INTERNET
The Journals for the Senate are available at

Proof and Official Hansards for the House of Representatives,
the Senate and committee hearings are available at

For searching purposes use
http://parlinfo-web.aph.gov.au

SITTING DAYS—2003

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

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

- **CANBERRA**: 1440 AM
- **SYDNEY**: 630 AM
- **NEWCASTLE**: 1458 AM
- **BRISBANE**: 936 AM
- **MELBOURNE**: 1026 AM
- **ADELAIDE**: 972 AM
- **PERTH**: 585 AM
- **HOBART**: 729 AM
- **DARWIN**: 102.5 FM
FORTIETH PARLIAMENT
FIRST SESSION—SIXTH PERIOD

Governor-General

His Excellency Major-General Michael Jeffery, Companion in the Order of Australia, Commander of the Royal Victorian Order, Military Cross

Senate Officeholders

President—Senator the Hon. Paul Henry Calvert
Deputy President and Chairman of Committees—Senator John Joseph Hogg
Leader of the Government in the Senate—Senator the Hon. Robert Murray Hill
Deputy Leader of the Government in the Senate—Senator the Hon. Richard Kenneth Robert Alston
Leader of the Opposition in the Senate—Senator the Hon. John Philip Faulkner
Deputy Leader of the Opposition in the Senate—Senator Stephen Michael Conroy
Manager of Government Business in the Senate—Senator the Hon. Ian Gordon Campbell
Manager of Opposition Business in the Senate—Senator Joseph William Ludwig

Senate Party Leaders

Leader of the Liberal Party of Australia—Senator the Hon. Robert Murray Hill
Deputy Leader of the Liberal Party of Australia—Senator the Hon. Richard Kenneth Robert Alston
Leader of the National Party of Australia—Senator the Hon. Ronald Leslie Doyle Boswell
Leader of the Australian Labor Party—Senator the Hon. John Philip Faulkner
Deputy Leader of the Australian Labor Party—Senator Stephen Michael Conroy
Leader of the Australian Democrats—Senator Andrew John Julian Bartlett

