10.12 p.m.)—I wonder whether the minister briefly would enlighten the chamber as to how this provision will be dealt with, bearing in mind the objectives of the Foreign Investment Review Board.

Senator ALSTON (Victoria—Minister for Communications, Information Technology and the Arts) (10.12 p.m.)—The long-standing provision contained in the Foreign Acquisitions and Takeovers Act requires the Treasurer to give consideration to whether a proposed takeover is in the national interest. He takes advice from the Foreign Investment Review Board. He then makes his decision. He is not required to provide reasons, but he obviously has to give the matter proper consideration. That is what occurs now in addition to the various statutory limits that apply. So there is a belt and braces approach. We do not say that that overarching supervision should be removed; we say that there should always be the ultimate ability for the government to determine that it is not in the national interest for an acquisition to proceed. That power then remains in respect of each of the various media platforms.

Senator BROWN (Tasmania) (10.13 p.m.)—Isn’t the minister really saying, though, that commercial interests are supreme and that the impact of foreign ownership on Australian culture no longer counts? Isn’t he saying that Australian culture and sensitivities are not different from elsewhere in the world and that, moreover, they will not be influenced by the power of commercial proprietors from elsewhere in programming and having a say in the opinion and the news output from wherever they live outside this country?

There is no point having a night-long debate about this, but the Greens’ position is that Australia has some unique cultural attributes and some that are very hard to spot.
There are things that make us Australian. The Prime Minister is a champion of the view that Australia has a different essence. He talks about mateship, for example—that term is not in the lexicon of foreign media owners, I can tell you—and what a fair go means. Understanding what it is that motivates Australians to love different things to other countries is not going to be something that foreign media owners will have a grasp of. Can the minister not understand that when you open the means of conveying entertainment, news and opinion to 20 million Australians to the control or influence of foreign ownership, you threaten the very things that make us different—that, indeed, set us apart, for good or for bad, as Australians?

Senator ALSTON (Victoria—Minister for Communications, Information Technology and the Arts) (10.15 p.m.)—We already have a significant level of foreign ownership in various forms of media in this country, and I defy anyone to demonstrate that that has led to a lack of identification with Australian culture. At the end of the day, you have to sell your product. If you are alienated from your reading or viewing audience, you go broke. If you think that there need to be special arrangements—like the French exception to the EU, which has always been heroically championed by the French but is generally disparaged by the rest of the EU these days—then you can go about doing just that. That is what local content restrictions, in a sense, are aimed at. If there are other things you want to do, you apply them across the board. You apply them to all forms of media. You do not discriminate on the basis of birthplace. You do not say that, because an Australian happens to own that, somehow he is going to be in tune, and that, because a foreigner owns that, he will not be. If Rupert Murdoch were nominally an Australian but living in America, would that somehow make a difference? Would you then say, ‘We are worried about foreign residents as much as foreign nationals’? If an Australian goes to live in London for six months of the year, does that mean that somehow he has forfeited the right to own a newspaper or television station? It is complete nonsense.

If you want to protect so-called cultural values, you protect them across the board. You apply them to the media and to particular forms of media but you do not discriminate on the basis of ownership, because there is no evidence at all that a foreigner is going to commit commercial suicide by not catering to the marketplace. Do you think Clear Channel came to Australia to try to inject American values into Australian radio? It is here to make a quid and it has to cater to its market audience, and that is what it does. If there are restrictions you want to apply to radio, do that across the board, but do not somehow pretend that foreigners are much less responsive or susceptible. They are not and there is no evidence that they are.

Senator BROWN (Tasmania) (10.18 p.m.)—I do not have to pretend, because they are. The very nature of life is that people who are operating from Tokyo, Timbuktu or London do not have the same mind-set as people who are in this country of ours. It surprises me that the minister—the government—cannot understand that. After all, we do not allow foreigners to stand for this place and we do not have foreigners in our armed services. There are a lot of restrictions. Any implication that there is some restrictiveness that is untoward is wrong, but there are lines drawn in every country, which are there to ensure the interests of the populace of that country as a whole. What is happening tonight is that the Howard government is removing a very important line. It is removing an ownership rule which restricts and keeps minimal the influence of people operating out of this country in terms of control and dissemination of the media—it is not just the
news; it is the culture and the entertainment of a country—through these very powerful broadcasting mechanisms. We are also moving to remove restrictions, which will allow concentration of that media ownership.

So you have two things working in parallel: firstly, concentration of the ownership; and, secondly, vulnerability to the superior buying power of interests outside this nation. We are involved with a sell-out of the Australian national interest tonight. It is a sell-out of what it is to be Australian. I cannot understand how the Prime Minister, who so much uses the ethic of Australia and eulogises it as being special and as something that motivates him and makes him love and be proud of this country, can be engaged in saying that they will put the major organs for the dissemination of news, views, entertainment and culture in this country on the market to people who do not think Australian and who do not know Australia but who reach only one criterion that the minister has expounded: they have a lot of money in their pocket; they want to make a profit in this country. There are a lot of things, other than giving Australians the entertainment or the broadcast they want, that will come into that equation—for example, cheap mass production squeezing out Australian production through these broadcasting outlets. This is a very serious matter that we are dealing with tonight. It is critical. A stand has been made to ensure that the majority of Australian media is in Australian hands. That is what is on the altar—that is what is being sacrificed—if this amendment does not stand.

Senator ALSTON (Victoria—Minister for Communications, Information Technology and the Arts) (10.22 p.m.)—Just to be clear, what Senator Brown is basically doing is standing up for the Skases and the Bonds of this world. He is saying, ‘I don’t care if a media proprietor who happens to be an Australian is the ultimate philistine and has no interest at all in anything other than making a quid, honestly or dishonestly, as long as he is an Australian,’ whereas what we have is a provision that allows you to disallow any foreign acquisition and takeover on the grounds that it is contrary to the national interest. So, in fact, we have stronger powers in relation to foreigners than we do in relation to domestic proprietors. You stand up for the Skases and the Bonds of this world as much as you like. We will stand up for quality and we will stand up for ensuring that, when we do regulate, we regulate across the board. Whether it is local content or community standards or anything else, we will not have one rule for foreigners and one rule for domestic players. We will have one rule across the board because we are acting in the interests of audiences and viewers and readers, not simply giving vent to mindless xenophobia.

Senator CHERRY (Queensland) (10.23 p.m.)—I want to respond to a couple of issues that have been raised in the debate so far. There were two points raised by Senator Harris in his intervention in this debate that are worth noting, and Senator Bartlett has already spoken on one—the issue of an open mind. I would hope that senators do not come to this chamber with an open mind. I would hope they come to this chamber to represent the people who elected them. I think that is really what we are supposed to do here. There is a dual responsibility on a senator: one is to represent the people who elected you and the other is to act in the national interest. I think our deliberations need to be a combination of both. From that point of view I have to be cognisant, as Senator Harris has to be and as other senators have been, of the views of the people who elected us and of what we said to those people when we were elected. I think that is very important.
The second point I want to respond to is the statement by Senator Harris that, by deleting this schedule, the Senate would gut the bill. I point out that the schedule we are talking about is a page and a half of a 38-page bill. I want to read out the verbs from the schedule because they are worth pointing out to the Senate. Starting from the first one, the verbs are: repeal, repeal, repeal, omit, repeal, omit, omit, omit, omit, repeal, repeal, repeal, omit, omit, repeal, repeal. They are all the verbs from this particular schedule. I am accused of proposing to gut this bill, but what this schedule actually does is that it guts the act. I do not think it makes sense to be standing here talking about the fact that we are not going to have a proper debate on this particular provision and for us to be accused of gutting the bill when the provision we are talking about is actually gutting the act.

I want to talk about just one of the things which will be gutted out of the Broadcasting Services Act by this schedule, and that is one of the objectives of the act, objective 3(1)(d), which reads:

(d) to ensure that Australians have effective control of the more influential broadcasting services; ...

I think that is a pretty good objective and it should still be supported by the Senate. I think the objective of ensuring that Australians have effective control of the more influential broadcasting services is a worthy one, and one that we should talk about. The Democrats said in our position released publicly last September that we were prepared to talk about increasing the foreign ownership limits in this act but we were not prepared to concede control. In other words, we still support the retention of that particular objective, while we are prepared to look at different ways of achieving it.

The minister in his comments early in this debate pointed to the experience of radio. I have spoken in this debate about the fact that in my view the takeovers, particularly in regional radio, by DMG have not served the national interest. In fact, they have resulted in a significant reduction in local programming and local news provision and certainly have not resulted in an increase in competition in any of those small country markets. There are no new licences in those areas; and in many of those markets where, for example, DMG owns a radio station they are the only player in town. So that certainly does not work from a competition point of view, although I concede there is more competition in the metro markets, primarily because the ABA released more licences. As a matter of record, I am pleased to see that the ABA lifted their moratorium, yesterday I think, on the extra commercial licences in metro areas.