Printed by authority of the Senate
<table>
<thead>
<tr>
<th>Senator</th>
<th>State or Territory</th>
<th>Term expires</th>
<th>Party</th>
</tr>
</thead>
<tbody>
<tr>
<td>Abetz, Hon. Eric</td>
<td>Tas.</td>
<td>30.6.2005</td>
<td>LP</td>
</tr>
<tr>
<td>Allison, Lynette Fay</td>
<td>Vic.</td>
<td>30.6.2008</td>
<td>AD</td>
</tr>
<tr>
<td>Barnett, Guy</td>
<td>Tas.</td>
<td>30.6.2005</td>
<td>LP</td>
</tr>
<tr>
<td>Bartlett, Andrew John Julian</td>
<td>Qld</td>
<td>30.6.2008</td>
<td>AD</td>
</tr>
<tr>
<td>Bishop, Thomas Mark</td>
<td>WA</td>
<td>30.6.2008</td>
<td>ALP</td>
</tr>
<tr>
<td>Bolkus, Hon. Nick</td>
<td>SA</td>
<td>30.6.2005</td>
<td>ALP</td>
</tr>
<tr>
<td>Boswell, Hon. Ronald Leslie Doyle</td>
<td>Qld</td>
<td>30.6.2008</td>
<td>NP</td>
</tr>
<tr>
<td>Brandis, George Henry</td>
<td>Qld</td>
<td>30.6.2005</td>
<td>LP</td>
</tr>
<tr>
<td>Brown, Robert James</td>
<td>Tas.</td>
<td>30.6.2008</td>
<td>AG</td>
</tr>
<tr>
<td>Buckland, Geoffrey Frederick</td>
<td>SA</td>
<td>30.6.2005</td>
<td>ALP</td>
</tr>
<tr>
<td>Calvert, Hon. Paul Henry</td>
<td>Tas.</td>
<td>30.6.2008</td>
<td>LP</td>
</tr>
<tr>
<td>Campbell, George</td>
<td>NSW</td>
<td>30.6.2008</td>
<td>ALP</td>
</tr>
<tr>
<td>Campbell, Hon. Ian Gordon</td>
<td>WA</td>
<td>30.6.2005</td>
<td>LP</td>
</tr>
<tr>
<td>Carr, Kim John</td>
<td>Vic.</td>
<td>30.6.2005</td>
<td>ALP</td>
</tr>
<tr>
<td>Chapman, Hedley Grant Pearson</td>
<td>SA</td>
<td>30.6.2008</td>
<td>LP</td>
</tr>
<tr>
<td>Cherry, John Clifford</td>
<td>Qld</td>
<td>30.6.2005</td>
<td>AD</td>
</tr>
<tr>
<td>Colbeck, Richard Mansell</td>
<td>Tas.</td>
<td>30.6.2008</td>
<td>LP</td>
</tr>
<tr>
<td>Collins, Jacinta Mary Ann</td>
<td>Vic.</td>
<td>30.6.2005</td>
<td>ALP</td>
</tr>
<tr>
<td>Conroy, Stephen Michael</td>
<td>Vic.</td>
<td>30.6.2005</td>
<td>ALP</td>
</tr>
<tr>
<td>Cook, Hon. Peter Francis Salmon</td>
<td>WA</td>
<td>30.6.2005</td>
<td>ALP</td>
</tr>
<tr>
<td>Coonan, Hon. Helen Lloyd</td>
<td>NSW</td>
<td>30.6.2008</td>
<td>LP</td>
</tr>
<tr>
<td>Crossin, Patricia Margaret</td>
<td>NT</td>
<td></td>
<td>ALP</td>
</tr>
<tr>
<td>Denman, Kay Janet</td>
<td>Tas.</td>
<td>30.6.2005</td>
<td>ALP</td>
</tr>
<tr>
<td>Eggleston, Alan</td>
<td>WA</td>
<td>30.6.2008</td>
<td>LP</td>
</tr>
<tr>
<td>Ellison, Hon. Christopher Martin</td>
<td>WA</td>
<td>30.6.2005</td>
<td>LP</td>
</tr>
<tr>
<td>Evans, Christopher Vaughan</td>
<td>WA</td>
<td>30.6.2005</td>
<td>ALP</td>
</tr>
<tr>
<td>Faulkner, Hon. John Philip</td>
<td>NSW</td>
<td>30.6.2005</td>
<td>ALP</td>
</tr>
<tr>
<td>Ferguson, Alan Baird</td>
<td>SA</td>
<td>30.6.2005</td>
<td>LP</td>
</tr>
<tr>
<td>Ferris, Jeannie Margaret</td>
<td>SA</td>
<td>30.6.2008</td>
<td>LP</td>
</tr>
<tr>
<td>Forshaw, Michael George</td>
<td>NSW</td>
<td>30.6.2005</td>
<td>ALP</td>
</tr>
<tr>
<td>Greig, Brian Andrew</td>
<td>WA</td>
<td>30.6.2005</td>
<td>AD</td>
</tr>
<tr>
<td>Harradine, Brian</td>
<td>Tas.</td>
<td>30.6.2005</td>
<td>Ind.</td>
</tr>
<tr>
<td>Harris, Leonard William</td>
<td>Qld</td>
<td>30.6.2005</td>
<td>PHON</td>
</tr>
<tr>
<td>Heffernan, Hon. William Daniel</td>
<td>NSW</td>
<td>30.6.2005</td>
<td>LP</td>
</tr>
<tr>
<td>Hill, Hon. Robert Murray</td>
<td>SA</td>
<td>30.6.2008</td>
<td>LP</td>
</tr>
<tr>
<td>Hogg, John Joseph</td>
<td>Qld</td>
<td>30.6.2008</td>
<td>ALP</td>
</tr>
<tr>
<td>Humphries, Gary John Joseph</td>
<td>ACT</td>
<td></td>
<td>LP</td>
</tr>
<tr>
<td>Hutchins, Stephen Patrick</td>
<td>NSW</td>
<td>30.6.2005</td>
<td>ALP</td>
</tr>
<tr>
<td>Johnston, David Albert Lloyd</td>
<td>WA</td>
<td>30.6.2008</td>
<td>LP</td>
</tr>
<tr>
<td>Kemp, Hon. Charles Roderick</td>
<td>Vic.</td>
<td>30.6.2008</td>
<td>LP</td>
</tr>
<tr>
<td>Kirk, Linda Jean</td>
<td>SA</td>
<td>30.6.2008</td>
<td>ALP</td>
</tr>
<tr>
<td>Knowles, Susan Christine</td>
<td>WA</td>
<td>30.6.2005</td>
<td>LP</td>
</tr>
<tr>
<td>Lees, Meg Heather</td>
<td>SA</td>
<td>30.6.2005</td>
<td>APA</td>
</tr>
<tr>
<td>Lightfoot, Philip Ross</td>
<td>WA</td>
<td>30.6.2008</td>
<td>LP</td>
</tr>
<tr>
<td>Ludwig, Joseph William</td>
<td>Qld</td>
<td>30.6.2005</td>
<td>ALP</td>
</tr>
<tr>
<td>Lundy, Kate Alexandra</td>
<td>ACT</td>
<td></td>
<td>ALP</td>
</tr>
<tr>
<td>Macdonald, Hon. Ian Douglas</td>
<td>Qld</td>
<td>30.6.2008</td>
<td>LP</td>
</tr>
<tr>
<td>Senator</td>
<td>State or Territory</td>
<td>Term expires</td>
<td>Party</td>
</tr>
<tr>
<td>---------</td>
<td>-------------------</td>
<td>-------------</td>
<td>-------</td>
</tr>
<tr>
<td>Macdonald, John Alexander Lindsay (Sandy)</td>
<td>NSW</td>
<td>30.6.2008</td>
<td>NP</td>
</tr>
<tr>
<td>McGauran, Julian John James</td>
<td>Vic.</td>
<td>30.6.2005</td>
<td>NP</td>
</tr>
<tr>
<td>Mackay, Susan Mary</td>
<td>Tas.</td>
<td>30.6.2008</td>
<td>ALP</td>
</tr>
<tr>
<td>McLucas, Jan Elizabeth</td>
<td>Qld</td>
<td>30.6.2005</td>
<td>ALP</td>
</tr>
<tr>
<td>Marshall, Gavin Mark</td>
<td>Vic.</td>
<td>30.6.2008</td>
<td>ALP</td>
</tr>
<tr>
<td>Mason, Brett John</td>
<td>Qld</td>
<td>30.6.2005</td>
<td>LP</td>
</tr>
<tr>
<td>Minchin, Hon. Nicholas Hugh</td>
<td>SA</td>
<td>30.6.2005</td>
<td>LP</td>
</tr>
<tr>
<td>Moore, Claire Mary</td>
<td>Qld</td>
<td>30.6.2008</td>
<td>ALP</td>
</tr>
<tr>
<td>Murphy, Shayne Michael</td>
<td>Tas.</td>
<td>30.6.2005</td>
<td>Ind.</td>
</tr>
<tr>
<td>Murray, Andrew James Marshall</td>
<td>WA</td>
<td>30.6.2008</td>
<td>AD</td>
</tr>
<tr>
<td>Nettle, Kerry Michelle</td>
<td>NSW</td>
<td>30.6.2008</td>
<td>AG</td>
</tr>
<tr>
<td>O’Brien, Kerry Williams Kelso</td>
<td>Tas.</td>
<td>30.6.2005</td>
<td>ALP</td>
</tr>
<tr>
<td>Patterson, Hon. Kay Christine Lesley</td>
<td>Vic.</td>
<td>30.6.2008</td>
<td>LP</td>
</tr>
<tr>
<td>Payne, Marise Ann</td>
<td>NSW</td>
<td>30.6.2008</td>
<td>LP</td>
</tr>
<tr>
<td>Ray, Hon. Robert Francis</td>
<td>Vic.</td>
<td>30.6.2008</td>
<td>ALP</td>
</tr>
<tr>
<td>Ridgeway, Aden Derek</td>
<td>NSW</td>
<td>30.6.2005</td>
<td>AD</td>
</tr>
<tr>
<td>Santoro, Santo</td>
<td>Qld</td>
<td>30.6.2008</td>
<td>LP</td>
</tr>
<tr>
<td>Scullion, Nigel Gregory</td>
<td>NT</td>
<td>CLP</td>
<td></td>
</tr>
<tr>
<td>Sherry, Hon. Nicholas John</td>
<td>Tas.</td>
<td>30.6.2008</td>
<td>ALP</td>
</tr>
<tr>
<td>Stephens, Ursula Mary</td>
<td>NSW</td>
<td>30.6.2008</td>
<td>ALP</td>
</tr>
<tr>
<td>Stott Despoja, Natasha Jessica</td>
<td>SA</td>
<td>30.6.2008</td>
<td>AD</td>
</tr>
<tr>
<td>Tchen, Tsebin</td>
<td>Vic.</td>
<td>30.6.2005</td>
<td>LP</td>
</tr>
<tr>
<td>Tierney, John William</td>
<td>NSW</td>
<td>30.6.2005</td>
<td>LP</td>
</tr>
<tr>
<td>Troeth, Hon. Judith Mary</td>
<td>Vic.</td>
<td>30.6.2005</td>
<td>LP</td>
</tr>
<tr>
<td>Vanstone, Hon. Amanda Eloise</td>
<td>SA</td>
<td>30.6.2005</td>
<td>LP</td>
</tr>
<tr>
<td>Watson, John Odin Wentworth</td>
<td>Tas.</td>
<td>30.6.2008</td>
<td>LP</td>
</tr>
<tr>
<td>Webber, Ruth Stephanie</td>
<td>WA</td>
<td>30.6.2008</td>
<td>ALP</td>
</tr>
<tr>
<td>Wong, Penelope Ying Yen</td>
<td>SA</td>
<td>30.6.2008</td>
<td>ALP</td>
</tr>
</tbody>
</table>

(1) Term expires at close of day next preceding the polling day for the general election of members of the House of Representatives.
(2) Chosen by the Parliament of Queensland to fill a casual vacancy vice Hon. Warwick Raymond Parer, resigned.
(3) Chosen by the Parliament of South Australia to fill a casual vacancy vice John Woodley, resigned.
(4) Chosen by the Parliament of Queensland to fill a casual vacancy vice John Andrew Quirke, resigned.
(5) Appointed by the Governor of Tasmania to fill a casual vacancy vice Hon. Brian Francis Gibson AM, resigned.
(6) Chosen by the Parliament of Queensland to fill a casual vacancy vice Hon. John Joseph Herron, resigned.
(7) Chosen by the Legislative Assembly of the Australian Capital Territory to fill a casual vacancy vice Hon. Margaret Reid, resigned.

**PARTY ABBREVIATIONS**

AD—Australian Democrats; AG—Australian Greens; ALP—Australian Labor Party; APA—Australian Progressive Alliance; CLP—Country Labor Party; Ind.—Independent; LP—Liberal Party of Australia; NP—National Party of Australia; PHON—Pauline Hanson’s One Nation

**Heads of Parliamentary Departments**

Clerk of the Senate—H. Evans
Clerk of the House of Representatives—I.C. Harris
Departmental Secretary, Parliamentary Library—J.W. Templeton
Departmental Secretary, Parliamentary Reporting Staff—J.W. Templeton
Departmental Secretary, Joint House Department—M.W. Bolton
<table>
<thead>
<tr>
<th>Position</th>
<th>Minister</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prime Minister</td>
<td>The Hon. John Winston Howard MP</td>
</tr>
<tr>
<td>Minister for Transport and Regional Services and Deputy Prime Minister</td>
<td>The Hon. John Duncan Anderson MP</td>
</tr>
<tr>
<td>Treasurer</td>
<td>The Hon. Peter Howard Costello MP</td>
</tr>
<tr>
<td>Minister for Trade</td>
<td>The Hon. Mark Anthony James Vaile MP</td>
</tr>
<tr>
<td>Minister for Foreign Affairs</td>
<td>The Hon. Alexander John Gosse Downer MP</td>
</tr>
<tr>
<td>Minister for Defence and Leader of the Government in the Senate</td>
<td>Senator the Hon. Robert Murray Hill</td>
</tr>
<tr>
<td>Minister for Communications, Information Technology and the Arts and Deputy Leader of the Government in the Senate</td>
<td>Senator the Hon. Richard Kenneth Robert Alston</td>
</tr>
<tr>
<td>Minister for Employment and Workplace Relations, Minister Assisting the Prime Minister for the Public Service and Leader of the House</td>
<td>The Hon. Anthony John Abbott MP</td>
</tr>
<tr>
<td>Minister for Immigration and Multicultural and Indigenous Affairs and Minister Assisting the Prime Minister for Reconciliation</td>
<td>The Hon. Philip Maxwell Ruddock MP</td>
</tr>
<tr>
<td>Minister for the Environment and Heritage and Vice-President of the Executive Council</td>
<td>The Hon. Dr David Alistair Kemp MP</td>
</tr>
<tr>
<td>Attorney-General</td>
<td>The Hon. Daryl Robert Williams AM, QC, MP</td>
</tr>
<tr>
<td>Minister for Finance and Administration</td>
<td>Senator the Hon. Nicholas Hugh Minchin</td>
</tr>
<tr>
<td>Minister for Agriculture, Fisheries and Forestry</td>
<td>The Hon. Warren Errol Truss MP</td>
</tr>
<tr>
<td>Minister for Family and Community Services and Minister Assisting the Prime Minister for the Status of Women</td>
<td>Senator the Hon. Amanda Eloise Vanstone</td>
</tr>
<tr>
<td>Minister for Education, Science and Training</td>
<td>The Hon. Dr Brendan John Nelson MP</td>
</tr>
<tr>
<td>Minister for Health and Ageing</td>
<td>Senator the Hon. Kay Christine Lesley Patterson</td>
</tr>
<tr>
<td>Minister for Industry, Tourism and Resources</td>
<td>The Hon. Ian Elgin Macfarlane MP</td>
</tr>
</tbody>
</table>