The minister pointed out that there should not be anything terrible about anyone making a quid out of media. I agree with that, Minister. But there are two ways to make a quid, and that is what I get upset about. One is to invest in the market and grow, and we will be talking about that. The other is to cut costs. The frustration is that with a mature market, which we have had in most of our media markets, what has been occurring is the cutting of costs. That is why the number of journalists employed by commercial radio has fallen from 650 to 250 over the last decade as a result of networking. That is because cutting costs is the way that many foreign companies, and even Australian companies for that matter—

Senator Alston—Indeed: nothing to do with being foreign.

Senator CHERRY— Exactly—seek to increase their returns to shareholders. The final point I want to make is about the print media inquiry report from 1994—and I will be ordering it up from the basement and reading large slabs of it into the Hansard.
tomorrow. I was a very young researcher for a then Democrat senator, Cheryl Kernot, who was on that inquiry with Senator Alston, looking at the last time a government tried to increase foreign ownership limits for the media. That was the Fairfax takeover by Conrad Black and the Tourang consortium back in 1994. As a result of that committee inquiry, the majority, which was made up of Liberal and Democrat senators, felt that the whole foreign investment review of media ownership needed to be significantly improved. The recommendations of that inquiry—which, from memory, Senator Alston chaired, but I am happy to be corrected on that—were for a toughening, not a weakening, of the scrutiny of foreign investment. I do not think the situation has changed particularly much since 1994, except that Senator Alston is now in government. But the Democrats like to be consistent and we certainly think there is a lot of merit to be found in that 1994 print media inquiry report.

Question put:
That schedule 1 stand as printed.

The committee divided. [10.32 p.m.]

(The Temporary Chairman—Senator P.F.S. Cook)

Ayes............  45
Noes............  8
Majority........ 37

AYES

Alston, R.K.R.       Barnett, G.
Bolkus, N.           Boswell, R.L.D.
Brandis, G.H.        Buckland, G.
Calvert, P.H.        Campbell, G.
Campbell, I.G.       Carr, K.J.
Chapman, H.G.P.      Colbeck, R.
Collins, J.M.A.      Conroy, S.M.
Cook, P.F.S.         Crossin, P.M.
Denman, K.J.         Eggleston, A.
Ferguson, A.B.       Forshaw, M.G.
Harradine, B.        Harris, L.
Hogg, J.J.           Humphries, G.
Hutchins, S.P.       Johnston, D.
Kemp, C.R.           Kirk, L.
Knowles, S.C.        Lees, M.H.
Lightfoot, P.R.      Lundy, K.A.
Macdonald, J.A.L.    Mackay, S.M.
McGauran, J.J.J. *   McLucas, J.E.
Moore, C.            Murphy, S.M.
O’Brien, K.W.K.      Santoro, S.
Scullion, N.G.       Sherry, N.J.
Stephens, U.         Webber, R.
Wong, P.             

NOES

Allison, L.F. *      Bartlett, A.J.J.
Brown, B.J.          Cherry, J.C.
Greig, B.            Murray, A.J.M.
Nettle, K.           Ridgeway, A.D.

* denotes teller

Question agreed to.

Senator ALSTON (Victoria—Minister for Communications, Information Technology and the Arts) (10.36 p.m.)—by leave—I move government amendments (1), (2), (11) to (20) and (23) to (28) on sheet QS205:

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


43A Material of local significance—regional aggregated commercial television broadcasting licences

(1) For the purposes of this section:

(a) a regional aggregated commercial television broadcasting licence is a commercial television broadcasting licence for a licence area set out in the table; and

(b) the applicable date for such a licence is the date set out in the table opposite the licence area of the licence:


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<td>Item</td>
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(2) The ABA must ensure that, at all times on and after the applicable date for a regional aggregated commercial television broadcasting licence, there is in force under section 43 a condition that has the effect of requiring the licensee to broadcast to each local area, during such periods as are specified in the condition, at least a minimum level of material of local significance.

(3) The condition must define local area and material of local significance for the purposes of the condition. The definition of material of local significance must be broad enough to cover news that relates directly to the local area concerned.

(4) To avoid doubt, this section does not:

(a) prevent the condition from setting out different requirements for different types of material; or

(b) prevent the condition from specifying periods that recur (for example, the hours between 7 am and 10 am Monday to Friday); or

(c) prevent the condition from setting out different requirements for different periods; or

(d) create any obligations under subsection 43(2) that would not exist apart from this section.

(5) Subsection 43(5) does not apply to the condition.

(6) This section does not, by implication, limit the powers conferred on the ABA by section 43 to impose, vary or revoke other conditions.

(2) Schedule 2, item 4, page 9 (line 12), omit “has a regional licence area”, substitute “is a regional commercial radio broadcasting licence”.

(11) Schedule 2, item 4, page 28 (line 14), at the end of the heading to Subdivision C, add “for commercial radio broadcasting licensees”.

(12) Schedule 2, item 4, page 28 (lines 16 and 17), omit “commercial television broadcasting licence, or a commercial radio broadcasting licence,”, substitute “commercial radio broadcasting licence”.

(13) Schedule 2, item 4, page 28 (lines 21 and 22), omit “commercial television broadcasting licensee or a”.

(14) Schedule 2, item 4, page 29 (lines 9 and 10), omit “commercial television broadcasting licensee or a”.

(15) Schedule 2, item 4, page 29 (lines 16 and 17), omit “commercial television broadcasting licensee or a”.

(16) Schedule 2, item 4, page 30 (line 11), omit “commercial television broadcasting licence or a”.

(17) Schedule 2, item 4, page 30 (lines 25 and 26), omit “commercial television broadcasting licence or a”.

(18) Schedule 2, item 4, page 32 (line 17), omit “commercial television broadcasting licence or a”.

(19) Schedule 2, item 4, page 34 (line 5), omit “commercial television broadcasting licence or a”.

(20) Schedule 2, item 4, page 35 (line 16), omit “commercial television broadcasting licence or a”.

(23) Schedule 2, item 7, page 36 (line 19), omit “or (e)”.

(24) Schedule 2, item 8, page 36 (line 28), omit “or (e)”.

(25) Schedule 2, item 12, page 38 (line 4), omit “section 61PA;”, substitute “section 61PA.”.
(26) Schedule 2, item 12, page 38 (lines 5 and 6), omit paragraph (q).

(27) Schedule 2, item 13, page 38 (line 10), omit “section 61P;”, substitute “section 61P .”.

(28) Schedule 2, item 13, page 38 (lines 11 and 12), omit paragraph (e).

These establish a requirement on the ABA to impose local content licence conditions on commercial television licensees in the four aggregated markets of regional Queensland, northern New South Wales, southern New South Wales and regional Victoria as well as television licensees in Tasmania. These rules would replace local television news obligations that would have applied only to regional commercial television broadcasters that are subject to an exemption certificate.

Amendment (1) sets out the substance of the new obligations. The ABA must ensure that the licence condition has the effect of requiring these licensees to broadcast in each local area during specified periods of time at least a minimum level of material of local significance. This provides an assurance that the outcome of the ABA’s 2002 inquiry into the adequacy of local television news and information programs in regional and rural Australia will continue to be in force into the future. As a result of its investigation, the ABA has imposed an additional licence condition on all regional television licensees in the four aggregated markets, requiring them to broadcast a minimum amount of material of local significance. In the four aggregated markets, the commencement date for the new licence condition is 1 August 2003. As Tasmania was not included in the ABA’s initial investigation, the commencement date for the licence condition there is 1 July 2004. This enables the ABA to determine the appropriate licence condition for that market.

The licence condition developed by the ABA will require all regional television licensees in the four regional aggregate markets to broadcast material of local significance to meet a weekly average total of 120 points in each specified local area. Points will accrue on the basis of two points per minute for local news and 1 point per minute for most other types of local content, excluding paid advertising. Compliance will be assessed on the average score over a six-week period, with a minimum requirement for any week of 90 points. Regional content that is broadcast across several local areas may account for up to 50 per cent of the total.

The licence condition was developed by recognising the existing local news and information services provided by WIN—in other words, the market leader, the benchmark—and in certain markets by Prime, while at the same time establishing a substantial but achievable obligation for those broadcasters not delivering local services. The scheme provides a level of flexibility intended to encourage delivery of nightly news services and a range of attractive, locally relevant material. The government is retaining the original provisions of the bill that require regional commercial radio broadcasters subject to a cross-media exemption certificate to broadcast minimum amounts of local news and information.