(The above ministers constitute the cabinet)
# HOWARD MINISTRY—continued

<table>
<thead>
<tr>
<th>Position</th>
<th>Minister</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minister for Justice and Customs</td>
<td>Senator the Hon. Christopher Martin Ellison</td>
</tr>
<tr>
<td>Minister for Fisheries, Forestry and Conservation</td>
<td>Senator the Hon. Ian Douglas Macdonald</td>
</tr>
<tr>
<td>Minister for the Arts and Sport</td>
<td>Senator the Hon. Charles Roderick Kemp</td>
</tr>
<tr>
<td>Minister for Small Business and Tourism</td>
<td>The Hon. Joseph Benedict Hockey MP</td>
</tr>
<tr>
<td>Minister for Science and Deputy Leader of the House</td>
<td>The Hon. Peter John McGauran MP</td>
</tr>
<tr>
<td>Minister for Regional Services, Territories and Local Government</td>
<td>The Hon. Charles Wilson Tuckey MP</td>
</tr>
<tr>
<td>Minister for Children and Youth Affairs</td>
<td>The Hon. Lawrence James Anthony MP</td>
</tr>
<tr>
<td>Minister for Employment Services</td>
<td>The Hon. Malcolm Thomas Brough MP</td>
</tr>
<tr>
<td>Special Minister of State</td>
<td>Senator the Hon. Eric Abetz</td>
</tr>
<tr>
<td>Minister for Veterans’ Affairs and Minister Assisting the Minister for Defence</td>
<td>The Hon. Danna Sue Vale MP</td>
</tr>
<tr>
<td>Minister for Revenue and Assistant Treasurer</td>
<td>Senator the Hon. Helen Lloyd Coonan</td>
</tr>
<tr>
<td>Minister for Ageing</td>
<td>The Hon. Kevin James Andrews MP</td>
</tr>
<tr>
<td>Minister for Citizenship and Multicultural Affairs</td>
<td>The Hon. Gary Douglas Hardgrave MP</td>
</tr>
<tr>
<td>Parliamentary Secretary to the Prime Minister</td>
<td>The Hon. Jacqueline Marie Kelly MP</td>
</tr>
<tr>
<td>Parliamentary Secretary to the Minister for Transport and Regional Services</td>
<td>Senator the Hon. Ronald Leslie Doyle Boswell</td>
</tr>
<tr>
<td>Parliamentary Secretary to the Treasurer and Manager of Government Business in the Senate</td>
<td>Senator the Hon. Ian Gordon Campbell</td>
</tr>
<tr>
<td>Parliamentary Secretary to the Minister for Foreign Affairs</td>
<td>The Hon. Christine Ann Gallus MP</td>
</tr>
<tr>
<td>Parliamentary Secretary to the Minister for Defence</td>
<td>The Hon. Frances Esther Bailey MP</td>
</tr>
<tr>
<td>Parliamentary Secretary to the Minister for the Environment and Heritage</td>
<td>The Hon. Dr Sharman Nancy Stone MP</td>
</tr>
<tr>
<td>Parliamentary Secretary to the Minister for Finance and Administration</td>
<td>The Hon. Peter Neil Slipper MP</td>
</tr>
<tr>
<td>Parliamentary Secretary to the Minister for Agriculture, Fisheries and Forestry</td>
<td>Senator the Hon. Judith Mary Troeth</td>
</tr>
<tr>
<td>Parliamentary Secretary to the Minister for Family and Community Services</td>
<td>The Hon. Ross Alexander Cameron MP</td>
</tr>
<tr>
<td>Parliamentary Secretary to the Minister for Health and Ageing</td>
<td>The Hon. Patricia Mary Worth MP</td>
</tr>
<tr>
<td>Parliamentary Secretary to the Minister for Industry, Tourism and Resources</td>
<td>The Hon. Warren George Entsch MP</td>
</tr>
</tbody>
</table>
SHADOW MINISTRY

Leader of the Opposition

The Hon. Simon Findlay Crean MP

Deputy Leader of the Opposition and Shadow Minister for Employment, Education and Training and Science

Jenny Macklin MP

Leader of the Opposition in the Senate, Shadow Special Minister of State and Shadow Minister for Home Affairs

Senator the Hon. John Philip Faulkner

Deputy Leader of the Opposition in the Senate and Shadow Minister for Trade, Corporate Governance, Financial Services and Small Business

Senator Stephen Conroy

Shadow Minister for Employment Services and Training

Anthony Albanese MP

Shadow Minister for Veterans’ Affairs and Shadow Minister for Customs

Senator Mark Bishop

Shadow Minister for Children and Youth

Senator Jacinda Collins

Shadow Minister for Industry, Innovation, Science and Research and Shadow Minister for the Public Service

Senator Kim Carr

Shadow Assistant Treasurer

David Cox MP

Shadow Minister for Ageing and Seniors and Assisting the Shadow Minister for Disabilities

Annette Ellis MP

Shadow Minister for Workplace Relations

Craig Emerson MP

Shadow Minister for Defence

Senator Chris Evans

Shadow Minister for Citizenship and Multicultural Affairs

Laurie Ferguson MP

Shadow Minister for Urban and Regional Development and Shadow Minister for Transport and Infrastructure

Martin Ferguson MP

Shadow Minister for Resources and Shadow Minister for Tourism

Joel Fitzgibbon MP

Shadow Minister for Health and Deputy Manager of Opposition Business

Julia Gillard MP

Shadow Minister for Consumer Protection and Consumer Health

Alan Griffin MP

Shadow Treasurer and Manager of Opposition Business

Mark Latham MP

Shadow Minister for Information Technology, Shadow Minister for Sport and Shadow Minister for the Arts

Senator Kate Lundy

Shadow Attorney-General and Shadow Minister for Justice and Community Security

Robert McClelland MP
SHADOW MINISTRY—continued

Shadow Minister for Cabinet and Finance and Shadow Minister for Reconciliation and Indigenous Affairs
Bob McMullan MP

Shadow Minister for Heritage and Territories
Daryl Melham MP

Shadow Minister for Primary Industries
Senator Kerry O’Brien

Shadow Minister for Regional Services, Shadow Minister for Local Government and Shadow Minister for Housing
Gavan O’Connor MP

Shadow Minister for Population and Immigration and Assisting the Leader on the Status of Women
Nicola Roxon MP

Shadow Minister for Foreign Affairs
Kevin Rudd MP

Shadow Minister for Retirement Incomes and Savings
Senator the Hon. Nick Sherry

Shadow Minister for Family and Community Services
Wayne Swan MP

Shadow Minister for Communications
Lindsay Tanner MP

Shadow Minister for Sustainability and the Environment
Kelvin Thomson MP

Parliamentary Secretary (Manufacturing Industries)
Senator George Campbell

Parliamentary Secretary (Defence)
The Hon. Graham Edwards MP

Parliamentary Secretary (Family and Community Services)
Senator Michael Forshaw

Parliamentary Secretary (Sustainability and the Environment) and Parliamentary Secretary (Heritage)
Kirsten Livermore MP

Parliamentary Secretary (Attorney-General) and Manager of Opposition Business in the Senate
Senator Joseph Ludwig

Parliamentary Secretary (Leader of the Opposition)
John Murphy MP

Parliamentary Secretary (Communications)
Michelle O’Byrne MP

Parliamentary Secretary (Primary Industries)
Sid Sidebottom MP

Parliamentary Secretary (Northern Australia and the Territories) and Parliamentary Secretary (Reconciliation)
The Hon. Warren Snowdon MP

Parliamentary Secretary (Regional Development, Transport, Infrastructure and Tourism)
Christian Zahra MP
CONTENTS

MONDAY, 15 SEPTEMBER

Committees—
Senators’ Interests Committee—Proposed Variation......................................................... 15079

Workplace Relations Amendment (Fair Termination) Bill 2002—
Consideration of House of Representatives Message......................................................... 15080

Taxation Laws Amendment Bill (No. 3) 2003—
First Reading ........................................................................................................................ 15089
Second Reading .................................................................................................................... 15089

Questions Without Notice—
National Security ................................................................................................................. 15096
National Security ................................................................................................................ 15097
Defence: Interception of Ships in International Waters ......................................................... 15098
Taxation: State Charges ....................................................................................................... 15099
Health Insurance: Premiums ............................................................................................... 15100
Howard Government: Senate .............................................................................................. 15102
Health Insurance: Ancillary Benefits .................................................................................. 15103
Health: Abortion .................................................................................................................. 15104
Health: Program Funding .................................................................................................... 15106
Health: Dementia ................................................................................................................ 15107
Insurance: Medical Indemnity ............................................................................................ 15108
Foreign Affairs: Indonesia .................................................................................................. 15109

Questions Without Notice: Additional Answers—
Health: Research .................................................................................................................. 15110
Howard Government: Australian Stock Exchange ............................................................... 15111

Questions Without Notice: Take Note of Answers—
Health ..................................................................................................................................... 15112
Howard Government: Senate .............................................................................................. 15118

Senate: Pairing Arrangements ............................................................................................... 15119

Petitions—
Terrorism: Suicide Bombings .............................................................................................. 15120
Education: Higher Education ............................................................................................. 15120
Education: Higher Education ............................................................................................. 15121

Notices—
Presentation ........................................................................................................................... 15121
Postponement ....................................................................................................................... 15127

Nuremberg Race Laws ......................................................................................................... 15127

Committees—
National Capital and External Territories Committee: Joint—Meeting ................................ 15127

Department of the Senate—
Annual Report ..................................................................................................................... 15127

Documents—
Auditor-General’s Reports—Report No. 6 of 2003-04 .............................................................. 15128
International Declaration for the Welfare of Animals ............................................................. 15128
Education: National Report—
Return To Order ................................................................................................................. 15135

Committees—
Foreign Affairs, Defence and Trade Committee: Joint—Report ............................................ 15140

Committees—
Membership......................................................................................................................... 15148
## CONTENTS—continued

Communications Legislation Amendment Bill (No. 2) 2003—
  Report of Environment, Communications, Information Technology and the Arts Legislation Committee .......................................................... 15148

Family and Community Services (Closure of Student Financial Supplement Scheme) Bill 2003 and
Student Assistance Amendment Bill 2003—
  First Reading ........................................................................................................... 15148
  Second Reading ....................................................................................................... 15148
  Assent ..................................................................................................................... 15149

Migration Amendment Regulations 2003 (No. 1)—
  Motion for Disallowance ....................................................................................... 15150

Taxation Laws Amendment Bill (No. 3) 2003—
  Second Reading ..................................................................................................... 15161
  In Committee .......................................................................................................... 15169
  Third Reading ......................................................................................................... 15172

Taxation Laws Amendment Bill (No. 7) 2003—
  Second Reading ..................................................................................................... 15172

ACIS Administration Amendment Bill 2003 and
Customs Tariff Amendment (ACIS) Bill 2003—
  Second Reading ..................................................................................................... 15189

Adjournment—
  Toowoomba Hospice .............................................................................................. 15203
  Drugs ....................................................................................................................... 15203
  Lindh, Ms Anna ..................................................................................................... 15206
  Violence against Women ......................................................................................... 15209
  Veterans: Gold Card .............................................................................................. 15211

Documents—
  Tabling .................................................................................................................... 15213
  Departmental and Agency Contracts ..................................................................... 15214

Questions on Notice—
  Education, Science and Training: Roam Consulting—(Question No. 1082) .......... 15215
  Education, Science and Training: Roam Consulting—(Question No. 1374) .......... 15216
  Veterans’ Affairs: Military Compensation and Rehabilitation Service—(Question No. 1593) ................................................................. 15217
  Industry: Biofuels—(Question No. 1694) .............................................................. 15219
  Parliamentary Departments: Corporate Branding—(Question No. 1723) .......... 15220
  Parliamentary Departments: Corporate Branding—(Question No. 1742) .......... 15221
  Health: Australian Standard Vaccination Schedule—(Question No. 1750) .... 15225
  Defence: RAAF Base Scherger—(Question No. 1814) ....................................... 15227
  Industry: Four-Wheel Drive Vehicles—(Question No. 1817) ......................... 15227
The PRESIDENT (Senator the Hon. Paul Calvert) took the chair at 12.30 p.m., and read prayers.

COMMITTEES

Senators’ Interests Committee

Proposed Variation

The PRESIDENT (12.31 p.m.)—Pursuant to order of the Senate of 11 September 2003, I now put the question on the motion moved by the Chair of the Standing Committee on Senators’ Interests, Senator Denman, proposing amendments to resolutions relating to senators’ interests and the declaration of gifts and on the amendment to that motion moved by Senator Brown.

Senator Brown—Would the Clerk be good enough to read the amendment out, please?

The PRESIDENT—The amendment is on the Notice Paper. That is all that is required.

Senator Brown—I did ask for it to be read out. Are you saying that it can’t be?

The PRESIDENT—It is already on the Notice Paper; therefore there is no need for it to be read.

Question put:

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

The Senate divided. [12.36 p.m.]

(The President—Senator the Hon. Paul Calvert)

Ayes……………… 13

Noes……………… 52

Majority………… 39

AYES


NOES


* denotes teller

Question negatived.

Question put:

That the motion (Senator Denman’s) be agreed to.

The Senate divided. [12.41 p.m.]

(The President—Senator the Hon. Paul Calvert)

Ayes……………… 51

Noes……………… 13

Majority………… 38

AYES

Consideration of House of Representatives Message

Consideration resumed from 11 September, on motion by Senator Ellison:

That the committee does not insist on its amendments to which the House of Representatives has disagreed.

upon which Senator Murray had moved by way of an amendment:

At the end of the motion, add “but agrees to the following further amendments:

Schedule 1, item 1, page 4 (line 25), omit ‘the employee’, substitute ‘subject to subsection (3A)—the employee’.

Schedule 1, item 1, page 4 (after line 31), after subsection (3), insert:

(3A) If:

(a) a casual employee was engaged by a particular employer on a regular and systematic basis for a sequence of periods during a period (the first period of employment) of less than 12 months; and

(b) at the end of the first period of employment, the casual employee ceased, on the employer’s initiative, to be so engaged by the employer; and

(c) the employer subsequently again engages the employee on a regular and systematic basis for a further sequence of periods during a period (the second period of employment) that starts not more than 3 months after the end of the first period of employment; and

(d) the total length of the first period of employment and the second period of employment is at least 12 months;

paragraph (3)(a) is taken to be satisfied in relation to the employment of the employee.”.

Senator Murray (Western Australia)

(12.46 p.m.)—I want to take the opportunity to pursue some questions concerning casuals and their relationship with employment generally. I advise the Parliamentary Secretary to the Treasurer, who is at the table, that I am using the ABS figures 6202.0. These figures seem to indicate that employment is increasing and unemployment is decreasing for Australia as a whole. Do you have the figures for employment increases over the last 12 months and what the percentage unemployment rate is now?
Senator IAN CAMPBELL (Western Australia—Parliamentary Secretary to the Treasurer) (12.47 p.m.)—Mr Chairman, I do not have them handy, but I will certainly request them and get them as quickly as I can.