Senator CHERRY (Queensland) (10.39 p.m.)—I want to indicate that, whilst the Democrats will be supporting these amendments, we do not think they go far enough. We put in a submission to the ABA’s inquiry on the issue of local news coverage. We felt that the points which the ABA was putting in place for local news were inadequate and they should in fact be doubled, which would at least ensure that there was a lot more local news than is actually out there in a lot of markets now. Only this week we had the news that Prime TV in country New South Wales is looking at closing its newsroom in Tamworth and possibly in other cities.
The other thing I was disappointed about with these amendments—and I think it is an issue which the government needs to return to—is the issue of local news coverage and local information provision on regional radio. These issues were, as I indicated in my previous remarks, covered by the regional broadcasting inquiry by the House of Representatives communications committee two years ago. That committee showed a significant level of local concern about the issue of provision of local programming on regional radio in this country. As I indicated in my earlier comments—which obviously did not persuade anybody in the chamber, which is very disappointing—I do believe that has been a direct result of the networking which has occurred since 1991 as a result of the removal of ownership controls on radio stations in country areas. Whilst we will be supporting these amendments as a very small start which sets a bottom point in terms of local news coverage—and I note that the amendments come out of the recommendations of the government members of the Senate committee—I think they are disappointing in that they do not go far enough in terms of raising the very low common denominator that exists with local news on many regional broadcasters and also putting in some sort of standard to ensure some local provision on regional radio.

Senator CONROY (Victoria) (10.41 p.m.)—Labor opposes the amendments. While the principle of increased local content on regional television stations is worth while, it is one we will not support while trading away our cross-media laws to achieve this outcome. The government can increase local content on regional television stations independently of reforming the cross-media ownership laws. Labor encourage them to do so, and, if we are a successful in opposing this, we invite the government to move such an increase when it has nothing to do with cross-media laws if they are fair dinkum. If people want more local content, particularly on regional TV stations, we can have it—but do not tie it to this. Do not try a spivvy little scam like this where you are trying to bribe people into voting for a shocking bill; just put it up yourself, separate from this.

Senator ALSTON (Victoria—Minister for Communications, Information Technology and the Arts) (10.42 p.m.)—For Senator Conroy’s edification, I can say that these provisions apply across the board. They are already in place as a result of an ABA inquiry and determination—

Senator Conroy—A powerful toothless tiger!

Senator ALSTON—That is precisely why we are legislating. In other words, you do not have to depend on what you might regard as the whim of the ABA. The ABA has determined, after a proper inquiry, what a reasonable level of matters of local significance is. We are now proposing to legislate that, unrelated to media takeovers. In respect of radio—for Senator Cherry’s benefit—the original bill does contain provisions that, in the event of a cross-media takeover involving radio, there has to be adequate coverage of matters of local significance. We are dealing with both forms of media. This provision simply ensures that, irrespective of what the ABA might think in the future, minimum levels apply to television, unrelated to any change in ownership.

Senator McLUCAS (Queensland) (10.44 p.m.)—I recognise that I have not been part of the discussion up until this point, but I would like to ask the minister: how do you define the word ‘local’?

Senator ALSTON (Victoria—Minister for Communications, Information Technology and the Arts) (10.44 p.m.)—That is a matter for the ABA to determine, and obvi-
ously it is something they are much better placed to judge than we are.

Senator McLUCAS (Queensland) (10.44 p.m.)—In reference to that, I have written to the ABA requesting a definition of the word ‘local’ and have not had a reasonable response. In fact, I have had no response. Could I get some understanding, given that you are moving this into a legislative nature, of what the term ‘local’ will in fact mean? You defined earlier the points system that the ABA in fact said would be applied, but unless we have a clear definition of the word ‘local’ then that does not actually mean much to me.

Senator ALSTON (Victoria—Minister for Communications, Information Technology and the Arts) (10.45 p.m.)—The starting point is that the ABA will effectively recognise what is already the current practice, which is that in markets where there are advertising breakouts that cater for local areas they will continue to treat those as representative of local interests. So you are pretty much dealing with the status quo in terms of the way that the ABA have already treated local issues.

Senator McLUCAS (Queensland) (10.45 p.m.)—I am sorry but I do need to press this point. You are talking about the status quo. In parts of regional Australia that means—and I talk from local experience—that the market of Cairns does not include the market of Townsville nor of the Sunshine Coast nor of Toowoomba. These matters have to be defined clearly so that we know what ‘local’ truly means. We really need some definition of the word ‘local’, especially as to how it is defined in Queensland.

Senator ALSTON (Victoria—Minister for Communications, Information Technology and the Arts) (10.46 p.m.)—As I am advised, there have traditionally been seven recognised local areas within regional Queensland and they would continue to be regarded as local areas.

Senator McLUCAS (Queensland) (10.46 p.m.)—Then is it reasonable that residents of, say, Cairns can expect to receive news coverage from Toowoomba even though it is generic in nature? So that would receive the points score that you have earlier described?

Senator ALSTON (Victoria—Minister for Communications, Information Technology and the Arts) (10.47 p.m.)—A resident of Cairns will get Cairns content that is local to that area. They are not going to be forced to rely on material that comes from Townsville or anywhere else. Local material for Cairns is Cairns based material.

Senator McLUCAS (Queensland) (10.47 p.m.)—Even if that material is generated in Toowoomba? This is the nub of the issue, Minister. If that material is generated in another centre and deemed as generic or of interest, the question I am asking is: is that deemed as local and will that comply with the rules that you are now putting into this legislation?

Senator ALSTON (Victoria—Minister for Communications, Information Technology and the Arts) (10.48 p.m.)—It has to be relevant to that local community. In other words, it is the material that matters.

Senator McLUCAS (Queensland) (10.48 p.m.)—You have now answered my question. The question is about the words ‘relevant’ or ‘generated in’. That is the real question if we are talking about local content. I do not think it is local if a story is run on my TV in Cairns that is generated in Toowoomba. I will speak of a specific incident. A story that was generated in Toowoomba—a very important story about the effect of the Iraq war on children—that had in it a social worker who was from Toowoomba was not relevant to me in my town. It was not my town being displayed to
me on my television. If we are talking about local, we need to be very clear about what local means. If you are talking about a Toowoomba generated story, it is not local to me—and these are the stations that are now using the ABA rules that you talked about earlier. You said that the ABA had come up with good regulations. I am sorry, they are not working in my state; they are not working across Australia. To then use those regulations and make them into legislation is, I think, wrong and misguided. But if you have an answer about what local is—

The TEMPORARY CHAIRMAN (Senator Ferguson)—Senator McLucas, I do not want to interrupt but please address your remarks through the chair.

Senator McLucas—I apologise. If the government has a view about what the definition of ‘local’ is and can provide that to me, I would be very interested in it.

Senator ALSTON (Victoria—Minister for Communications, Information Technology and the Arts) (10.50 p.m.)—The first point to be made is that these rules have not yet come into effect—

Senator McLucas—You are absolutely right.

Senator ALSTON—Okay. Therefore you cannot assume that what occurs now is what is going to occur after February when they come into effect. But we are not talking here about locally generated or locally produced news; we are talking about relevant local news. The example you gave sounded to me as though it was relevant to Toowoomba, because it was about someone in Toowoomba producing a Toowoomba story. That would not be regarded as local content for Cairns. It does not really matter where it might be produced—it might be a Toowoomba nurse broadcasting out of Sydney. So it has got nothing to do with where it is generated. What is relevant is where it relates to, and if the story is about Toowoomba then it is not about Cairns.

Senator McLucas (Queensland) (10.51 p.m.)—I will complete it here. That is my point. It is not locally generated in the city that it is meant to be serving and so there needs to be a definition that requires that locally generated stories, not locally relevant stories, are part of the point-scoring system that you identified earlier.

Senator ALSTON (Victoria—Minister for Communications, Information Technology and the Arts) (10.51 p.m.)—It might suit those who are principally concerned about employment in particular areas but the audience are concerned to have matters that are relevant to them. If you are a resident of Cairns and you get a Cairns story, then that is what you want; that is local news. The audience are not concerned about whether it happened to be ultimately generated from anywhere in particular. It might indeed be a story provided by a stringer in Cairns that goes to some other studio, but the viewer is not particularly concerned about that. The viewer is concerned about whether it is a locally relevant story. If it is a story about Cairns, then the viewer’s needs are met. Your employment concerns may not be met, but we are not in the business of deciding where television and radio stories ought to be produced. We are in the business of ensuring that people are able to see and hear what is locally relevant to them.

Senator McLucas (Queensland) (10.52 p.m.)—I did say previously that this was my last contribution.

Senator Mackay—It is your penultimate contribution.

The TEMPORARY CHAIRMAN (Senator Ferguson)—It does not preclude you from having another go, Senator McLucas.
Senator McLucas—Thank you, Minister, I think you have finally understood what I am saying. The point of generation of the story is the issue at point.

Senator Alston—No, it is not.

Senator McLucas—It is.

Senator Alston—It is not.

Senator McLucas—It is absolutely the issue at point, and I think you do understand that.

The TEMPORARY CHAIRMAN—Order! Minister, let Senator McLucas have her say, and we will get your response in a minute.

Senator McLucas—The story needs to be generated in the town in which it is broadcast for it to be relevant to that community; otherwise the story is generic and can be broadcast through a whole range of communities across Australia. You made the point about employment. In some respects it is because you need people in the communities to be able to generate the stories. We want those people living and working in our communities who can tell our stories back to us about ourselves. That is why you need to make sure that the point system that you have in this bill will deliver locally generated stories and local stories that are important to us, not stories that are not relevant.

Senator ALSTON (Victoria—Minister for Communications, Information Technology and the Arts) (10.54 p.m.)—I have endeavoured to show that you cannot actually determine where the story comes from.

Senator McLucas—Yes, you can.

Senator ALSTON—No, you cannot.

Senator McLucas—I know the journo.

Senator ALSTON—As I have explained, you could have a stringer based in Cairns who goes out, finds out the story, interviews people, films them, reports them, records them in every shape or form, sends that story up the line to Townsville, and it comes back into the Cairns market. If that happened, you would say that story was generated out of Townsville—would you?

Senator McLucas—No, the journo lives in Cairns.

Senator ALSTON—Then I do not know what you mean by 'generated'. Do you mean locally produced?

Senator McLucas—Yes, made.

Senator ALSTON—All right. If the story is going to be about Cairns and if it is not fiction, one would have thought that you need to have someone in Cairns to be able to give you that information. In order to satisfy a requirement for local content, one would have thought that you would need to know what was going on in Cairns. If someone produced a story out of Cairns and then spread it around the state, it would not satisfy local requirements in areas other than in Cairns. They might show it, but it is not going to count. Local means local. If you are a resident of Cairns, what counts for you are stories about Cairns. How they are actually produced is not what is relevant for these purposes. It might be relevant if you want to insist that every element of the production phase occurs in Cairns, but I do not think you can micromanage media businesses in that way. What you can do is insist that the stories be locally relevant and, if they are, you have satisfied the requirement.

I table a supplementary explanatory memorandum relating to the government’s amendments to be moved to this bill. The memorandum was circulated in the chamber on 23 June last.

Senator BROWN (Tasmania) (10.56 p.m.)—Senator McLucas has done all the work on this and she is absolutely right. If you are going to have a point-score system which is going to work, then you have to
have a definition of ‘local’. It is in the government’s legislation and it appears time and time again. I would be happy for Senator McLucas to take this but, for the purposes of thinking about it overnight, I foreshadow an amendment to 61B, which deals with definitions—‘local’ means generated in that locality.

Senator CHERRY (Queensland) (10.57 p.m.)—While we are talking about homework, on this particular issue there are a few questions I want to raise with the minister. It concerns the implementation of the local news requirement by Prime Television in New South Wales. The issue which Senator McLucas spoke about in terms of Queensland regional television is not actually confined to that state. I am looking at a clipping from the wonderful ABC web site—God bless Aunty—from last week. There is great concern from the MEAA that Prime news, under the new ABA local content regulations, would be closing down its newsrooms in Wagga, Albury and Tamworth and sourcing most of its local news out of Canberra. The Secretary of the Media Entertainment and Arts Alliance, Chris Warren, said:

It is disturbing if people are now saying that that now provides a new bottom line which we all need to provide and we are not really going to take the concerns of local communities into account.

Could the minister provide an answer tomorrow on the whole issue of whether Prime Television’s compliance with the new ABA standard is going to result in a reduction in local news in the markets around Wagga, Albury and Tamworth?

The TEMPORARY CHAIRMAN (Senator Ferguson)—The question is that government amendments (1), (2), (11) to (20) and (23) to (28) on sheet QS205 moved by Senator Alston be agreed to.

Question agreed to.

Senator LEES (South Australia) (10.58 p.m.)—I move Australian Progressive Alliance amendment (1) on sheet 201:

(1) Schedule 2, page 5 (before line 9), before item 1A, insert:

1AB Before section 44
Insert:

43B Material of local significance—metropolitan commercial television broadcasting licences

(1) For the purposes of this section, a metropolitan commercial television broadcasting licence is a commercial television broadcasting licence that has a metropolitan licence area (as defined by section 61B).

(2) The ABA must ensure that, at all times on and after 1 July 2004, there is in force under section 43, for each metropolitan commercial television broadcasting licence, a condition that has the effect of requiring the licensee to broadcast to each local area, during such periods as are specified in the condition, at least a minimum level of material of local significance.

(3) The condition must define local area and material of local significance for the purposes of the condition. The definition of material of local significance must be broad enough to cover news that relates directly to the local area concerned.

(4) To avoid doubt, this section does not:

(a) prevent the condition from setting out different requirements for different types of material; or

(b) prevent the condition from specifying periods that recur (for example, the hours between 7 am and 10 am Monday to Friday); or

(c) prevent the condition from setting out different requirements for different periods; or
(d) create any obligations under subsection 43(2) that would not exist apart from this section.

(5) Subsection 43(5) does not apply to the condition.

(6) This section does not, by implication, limit the powers conferred on the ABA by section 43 to impose, vary or revoke other conditions.

My amendment is an extension of the government’s amendments. As we are now looking at putting TV news services back into rural and regional Australia—and several senators have discussed this—and putting in place the ABA requirements for those services to be of local significance and locally generated, the smaller capital cities have been overlooked. As a South Australian senator, my concern is for what is already happening in Adelaide, in my home state. We are increasingly having our commercial TV news services broadcast from interstate. At the moment, the stories are locally generated. They are locally filmed by camera crews on the ground and journalists are very much a part of it still. But it is put together and packaged with the announcers from interstate—I am referring to Melbourne in this particular case—and then rebroadcast.

Progress reported.

ADJOURNMENT

The DEPUTY PRESIDENT—Order! It being 11 p.m., I propose the question:

That the Senate do now adjourn.

Veterans: Entitlements

Senator MARK BISHOP (Western Australia) (11.00 p.m.)—I rise tonight to address an issue I have spoken to before in this place, and that issue concerns administrative review in the veterans’ and ex-servicepeople jurisdictions. The Senate will be aware that last Thursday, on my motion, the Senate agreed to refer this matter to the Finance and Public Administration References Committee with particular terms of reference. Tonight I wish to speak to that reference briefly and to clarify its purpose and motive in so doing.

Essentially, there are two issues in this quite complex matter. The first concerns the existing system of review in the veterans’ jurisdiction, which in itself is in need of special examination simply because of its inefficiency, its cost and the outcomes in terms of veterans’ access to their entitlements. The second concerns the existing process of review for serving ADF and ex-servicepeople without veterans’ entitlements, which is in a complete and questionable contrast to that available to veterans. It is also questionable whether, in the event of a new single compensation scheme being introduced, as is proposed by the government, the continuation of such duality is practicable.

It seems to me that, in the event we are going to be looking into the detail of a new military compensation scheme which seeks to establish the best of both current systems, the opportunity ought to be taken to do it thoroughly. No doubt when the new scheme is revealed in draft, as I understand it will be later this week, this issue will come out as an area of significant controversy. Given its complexity, however, and given that it also raises the adequacy of the existing system for veterans whose interests might well be grandfathered, I believe it requires separate examination. The outcomes of this inquiry can therefore be dovetailed into the larger review, in due course, in the inevitable event that it, too, will be referred to a Senate committee.

So, in essence, we are looking at the strengths and weaknesses of the current system and at a preferred model for the future. The outcomes might be applied to the present, depending on the views of veterans and the whim of the government, and they could also just be applied to the future. Having said
that, I want to say to veterans and ex-servicepeople that the shortcomings of the current system are well understood, though the solutions we are grasping for may not be. This inquiry is very much in their interests, but I want to assure them that the key principles are sacrosanct, in my view, at this stage.

For example, I am aware of the huge importance placed by veterans on the separate-ness and independence of the Veterans Review Board. The principle on which the VRB was established, that military compensation is a unique benefit resulting from unique service to the nation, is not in question and nor is the non-adversarial nature of its processes or the formula by which its members are chosen, reflecting an ever-present familiarity with service life and experience.

What is in question, however, is the process by which review is conducted. That process is conducted as follows: firstly, at the internal review stage within the Department of Veterans’ Affairs; secondly, in the information gathering thereafter and prior to the VRB; thirdly, in the processes beyond the VRB where information is sought, yet again, to remedy earlier deficiencies which are seen to be the cause of failure; and, fourthly, the processes leading up to the AAT, including the issue of legal aid. From my discussions with many veterans and, in particular, their advocates—who do the most wonderful work for veterans—it is clear that, within this very drawn-out system, there is considerable room for improvement. In fact if I were to put their combined views in a nutshell, it could be said that the great bulk of worthy cases could be agreed at the primary claim stage if the claim had been properly prepared in the first place.

What we have, though, is a system where many claims are not adequately supported at the primary level with the necessary evidence and therefore must fail. What flows thereon is a litigious process to find the evidence—a process not often completed until the AAT stage, where legal aid becomes available which buys the legal skill and knowledge and which quickly finds the missing evidential link. It has been said to me that this in itself is an incentive for applicants to run dead through the early stages as a technique of getting legal aid. If this is the case, there is something very wrong with the system indeed.