Senator MURRAY (Western Australia) (12.47 p.m.)—Thank you. These statistics—and I have just pulled them off so I am not completely across them—do seem to indicate that the number of full-time employees as at August 2003 is 6,821,400 and that the number of part-time employees, which I assume would include casuals, is 2,711,500, a total of 9,532,900. They also indicate that the number looking for full-time work and for part-time work respectively is 439,400 and 147,400, totalling 586,900. According to the statistics, this gives a labour force of 10,119,800, an unemployment rate of 5.8 per cent and a participation rate of 63.5 per cent.

The point of my bringing those statistics to the attention of the committee is this: I am advised from hearing what government ministers have to say and on reading the statistics that there has been a very significant increase in employment over the lifetime of this government and that the latest unemployment rate is 5.8 per cent. I also want to draw attention to the link that has been put together is that exempting employees in businesses employing fewer than 20 employees—in other words, small business—would create 50,000 to 80,000 jobs. They claim that unfair dismissal applications under federal law are a huge problem.

Coincidentally, I happen to have the latest statistics available from the Department of Employment and Workplace Relations on unfair dismissal figures. The strangest thing has been occurring, and that is that the number of applications under federal law for unfair dismissal has been falling. You would assume, Mr Chairman, if the government’s rhetoric is correct, that if employment rises the ratio of applications would rise with it, and it has not. In fact, the figures have been falling consistently over the years since 1996, when they were about 14½ thousand, to now, when they are a little over 7,000—with major falls over the years.

The department also provides a percentage of those total federal unfair dismissal applications which are from small business. On the latest figures, to the end of June 2003, that small business figure works out at 2,338 unfair dismissal applications for small business under federal law, half of which at least have been found in favour of the employers—as we know from previous debates. Interestingly enough, that figure is down by nearly 300 from the previous year’s figure.

So you have rising employment and falling unfair dismissal applications. That is quite an interesting relationship.

The government is saying, essentially, that getting rid of 2,338 federal unfair dismissal applications would produce between 50,000 and 80,000 jobs. I think we should test that proposition. According to the figures I have before me, there were 206 federal unfair dismissal applications for the ACT as at June 2003, of which 43 were related to small business. The ABS statistics show that the unemployment rate for the ACT fell in August 2003 from 4.9 to 4.5 per cent. Can the minister tell me how many jobs would be created in the ACT from getting rid of 43 unfair dismissal applications under federal law in a year in the ACT when the figures seem to indicate the unemployment rate is falling anyway?
on; I think it is a good idea. But I do not accept, and never have, the intrinsic link between the number of dismissal cases and the effect that has on employers’ employment intentions. I think that the unfair dismissal laws in this country require further reform because they are an entrenched disincentive to employers to employ new people. That is something that we have agreed to disagree on many times. Senator Murray asked about some statistics. I have no reason to disagree with the figures that he has quoted. The total figure, coming in at just under 10 million, certainly gels with the employment statistics release I read from the ABS last Thursday. The monthly unemployment figure of 5.8 per cent gels, because I remember thinking as I was sitting here that, with 9 1/2 million people in the work force in August, that number must be getting very close to 10 million and that perhaps some sort of celebration should occur when we hit 10 million people in the work force.

I do have another series of statistics provided by ABS publication category number 6359.0, I think it is. It analyses trends in employment of permanent and casual employees between 1984 and 2002. It is a slightly different trend from the one that Senator Murray was quoting, but it does show the density of casual employees as against the total number of employees and shows a fairly significant increase in the casual density from 1984, when we had 15.8 per cent casual density in the total work force. It rose steadily through the second half of the eighties and through the nineties and hit 26.1 per cent in 1996. The figure has really fluctuated; it has also gone down to 25 per cent and up to 26 and 27 per cent. There was a significant increase in casual density between 1984 and 1996 and then it remained fairly steady, although increasing by about one percentage point during that period.

I have heard Labor talking about this massive casualisation of the work force and I had formed my own view that it happened because of John Howard’s nasty, vicious Liberal Party. In fact, if you look at the figures, you will see that most of the massive increase in the casualisation of the work force actually took place under those other nasty, vicious prime ministers—Mr Keating and Mr Hawke. I seek leave to have this table incorporated in Hansard.

Leave granted.

The document read as follows—

Background

Trends in Employment—Permanent and Casual Employees 1984 to 2002

<table>
<thead>
<tr>
<th>Year</th>
<th>Permanent employees (000’s)</th>
<th>Casual employees (000’s)</th>
<th>Total employees (000’s)</th>
<th>Casual Density</th>
</tr>
</thead>
<tbody>
<tr>
<td>1984</td>
<td>4509.9</td>
<td>848.3</td>
<td>5358.2</td>
<td>15.8%</td>
</tr>
<tr>
<td>1985</td>
<td>4625.7</td>
<td>887.3</td>
<td>5513.0</td>
<td>16.1%</td>
</tr>
<tr>
<td>1986</td>
<td>4704.1</td>
<td>979.3</td>
<td>5683.4</td>
<td>17.2%</td>
</tr>
<tr>
<td>1987</td>
<td>4791.0</td>
<td>1075.6</td>
<td>5866.6</td>
<td>18.3%</td>
</tr>
<tr>
<td>1988</td>
<td>4949.0</td>
<td>1152.9</td>
<td>6101.9</td>
<td>18.9%</td>
</tr>
<tr>
<td>1989</td>
<td>5199.4</td>
<td>1298.0</td>
<td>6497.4</td>
<td>20.0%</td>
</tr>
<tr>
<td>1990</td>
<td>5293.8</td>
<td>1271.8</td>
<td>6565.6</td>
<td>19.4%</td>
</tr>
<tr>
<td>1991</td>
<td>5037.2</td>
<td>1280.0</td>
<td>6317.3</td>
<td>20.3%</td>
</tr>
<tr>
<td>1992</td>
<td>4919.8</td>
<td>1415.0</td>
<td>6334.8</td>
<td>22.3%</td>
</tr>
<tr>
<td>1993</td>
<td>4888.4</td>
<td>1435.0</td>
<td>6323.4</td>
<td>22.7%</td>
</tr>
<tr>
<td>1994</td>
<td>4976.7</td>
<td>1549.1</td>
<td>6525.8</td>
<td>23.7%</td>
</tr>
<tr>
<td>1995</td>
<td>5229.0</td>
<td>1653.3</td>
<td>6882.2</td>
<td>24.0%</td>
</tr>
<tr>
<td>1996</td>
<td>5220.9</td>
<td>1841.2</td>
<td>7062.1</td>
<td>26.1%</td>
</tr>
<tr>
<td>1997</td>
<td>5176.6</td>
<td>1795.5</td>
<td>6972.1</td>
<td>25.8%</td>
</tr>
<tr>
<td>1998</td>
<td>5298.7</td>
<td>1946.1</td>
<td>7244.8</td>
<td>26.9%</td>
</tr>
<tr>
<td>1999</td>
<td>5372.6</td>
<td>1931.6</td>
<td>7304.2</td>
<td>26.4%</td>
</tr>
<tr>
<td>2000</td>
<td>5598.3</td>
<td>2097.3</td>
<td>7695.6</td>
<td>27.3%</td>
</tr>
<tr>
<td>2001</td>
<td>5654.6</td>
<td>2117.6</td>
<td>7772.2</td>
<td>27.2%</td>
</tr>
<tr>
<td>2002</td>
<td>5766.7</td>
<td>2160.3</td>
<td>7927.0</td>
<td>27.3%</td>
</tr>
</tbody>
</table>