By contrast, serving ADF members and ex-members have none of this. As I understand it, these people have internal review followed only by access to the AAT—for which they must show cause—no ability to adduce new evidence thereafter and, most importantly, no advocacy support apart from that which ex-service organisations can give them from their meagre resources. In many cases they must combat legal advocates hired by the government, including Queen’s Counsel. It is, by all accounts, a most forbidding and unsympathetic process for people who, in essence, are no different to veterans in their ability to pursue their case.

I know that all of this is based on the premise that veterans have served overseas and hence attract what is termed as qualifying service, which in turn carries some valuable additional benefits. But the question being asked is whether those values, forged in the mud of the First World War and the horrors of successive conflicts, remain as relevant for the modern ADF and the nature of their service—that is, is this distinction still relevant or does it apply quite a serious discriminatory factor between peers? Those questions are perhaps matters of political judgment but, nevertheless, they need to be answered. It is also clear that, in looking at this issue of adequate evidence to support a claim, the capacity of the veteran and the ex-ADF person, in perhaps the most complex
jurisdiction of all, to properly research their claim is often limited, even though the whole approach is one of assisting the self-represented applicant. This is effectively a fiction, though some obviously do succeed.

Also uniquely within this jurisdiction, advocacy support is provided by ex-service organisations, supported in part by government grants and with training. It is, however, very modest. Clearly, with some supplementation, it could improve the performance of the system enormously, especially by becoming involved in the primary claim. Perhaps savings made in reducing the volume of appeals by increased acceptance rates for better claims at the primary level might help. This form of aid is clearly set out in the terms of reference, as is legal aid, which is said by some to be the subject of continuing cutbacks, inadequate rates and poor understanding of the merits.

Finally, for the benefit of veterans and others who want to better understand the origins of this inquiry, I must also mention the critical nature of records, especially service records and health records. From what has been said to me, even if the best medical diagnosis is available, access to records is still a major problem, which of course can only be useful if they are complete. We also know that moves are afoot to combine records management with the DVA, which seems to be a good idea. But it must not be forgotten that they are Defence records, and the responsibility for their content rests there.

The continuing devolution of personnel matters from Defence to DVA must not allow the Department of Defence to reinforce its attitude to former members, which seems to be one of washing its hands. At least perhaps the service ethos of DVA will prove to be advantageous, as seems to be the case with other responsibilities which have similarly passed across, although I must say it does really beg the question of institutional arrangements which seem to unnecessarily cut right across the continuum of care for ex-service personnel, whether they are veterans or not. That briefly encapsulates some of the issues which go to the heart of the terms of reference.

May I remind veterans that the purpose of this inquiry is to try and get a better system for current veterans and ex-servicepeople, past and present. The struggles of past claims processes are known and understood, and I hope that it is also understood that improving the system is the motive here, not revolutionary change. We want to assist veterans and ex-servicepeople, not make it harder. But at the same time there are some fundamental questions to be asked. I simply reiterate that we have an opportunity now, with a new scheme on the drawing board, to get it right.

**Flinders Region Area Consultative Committee**

_Senator FERRIS (South Australia) (11.09 p.m.)-_Tonight I would like to recognise the work of the Flinders Region Area Consultative Committee, which covers one of the more starkly beautiful parts of South Australia—the Flinders Ranges—where I was, in fact, a visitor just last weekend. This ACC covers 90 per cent of the state and it is one of only five area consultative committees in South Australia which cover rural areas. It was established in 1999. The board is made up of 13 individuals from the region, representing business, community and government, who meet every couple of months.

At this time, I would particularly like to recognise and thank Mrs Barbara Derham, a successful businesswoman in Whyalla, who has generously worked for the region in all manner of ways for many years and is a highly respected member of the Flinders community. As chair of this committee, Mrs Derham has oversight of the strategic direc-
tion of the Flinders Region Area Consultative Committee. It is a non-profit, community-based organisation. The board members are all volunteers and they are not paid. They give their time generously and they work for a sustainable future for the region they believe in.

As with all 55 ACCs around Australia, the Flinders Region ACC positions itself as a key regional stakeholder to build community capacity and to find local solutions to local problems. Its mission is to work with communities to find locally based solutions to the challenges of social and economic growth, together with environmental responsibility. In May 2002 the committee had success in attracting more than $1 million in Commonwealth contributions, through the Regional Assistance Program, for programs worth $4.5 million. During 2002-03 local projects funded through the Regional Assistance Program included $29,700 for the Arno Bay ecotourism walk to attract more tourists to the region, to boost local business growth through an increased use of local facilities, such as the caravan park, and to protect the important coastal habitat of the region. The Arno Bay area on Eyre Peninsula is a beautiful part of South Australia.

Some $33,000 was made available for a part-time project officer to facilitate and foster investment in the Upper Spencer Gulf, which is an area of South Australia that has had some difficulty as we have come to grips with the changing economic circumstances of the Whyalla region. This area has focused on such industries as aerospace, defence and transport. Equally importantly, $46,000 was made available for the Head of Bight tourism centre, a project that will directly create eight jobs and bring major flow-on benefits to the region as people take advantage of the opportunity to go whale watching.

The committee’s web site clearly outlines the objectives of the Flinders Region ACC and the success of the projects that have been undertaken there. As a South Australian senator, I am immensely proud of the work carried out on a voluntary basis by members of the ACCs and, in particular, the Flinders Region ACC. I am puzzled as to why any other senator from my state of South Australia would seek to criticise and denigrate this group as was done in a recent Senate estimates committee.

**HIH Insurance**

_Senator CONROY_ (Victoria) (11.13 p.m.)—The recent HIH Royal Commission gave the community an insight into the corporate governance practices at what was then Australia’s second largest general insurer. What was revealed was not pretty. The royal commission uncovered examples of extravagance, largesse and questionable accounting transactions and practices. However, in the main, Justice Owen found that the money was never there. In other words, HIH did not set aside anywhere near enough reserves to deal with future claims. Insurance is described as a long-tail business. This term refers to the fact that the outcome of contracts for insurance may not become known until many years after they were written.

The job of an insurance company is to ensure that enough funds are set aside to meet claims that may arise in the future. The HIH board totally failed to ensure that this was done. The royal commission found that HIH was underprovisioned by between $2.6 billion and $4.3 billion. Rightly, Justice Owen’s report is highly critical of the HIH board. He found a lack of attention to detail, a lack of accountability in performance, a lack of integrity in the company’s internal processes and an inability to analyse the strategy of the company. Most importantly, the board failed to ensure that HIH was adequately provi-
sioned to meet future claims. It is worth recalling what Justice Owen said on this matter:

Outstanding claims provisions are of fundamental importance to the financial wellbeing of a general insurer and hence to its policyholders. The directors said that they were aware of the importance of the provisions but I am not convinced that they understood their full importance. In terms of stewardship, this was a particularly important function vested in the directors. Both the directors and management were found wanting in this regard. By their failure to come to grips with what I regard as the most critical aspect of HIH’s financial statements, the directors passed up an opportunity to identify and deal with looming problems that proved, in the end, to be the company’s undoing.

Justice Owen noted further that the board blindly relied on actuaries’ reports and never once asked an actuary to attend a meeting to explain his or her report or to answer questions. Importantly, the commission named all the non-executive directors between 1997 and 2001 as sharing responsibility for the board’s failure to act. Justice Owen also had a damning indictment of the HIH audit committee:

I have already mentioned the directors’ approach to the setting of reserves for future claims. The audit committee was the first ‘port of call’ in the process by which the directors approved the level of provisions for future claims. The failings of the board, as already canvassed, apply equally to the audit committee. It simply did not ask the right questions.

It would be comforting to think that such a complete failure of corporate governance was an aberration. Regrettably, however, it must be acknowledged that the evidence produced at the royal commission indicates that the problems were just as bad, if not worse, at another major insurer. That company was FAI. The royal commission reported that FAI was afflicted by chronic underreserving. While the level of this underreserving was not realised until 1997, it is clear that this practice was going on for years. As of 30 June 1997, the commission estimated that FAI was underreserved by between $186 million and $209 million. The level of underreserving was estimated at $171 million to $190 million as at 30 June 1998. The commission stated:

Had a reserve shortfall of this magnitude been taken up in the 30 June 1998 accounts of FAI it would have had a very serious impact on reported profit. It could also have placed FAI General in breach of the solvency requirements of the Insurance Act and raised questions as to FAI’s solvency.

Counsel assisting the commission stated:

The reserving practices within FAI over a long period of time were unsatisfactory, giving rise to significant under-reserving from at least 30 June 1997 and possibly before that period.