Source: ABS Cat. No. 6310.0 (Employee Earnings, Benefits and Trade Union Membership) for columns 1 to 3. Column 4 calculated by dividing column 2 by column 3.

Note: Casual employees identified are those employees who were entitled to neither paid holiday leave nor paid sick leave in their main job. Estimates for time spent with a particular employer were derived initially from the ABS publication, Employment Arrangements and Super-
annuation—April to June 2000 (Cat No. 6361.0). These have been updated using data from another ABS publication: Forms of Employment—November 2001 (Cat No. 6359.0).

Senator MURRAY (Western Australia) (12.57 p.m.)—Thank you, Minister, for your response. Turning to my own state of Western Australia, the figures provided by the Department of Employment and Workplace Relations show that in Western Australia the total number of termination of employment applications lodged for the financial year ending June 2003 under federal law was 315. If you extrapolate the percentage they have given for small business you get 95, so it is less than 100. The government claims that 50,000 to 80,000 jobs would be created as a result of ending unfair dismissal provisions for Western Australian businesses under federal law. A crude calculation—and I mean that in a statistical sense, because of the extrapolations—is that Western Australia is around 10 per cent of the economy. So, if you take 50,000 to 80,000 jobs, 5,000 to 8,000 jobs are, according to the government, going to be created from knocking off 95 federal unfair dismissal applications under Western Australian law.

The statistics provided by the ABS show that in Western Australia the seasonally adjusted unemployment rate for the calendar year 2002 was 6.5 per cent and that up to August 2003 it was 6.0 per cent. I happen to know because I follow the statistics that the federal unfair dismissal applications for WA have been about 100, or less than 100, for some years and yet the unemployment rate is falling and employment is growing. For instance, in August 2002 the total employment was 958,000. In August 2003 it was 972,000. So it goes up from 958,000 to 972,000 and unemployment falls and yet the number of applications under federal law for unfair dismissal remain the same.

The minister is no mug; he knows what I am doing. I am exposing the fact that the government is presenting itself as a government of untruthfulness. I have even heard them described as ‘liars’ on this issue. The fact is that the claim that you will create 50,000 to 80,000 jobs is statistically, economically and factually irrational, illogical and impossible. Yet people with astonishingly fine political legislative policy and intellectual ability, like the Prime Minister, the Treasurer and senators on the other side of this chamber, will make these astonishing claims. They do so because all they want to do is beat up the Senate, beat up the issue and present a situation which is untrue but which through repetition they believe will be established as true.

Let me go to the biggest termination area under federal law, which is of course Victoria. By these statistics, Victoria has the highest number of applications of the 7,129 applications under federal unfair dismissal law. To the end of June, Victoria had 4,398 applications and, if you extrapolate Victoria’s small business percentage, you get 1,693 applications for small business. I happen to know that Victoria’s unfair dismissal figures have been falling and, if you turn to the ABS statistics again, you discover that Victoria’s total number of people employed rose from 2,370,000 in August 2002 to 2,387,000 in August 2003, and the unemployment rate fell from six per cent to 5.5 per cent over the same period. Here you have job creation, a fall in unemployment rate and yet there is this extraordinary claim that it is solely a consequence of federal unfair dismissal application law that we cannot make any headway in these areas.

There was a court case—I have it in one of my speeches, and I have forgotten the reference—where the judge had to deal with this issue and he came to the conclusion, and quite clearly stated, that there is absolutely
no connection between unfair dismissal law and employment. I repeat: there is no proven connection. I do not have a problem, frankly, with a government wanting a policy simply because they think it is a good idea. But to go out into the community and to mislead the parliament, which is what happens, by saying that 50,000 to 80,000 jobs will be created by getting rid of federal unfair dismissal applications is not something that any of us should accept. I would urge the Labor Party with their numbers to pull the government up on it every single time it is put either to the Senate or the House of Representatives as a statement. Frankly, on the figures that I have used today just as a short example, the connection is just not there.

We will hear a lot more about this over the year as the government try to beat up the issue for the coming election, whenever that will be, and I can assure you that they will be beaten on the figures. The figures do not justify their stance and do not give any credibility to their stance. If they want to reinforce the current view of the government as being people who are prepared to tell lies or to misrepresent the truth or to falsify matters for their own case, this will be another situation which will just reinforce that view. And that will certainly not do anybody’s election prospects any good whatsoever.

Senator JACINTA COLLINS (Victoria) (1.05 p.m.)—Senator Murray is, of course, correct. This debate in its various forms over many years has been a significant beat-up of a false connection between unfair dismissal in small businesses and job creation. This is where there are significant differences between the government Relations Amendment (Fair Termination) Bill 2002. On this occasion it does not refer to that link but I am pretty confident I could go back to a few other bills and find a second reading speech on behalf of the government clearly asserting that link. The government has, as Senator Murray said, quite misleadingly been exercising this beat-up for many years.

The data that Senator Murray put before the Senate today was very interesting and it certainly confirmed material that has been before this chamber time and time again. It is no surprise that the courts were equally unconvinced with arguments from the government that such a connection exists. In fact, I seem to recall that the patience of small business ran out on this matter as well—probably about three years ago when COSBOA said at that time, ‘We just want the government to stop carrying on about this and to do something concrete to get rid of complicated red tape, not so much to introduce unfair standards for casual workers.’ However, Senator Murray, your contribution today, in my mind, leads to the conclusion that the Senate should maintain its resistance. Unfortunately, as you outlined on Thursday, the Democrats have reached an arrangement with the government and I will come to that in a moment.

Senator Murray—Not on unfair dismissal.