When people consider these numbers, it must be remembered that underreserving of this magnitude does not come about in just one or two years; it is the result of a persistent failure to properly price premiums and manage the risk of carrying on an insurance business. Justice Owen observed:

Failure to squarely address endemic provisioning problems was a serious deficiency on the part of management at FAI. It had a direct impact on the financial health of the company and on the way in which its financial condition was reported. The size of the underprovisioning indicates that it is highly likely that FAI was trading whilst it was insolvent. Moreover, it is probable that FAI was insolvent for many years. This is a serious matter. Under section 588G, directors of a company have a duty to prevent insolvent trading. The maximum penalty for breach of this section is five years imprisonment.

Justice Owen’s terms of reference were quite narrowly focused on the extent to which actions contributed to the failure of HIH. This did not allow a wide-ranging and
thorough examination of all the issues that were raised during the course of the royal commission. Because of the narrow terms of reference, we do not know how long FAI traded while it was insolvent. That job now falls to the regulators, APRA and ASIC. There needs to be a full investigation of the conduct of the board of FAI. People who have breached the law should not be able to escape liability simply because HIH was foolish enough to buy FAI.

ASIC Chairman, David Knott, has stated that ASIC would not be confined to what the royal commissioner said in relation to prosecutions. This is appropriate. The royal commissioner’s report was by no means an exhaustive judgment on all the issues raised during proceedings. Recently, Mr Knott stated that ASIC would look beyond the commission’s recommendations and ‘look a bit more closely in the area of directors and directors’ duties’. This is to be welcomed because ASIC’s credibility will be greatly undermined if action is not taken against FAI and its directors.

In May, APRA announced that it was considering the need to disqualify or remove some individuals from ‘responsible person’ positions in the general insurance industry. APRA has identified around 90 individuals who may have breached ‘fitness and propriety’ requirements in the Insurance Act. This investigation must focus also on the behaviour of the FAI board. APRA has all the files from the relevant period and it should assist ASIC in determining how long FAI traded whilst it was insolvent.

Of course, many of these people may no longer be in the insurance industry. It should be of concern to this parliament and to the Australian community that some members of the FAI board have now moved on to other enterprises. There is one former member of the FAI board who has recently been appointed to a key government position. Between 1993 and 1996, when FAI was trading while it was insolvent, this person was not only a member of the board but also a member of its audit committee. During his time on the board, FAI incurred underwriting losses of $233.2 million. That person’s name is Graeme Samuel. Let me reiterate: ASIC should be investigating the FAI board and Mr Samuel as a director for insolvent trading. APRA should be investigating Mr Samuel as to whether he has breached the fitness and proprietary requirements in the Insurance Act. Either this bloke is guilty of being a director of a company that was trading while insolvent or he is utterly incompetent. Both of these facts should lead to his disqualification for the position of ACCC chairman.

Drug Action Week

Senator TCHEN (Victoria) (11.23 p.m.)—I rise tonight to bring to the attention of the Senate an important community initiative running this week. Drug Action Week 2003, running from 23 June to 28 June, was launched yesterday by the Hon. Trish Worth, Parliamentary Secretary to the Minister for Health and Ageing. Drug Action Week is an initiative of the Alcohol and Other Drugs Council of Australia, and I commend to the Senate and to all Australians the support of this and the council’s other worthwhile initiatives.

Each day of Drug Action Week has a specific theme to reflect the complex array of issues involved in the use of alcohol and other drugs. On Monday the theme is prevention; on Tuesday the theme is treatment; on Wednesday the theme is mental health; on Thursday the theme is Indigenous Australians; on Friday the theme is amphetamine type substances; and on Saturday, perhaps the most important day of all, the theme is families and communities.
The Howard government is strongly committed to the prevention of substance abuse, and I applaud the Prime Minister’s efforts to promote a society where our youth do not feel the need to use crutches like drugs. But we should not and need not lecture our youth on drug use—we should give them much credit for how, on the whole, they are going about building productive lives in an increasingly complex world. We also need to recognise that in this increasingly complex world, many of our youth, often through no fault of their own, fall into the trap of using alcohol and other drugs in the search for alleviating their pain and distress. The purpose of Drug Action Week is to raise awareness about the drug related harm that our young people may have to face and to promote the achievements of those who work to reduce such harms. It is also important to promote public debate about good harm reduction or prevention practice and strategies.

The potential harm of using drugs such as cannabis has been extensively researched and documented. The most at risk are adolescents, particularly those who begin using drugs early in their adolescence. These harms can range from physical to cognitive to psychological. Significantly, the use of alcohol and other drugs by young people is often associated with—that is to say possibly either as a consequence and as a causal antecedent—mental illness and disorders such as depression, anxiety and an increase in the risk of suicide attempts.

It is sometimes politically correct to ascribe a supposed ‘softness’ to some drugs, for example, alcohol and cannabis. The dangers of excessive use of alcohol are legend and well known. To some, however, the dangers of supposed soft drugs such as cannabis are less obvious: for example, the Greens in New South Wales subscribe to this, which may not surprise us given the Greens’ propensity to have ideas that come off the wall. However, it is regrettable and indeed shameful that a leading politician like the New South Wales Premier Bob Carr also subscribes to the idea that cannabis can be harmless. In fact, it is well documented that the potential damage that cannabis usage can inflict ranges from the development of cannabis dependent syndrome to the permanent deterioration of motor neural and mental performance, particularly for those who use cannabis heavily during their adolescence and young adulthood.

Another harm in the use of soft drugs such as cannabis is the potential for them to act as a gateway leading to the use of more lethal drugs such as heroin. This, the gateway effect, is the truly insidious nature of the supposedly soft drugs and can cause more damage over the long term. There are reliable indications that the number of substances used is more significant than the type of substance used in predicting suicide attempts by young people. This link between substance abuse and mental illness is one that needs close examination, particularly at a time when good mental health is critical, when our young people begin the transition from childhood, with dependence on guardians, families and friends, to the commencement of further education, a new career, long-term relationships or even families.

Of particular concern is the fact that people in rural and remote areas, particularly young men, are at higher risk of suicide than people living in urban areas. In our quest to reduce the suicide rate in Australia, we need to make a concerted effort to work to minimise all potential causes of mental illness and suicide, and reduction and prevention of drug abuse is a starting point. This is why Drug Action Week deserves and needs our attention. In supporting these and other valuable community initiatives, we assist a dedicated group of Australians in promoting the
message that by preventing the misuse of drugs we can assist our youth to find a path towards a healthy and satisfying future. I commend the initiative of the Alcohol and Other Drugs Council to the Senate.

Stroud, Ellen Rowena
James, Barbara

Senator CROSSIN (Northern Territory) (11.30 p.m.)—I rise this evening to pay tribute to two outstanding women from the Northern Territory who are no longer with us or, as some would say, ‘have flown away’. Ellen Rowena Stroud, or Rowena Stroud as most people would know her, is the first of those women. Those of us who knew her intimately, her family members and members of the community, referred to her as Auntie Rowie. She was born in Darwin on 24 July 1928 and she died last year on 19 December 2002.

She was an Indigenous woman born into the well-known McGuinness family, the daughter of Bernard and Bertha. Auntie Rowie was a true Territorian who spent her whole life bringing love to other people. Rowena, who had five children of her own and a large extended family, provided a safe house to children and women of many cultures all her adult life. She had been recognised by having one of the safe houses in Palmerston, under the auspices of the YMCA, named in her honour. Despite being a member of the stolen generation, Auntie Rowie was never one of those to dwell on the unhappy side of her life. She preferred to look for good over bad in any situation and, consequently, became an inspiration to many other Territorians who, like her, had known extremely hard times. She was raised at Garden Point, which enabled Auntie Rowie to learn the Tiwi language. This often came in useful, I understand, when barracking for her beloved football team, the Buffaloes.

During World War II she was evacuated from Garden Point only to arrive in Darwin just before the first bombing raids on 19 February 1942. She was later moved to Alice Springs, Melbourne, Carriertown, and Balacclava in South Australia. After the war, on returning to Darwin, she worked for many years as a senior waitress at Government House and, throughout her life, told fascinating stories about those times. One of those was when she met Mrs Vladimir Petrov, whom many of you of course would remember as the woman who was forcibly removed from a flight in Darwin while being returned to almost certain imprisonment in the Soviet Union.

Auntie Rowie married, but before she could she had to have her name gazetted three times, as was the case back in those days, and as well she had to carry the dreaded dog tags with her at all times. For us in the ALP Auntie Rowie’s political commitment to the Australian Labor Party was indeed legendary. She was a true believer who was always available to the party in whatever capacity was required. We will never forget her unbounded joy in our victories and her commitment to battle on when we were defeated. This Coongarrikan woman was proud of her heritage and always believed that only the Labor Party had a real commitment to improve the lot of Aboriginal people and, consequently, was always the first to ring into campaign headquarters offering her assistance.

I first met Auntie Rowie back in the mid-eights, when she was busy campaigning for what was then the campaign for Johnson, which was of course the seat of Jingili. She was more than happy and willing to assist in any way she could. My memory of her is that over the last 10 years or so that commitment never wavered. To the McGuinness, Stroud, Hatch, Monk and Avlonitis families in Darwin, this was a great Darwin woman and I
know she is a woman that those families and the community will miss. She was a person who in her life was a sister, a wife, a daughter, a mother, a grandmother, a great grandmother, a friend—but always an outstanding Territorian.

The second person to whom I want to pay tribute tonight is the well-known historian from the Northern Territory, Barbara James. She was an author, a conservationist, political activist and volunteer. She died in March this year after a life full of accomplishment, but tragically too soon and with so much in her yet to give to a community she dearly loved. Many of you in this chamber and in this parliament may well remember Barbara as, of course, she worked for a former senator for the Northern Territory, Bob Collins.

She was born in Nebraska and moved to the Territory in 1967, one year after arriving in Australia. On her first attempt to leave Darwin, Barbara’s preloved green Volkswagen only made it as far as Larrimah, forcing her to return to Darwin. She took her journalism qualifications to the Northern Territory News under the legendary editor Jim Bowditch. After four years with the Northern Territory News she took up freelance work with the ABC. Barbara was on duty the night Cyclone Tracy struck, on Christmas Eve 1974. After completing the 7 p.m. news that night, she returned to her home in Nightcliff, which was slowly disintegrating. Her house was destroyed and her then husband Geoff and her mother-in-law sheltered that night next to a fence with only a blanket as protection.

After Cyclone Tracy, Barbara worked as a publicity officer for the Darwin Reconstruction Commission as well as freelancing for the ABC, working at the Environment Centre and the executive of the Australian Conservation Foundation, and in her spare time writing news and historical features for the Darwin Star. Working at the Star had given Barbara an interest in Territory lifestyle and Territory identities. This led to an eight-year research project which resulted in the 1989 publication of the book No Man’s Land, a tribute to Territory women. Barbara researched and wrote this book after identifying the lack of knowledge and recognition due to the pioneering women who shaped the destiny of the Territory.

It had become clear to Barbara that if she wanted to change things and wanted to bring about better public decisions, she should get close to the political action. In 1977 Barbara became the campaign manager for the Labor Party in the Northern Territory Legislative Assembly elections. Her contribution over those years to the ALP was enormous, as was her enthusiasm and commitment. In fact the current Chief Minister, Clare Martin, often recalls how Barbara was determined to see Clare enter politics. Clare often tells the story that in fact it was Barbara, over a glass of wine, who initially encouraged her to enter the fray.

Many people will never forget the photograph on the front page of an interstate newspaper—the Age, I think it was—showing Barbara joyously throwing her wig into the air to reveal a bald scalp as a result of chemotherapy. That was a most enduring image of Clare Martin and the Labor Party’s Northern Territory election win nearly two years ago. It was a fantastic photo of Rosemary Tipiloura, Bob Collins’s wife; Clare Martin; and Barbara on the front page of the paper.

Her commitment to the Labor Party earned her a well-deserved life membership in 1999. For every paid position Barbara undertook, she was always provided with a considerable amount of unpaid work. She was relied upon on many occasions by many organisations and always gave 110 per cent.
From 1990 to 1998, as I said, Barbara worked as an adviser to Senator Bob Collins. She once referred to him in an article as ‘Bobby’ Collins—a name that the former senator is thankful did not stick, I am sure. She remained one of his closest friends. Bob regards her historical work as superb. I remember that at her funeral Bob had quite a number of amusing stories to tell about Barbara, but this is the piece by him that I have chosen to recall her work:

Her work was relentless over the years. Her life was replete with accomplishment ... she was a true Territorian, devoted to the Territory and devoted to Darwin ... she was funny, incredibly passionate ... I have never heard a single person in 30 years say a bad word about Barbara.

Barbara’s achievements and accomplishments in her time in the Territory are many. Most recently she was honoured in the Chief Minister’s Tribute to Territory Women. She received numerous other awards, including the 2001 Northern Territory heritage award, the 2000 Northern Territory Literary Award essay award and the 1999 Chief Minister’s Women’s Achievement Award. Barbara used her extensive knowledge of the Territory to promote the heritage of the region. Her contribution to the women of the Territory cannot be overstated. Despite her Cyclone Tracy ordeal, personal and political setbacks, Barbara remained in Darwin and in 1989 described the Territory as ‘a demanding taskmaster’. She said:

... it requires a commitment, a willingness to persevere. The rewards are there in the climate, the lifestyle, the informality and the people but at some stage you have to choose to remain.

Despite her cancer, Barbara continued to work as an adviser to the Chief Minister days before her final short illness. In a recent speech, Clare Martin recalled how Barbara was still taking on new ideas and new projects with commitment, honour and a sense of fun.

The PRESIDENT—Order! Your time has expired.

Senator CROSSIN—I seek leave to incorporate my last three sentences of my speech in commemoration of Barbara.

Leave granted.

The speech read as follows—

There are many words that describe Barbara James: committed, honest, reliable, dedicated, ethical, concerned, caring and generous. She was a dear friend to many and will be remembered by a wide range of people, not only in the Territory but throughout Australia and the world. It was a pleasure and a privilege to have known her.

Senate adjourned at 11.40 p.m.

DOCUMENTS

Tabling

The following government documents were tabled:

Australia-Korea Foundation—Report for 2001-02.


Treaties—

List of multilateral treaty action under negotiation or consideration by the Australian Government, or expected to be within the next twelve months, June 2003.


Western Australian Fisheries Joint Authority—Report for 2000-01.
Tabling

The following document was tabled by the Clerk:

Sydney Airport Curfew Act—Dispensations granted under section 20—Dispensation No. 5/03 [2 dispensations].
QUESTIONS ON NOTICE

The following answers to questions were circulated:

_Agriculture, Fisheries and Forestry: Cost Recovery_

(Question No. 1027)

**Senator O’Brien** asked the Minister representing the Minister for Agriculture, Fisheries and Forestry, upon notice, on 11 December 2002:

1. What guidelines apply in relation to cost recovery in each output area and agency of the department.

2. Can a full list of cost recovery charges in each output area and agency of the department be provided.

3. Which cost recovery charges in each output area and agency of the department have varied in response to the Commonwealth Cost Recovery Policy.

4. (a) What are the details of each variation; and (b) when did each variation occur.

5. What is the expected quantum of revenue from cost recovery arrangements in the 2002-03 financial year in each output area and agency of the department.

6. How does this figure compare with the figure for the 2001-02 financial year.

7. Is the revenue from cost recovery arrangements expected to grow in the 2003-04 financial year; if so, what is the expected revenue growth in each output area and agency of the department.

**Senator Ian Macdonald**—The Minister for Agriculture, Fisheries and Forestry has provided the following answer to the honourable senator’s question:

1. The Australian Quarantine and Inspection Service (AQIS) has an overarching Fees and Charging Policy document which is located on the Department of Agriculture, Fisheries and Forestry (AFFA) internet site. There are also individual charging guidelines for each of the AQIS cost recovered programs.

   The Australian Bureau of Agricultural and Resource Economics (ABARE) has internal charging guidelines that provide for either full cost recovery or marginal cost recovery (where appropriate).

   The Bureau of Rural Sciences (BRS) has a costing and pricing policy that states that all projects must be priced to recover all costs. BRS only seeks work where it meets Australian government objectives, is appropriate for a Commonwealth agency and involves scientific assessment/analysis/advice with a policy focus.

   The National Residue Survey Administration Act 1992 established the National Residue Survey (NRS) Reserve for the purpose of funding the program. Other legislation, including the National Residue Survey (Customs) Levy Act 1998, the National Residue Survey (Excise) Levy Act 1998 and related levy imposition, levy collection, financial management and associated legislation are important in the management and governance of the program. Payments into the NRS Reserve come primarily from statutory NRS levies collected on the commodities of participating industries.

   The Australian Meat and Live-Stock Act 1990 provides that the AFFA Secretary may grant a quota on payment of a prescribed fee. AFFA sets the prescribed fee in consultation with the red meat industry on the basis that the costs of administration of meat export quotas by AFFA will be fully met by the fee.

   Cost recovery for other departmental outputs is based on the AFFA costing policy that attributes full costs to both appropriation and cost recovered projects.

   Of the 14 Portfolio Bodies that report in the Portfolio Budget Statements document, the Australian Fisheries Management Authority, the Australian Pesticides and Veterinary Medicines Authority
The Australian Fisheries Management Authority (AFMA) applies cost recovery in accordance with current Government policy as set out in the 1994 Report titled “A Review of Cost Recovery for Commonwealth Fisheries”.

The operations of the Australian Pesticides and Veterinary Medicines Authority (APVMA) and the National Registration Scheme for Agricultural and Veterinary Chemicals are cost recovered from the agvet chemicals industry through:

- Application fees for registration of agvet chemical products;
- Annual registration renewal fees; and
- A levy on the sales of agvet chemical products.

The APVMA has been operating on a 100% cost recovery basis since the 1995-96 financial year. The APVMA aims to be revenue neutral on an annual basis.

The pricing policy adopted by the Australian Wine and Brandy Corporation (AWBC) was derived from a management review process that called upon advice from the South Australian Department of Administration and Information Services and from a consultant experienced in setting pricing policy for the SA State government. It was formulated in consideration of the services anticipated to relate to the various service areas delivered by the AWBC.

Land and Water Australia (LWA) derive cost recovery revenue from the sale of publications, the sub leasing of premises and a service charge for the provision of management services.

The LWA policy is free distribution of publications that is cost effective. Presently 90% of publications are distributed as free. Sub leasing of premises is on the basis of the provision of contingency space for short term tenants whose objectives are aligned to the LWA mission. The service charge is based on the LWA’s activity based reporting policy.

The Rural Industries Research and Development Corporation (RIRDC) recovers costs on the sale of publications. In terms of RIRDC’s cost recovery guidelines, electronic versions of RIRDC final reports are posted to its website for costless download by interested parties. These reports are also sold to customers who purchase them for the direct cost of RIRDC producing them.

(2) The revised budget for the sale of goods and services for the AFFA outputs in the financial year 2002/03 is $179.561m of which AQIS accounts for $130.875m. Each of the AQIS cost recovered programs prepares an annual update of their fees and charging guidelines and these can be found on the AFFA internet site. Except for the sale of publications, the administration of the National Residue Survey and the Outlook Conference, the majority of the Science, Economic and other outputs cost recovered activities are derived from services provided to other Government Departments and agencies.

The charges imposed on each industry participating in the National Residue Survey’s random monitoring programs were provided to you as part of the response to Question No 809.

Most of AFMA’s cost recovery charges are collected through fishing levies, which are set by regulation. Different levy rates are set for each fishery. In many fisheries different rates of levy are set for different sectors, fishing methods and quota species. A full list of levies is contained in the current fishing levies regulations and these can be found on the internet at http://scaleplus.law.gov.au/html/pastereg/3/1773/top.htm. In addition to fishing levies, AFMA charges fees to process applications for grants or variations to permits. These fees are set by regulation in accordance with the same cost recovery principles as for fishing levies and range from $50 to $1,000 per transac-
The APVMA imposes application fees under the Agricultural and Veterinary Chemical Codes (schedule to the Agricultural and Veterinary Chemicals Code Act 1994). The Code’s Regulations set the fees, which vary according to the type of application and the assessment required.

Renewal fees are also imposed under the Agvet Code and are set out in the Code’s Regulations. Payment of renewal fees maintains a product’s registration for one financial year, and is based on the product’s disposals for the previous calendar year.

The APVMA also imposes levies on disposals of registered agvet chemical products through three acts: Agricultural and Veterinary Chemical Products Imposition (General) Act 1994; Agricultural and Veterinary Chemical Products Levy Imposition (Excise) Act 1994 and the Agricultural and Veterinary Chemical Products Levy Imposition (Customs) Act 1994. Levies are collected under the Agricultural and Veterinary Chemical Products (Collection of Levies) Act 1994. The Act’s Regulations prescribe the levy rates, which are based on a product’s disposal for each calendar year. The current levy as specified in the legislation is 0.65% of annual sales revenue with a maximum annual payment of $25,000 and no payment is due where annual sales are less than $100,000.

The levy and fees are set to cover the costs of the APVMA’s operations in managing the National Registration Scheme.

The Australian Wine and Brandy Corporation fees are as follows:-

- **Quality and Integrity – Export Licence Fees**
  - $298.10 Licence application – levy payer
  - $1192.40 Licence application – non levy payer
  - $270.60 Licence renewal – levy payer
  - $216.70 Licence renewal – non levy payer

- **Quality and Integrity – Inspection Fees**
  - $45.54 Continuing approval – packaged
  - $132.00 Continuing approval – bulk

- **Quality and Integrity – Permit Issue Fees**
  - $28.00 Shipping application – electronic
  - $39.27 Shipping application – non electronic

- **Quality and Integrity - V11 Issue Fees**
  - $27.06 Application for EU Permit

- **Quality and Integrity – Review Panel**
  - $1083.50 Referral to review panel

LWA’s product costs are located on their website: www.lwa.gov.au/products. The subleasing of premises is based on rental, cleaning, electricity and a capital use charge. The service charge is based on the percentage of time allocated towards the particular activity and the service costs involved.

RIRDC only recovers costs on the sale of publications that customers purchase as hard copies.

(3) No cost recovery charges for departmental outputs and agencies have varied in response to the Commonwealth cost recovery policy.

(4) Not applicable
(5) The actual cost recovery classified as sale of goods and services for the 2001/02 financial year and the expected quantum of revenue from cost recovery arrangements in the 2002/03 financial year is summarized in the table below.

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<th>Output/Agency</th>
<th>Actual 2001-02 $'000</th>
<th>Budget 2002-03 $'000</th>
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<td>Rural Policy and Innovation</td>
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<td>Market Access and Biosecurity</td>
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<td>Quarantine and Export Services</td>
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(6) See (5) above.

(7) Except for AQIS, it is not expected that revenue from cost recovery arrangements will grow in the 2003-04 financial year for departmental outputs. AQIS cost recovery is expected to increase by less than 3%. AWBC and LWA revenue from cost recovery activities is expected to increase for the 2003-04 financial year.

AFMA, APVMA and RIRDC are expecting a decrease in cost recovery.

**Minister for Agriculture, Fisheries and Forestry: Visit to Indonesia**

*(Question No. 1323)*

**Senator O’Brien** asked the Minister representing the Minister for Agriculture, Fisheries and Forestry, upon notice, on 20 March 2003:

In reference to the visit by the Minister to Indonesia in March 2003:

1. When did the Minister: (a) depart Australia; and (b) return to Australia.
2. Who travelled with the Minister.
3. Who met the cost of the participants’ travel and other expenses associated with the trip.
4. If costs were met by the department, can an itemised list of costs be provided; if not, why not.
5. When was the decision made to include the Minister in the delegation.
6. Who did the Minister meet during his visit.
7. At what time was each meeting held.

**Senator Ian Macdonald**—The Minister for Agriculture, Fisheries and Forestry has provided the following answer to the honourable senator’s question:

1. (a) The Minister departed Australia on 10 March 2003. (b) The Minister returned to Australia on 11 March 2003.
2. Ms Diana Stainlay, Advisor, Office of the Minister for Agriculture Fisheries and Forestry travelled with the Minister.
Mr Paul Morris, Executive Manager, Market Access and Biosecurity, and Mr Bill Withers, Manager, Asia, APEC and Trade Strategy, Market Access and Biosecurity, both from the Department of Agriculture, Fisheries and Forestry (AFFA), did not travel with the Minister, but did attend some meetings.

(3) The Department of Finance met the costs associated with the Minister’s and Ms Stainlay’s travel. AFFA met the travel costs of Mr Morris and Mr Withers.

(4) Mr Morris:

- Airfares: $4,200
- Travel Allowance: $120
- Accommodation: $347
- Other Expenses: $69

Mr Withers:

- Airfares: $4,200
- Travel Allowance: $110
- Accommodation: $347
- Other Expenses: $30

(5) The Minister received the invitation to attend the Sixth Australia – Indonesia Ministerial Forum (AIMF), from the Department of Foreign Affairs and Trade on 21 January 2003.

(6) The Minister attended the AIMF, met with the Indonesian President Megawati Sukarnoputri and attended a meeting with the Indonesian Minister for Agriculture, Professor Bungaran Saragih.

(7) These meetings were held at the following times:
- Monday 10 March 2003:
  - 5.30 pm Meeting with the Indonesian President Megawati Sukarnoputri
- Tuesday 11 March 2003:
  - 8.30 am AIMF
  - 4.00 pm Meeting with Professor Saragih, Indonesian Minister for Agriculture

**Health: Medical Services**

**(Question No. 1466)**

**Senator Brown** asked the Minister for Health and Ageing, upon notice, on 15 May 2003:

(1) What are the contingency plans for the provision of medical services, particularly obstetrics, if general practitioners, obstetricians and gynaecologists and other medical specialists withdraw their services as threatened on 1 July 2003.

(2) How will public hospitals cope if risky services such as obstetrics, gynaecology and neuro-surgery are transferred to the public hospitals, if they agree and cover visiting medical officers for all procedures performed under their roof.

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

(1) The Government believes that the announcement by the Prime Minister on 23 May 2003 of measures to ensure affordable indemnity insurance for doctors in retirement and to cover future claims in excess of a doctor’s insurance limit will address the concerns about these issues that have been expressed by some doctors. It thus does not expect that doctors will withdraw their services and does not see any need for contingency plans.

(2) The State and Territory Governments are responsible for the provision of services in the public hospital system.