Senator JACINTA COLLINS—No, not on unfair dismissal—you are correct. Before I go to the unlawful termination issue, I want to address another area of data which, again, picks up on Senator Ian Campbell’s point—and he is quite correct—that the casualisation of the work force has been a long-term trend and a very distressing trend. The policy imperative though is what we as a parliament should do about it. This is where there are significant differences between the govern-
ment, the opposition and, I would say, the Democrats—and also the Australian Industrial Relations Commission. The commission, the Democrats and the opposition say that this is a very alarming trend, and we should be doing more about introducing security for casual employees.

On the last occasion this issue was debated I went through quite a number of areas where the commission had acted to effect those types of outcomes—but no, not for the government. The government wants to maintain, quite out of step with any of the state jurisdictions dealing with unfair dismissal, an exemption of 12 months from protection for unfair dismissal for casual workers. But let us see what this casualisation trend is delivering. It is delivering a situation where one in five Australians living in poverty have wages as their main source of income. It would be a fair guess, if we are talking about families living in poverty, that their wages come from irregular casual employment. One in five families, and what are we doing for them? In this case, the government is saying, 'You guys should have to wait 12 months before you have any access to the standards that apply to other workers in relation to fair treatment in the workplace.' That is the guts of this message.

Senator Murray says that the arrangement with the government is not in relation to fair dismissal, and in one sense he is correct. The Democrats' preferred position is maintained at six months. However, unfortunately, the effect of this message going through will be to allow the government to continue the 12-month exemption. This is despite the fact that the government made a commitment to the Democrats to review the legislation. We certainly have not heard the outcomes of that review in this debate. We have not heard, other than Senator Murray's discussion now, any debunking of the link in relation to unfair dismissals across the board in small business and job creation, and certainly we have heard nothing at all about why 12 months should be regarded as a reasonable position for casuals—just that it is the government's desire, and that has been the substance of this debate.

I think I have already made it clear that the opposition will oppose the Democrats' amendments to the question that the committee does not insist on the Senate amendments disagreed to by the House of Representatives. Apart from the fact that we still obviously agree with the Democrats that it should be six months, let me dwell on some of our concerns about other aspects of the arrangement that the Democrats have come to with the government. In the article that appeared last Thursday in the Australian newspaper outlining the arrangement, Senator Murray said two things. One was that he believed this would be a valuable win for casual employees but, on the other hand, he did not believe unlawful dismissal was an area of high litigation. This is partly my point in relation to unlawful termination. There is no great record of cases, so the value of the measure is very difficult to determine.

In the discussions I have had with colleagues who deal with these matters, they have advised me that unlawful termination is extremely difficult to use. Cases either go before the Magistrate's Court or the Federal Court and, whilst the test is on the balance of probabilities, in this matter as well as in relation to unfair dismissal, there is much less discretion with unlawful termination than there is with fairness. The other issue is costs. In these cases workers cannot claim costs and there are limitations in the outcome that can be determined for a worker. These limitations are, for instance, a penalty of up to $10,000 to a body corporate and a limitation on a maximum of six months pay—fairly limited options. But perhaps the most difficult aspect of this issue is that, unlike for
full-time or part-time workers, casuals with less than 12 months experience are not able to elect to have their cases heard before the Australian Industrial Relations Commission.

This, in my mind, is perhaps the most critical point because we are looking at the most marginalised workers and, in terms of power within the work force, workers with the least resources available to them, and they will need to confront the courts rather than the commission. This is where we see the very clear agenda of the likes of the H.R. Nicholls Society. This is a further step towards saying, ‘Let’s allow matters to be determined within the courts rather than in the commission.’ But I cannot understand why we would allow that to be the case for the weakest or most marginalised of workers and think that that is something of great value to them. I think that the unlawful termination option will be rarely used because these are casual workers with very limited resources.

We should go back and ask why the Australian Industrial Relations Commission was established in the first instance. Certainly it was established as a means of dealing with dispute settlement. But it was also established as the means by which workers with lesser power or lesser resources would not need to confront courts, whereas in this arrangement which now exists between the Democrats and the government that will be the only point of access for casuals with less than 12 months experience. Senator Murray, I am sure, will say that that is better than nothing. My argument would have been: let us maintain the resistance and let us bring about the situation where the sunset clause disappears and we come back to the six-month period for casuals. As a second line position I would have suggested, had Labor had an opportunity before this arrangement had been concluded, that at the very least we explore a way through which casuals could opt to have their unlawful termination cases dealt with as unfair before the commission. Still apply, if you will, the government’s desire to limit the test to just unlawful termination, but at least allow casuals to argue that their unlawful termination is unfair and that it could be heard on that limited basis before the commission rather than the courts.

Unfortunately, I believe, that option is not available. And now, with this message, we will have 12 months set in stone with respect to casuals. This is a most unfortunate culmination of a debate that has gone on for many years. I accept what Senator Murray says, that at least giving these casuals access to unlawful termination is a step. I would argue, though, that it is a very small step and in some ways a cruel step, because it is not a real step for many casuals to confront magistrates or the Federal Court in these types of cases. On that basis, as I have said, the opposition will oppose the Democrats’ amendment to the question. We insist on all amendments and will continue to insist that all of the amendments should be maintained.

Senator MURRAY (Western Australia) (1.17 p.m.)—I want to encapsulate the arguments we have put previously. Firstly, we are making no change to the unfair dismissal provisions which have existed as regulations for casuals since 1996. The exemption for casuals has been 12 months and it will continue to be 12 months. Senator Collins quite rightly points out that our view is that that now needs to be shortened, but we do not believe that that will be accepted by the government and we think it is better to preserve the law as it is than to try and change the law in this particular bill. I must indicate that under the other bill, the termination of employment bill, the Labor Party actually voted against the Democrats’ amendment which put it at six months—they supported 12 months. So it all gets a bit murky, I am afraid. I would also remind you that the La-
bor jurisdiction of Queensland also holds to a 12-month provision.

What we have done with regard to the law with respect to casuals is to put up an amendment to the motion by the minister which does provide for continuity of employment provisions which will improve the circumstances for casuals. You are quite right again, Senator Collins, in that I am unable to tell you how many people will be affected and on what basis because the data is just not available—but it is an improvement in law. The other point I should make is that there has never been any criticism—to my memory, but you could correct me—of the unlawful, as opposed to unfair, dismissal provisions which are available for permanents. I cannot recall ever hearing Labor senators criticise those provisions and the means by which they are acted on in the law. What we are doing here is bringing casuals into line with permanent employees in terms of unlawful dismissal provisions. So I am a little surprised to hear your criticisms there but that does not mean to say you are not entitled to make them. I just have not heard that argument before.

To recap: this enshrines in the act, as opposed to regulations, the situation which already exists; it adds improved continuity of casual employment provisions; and it provides unlawful dismissal provisions which have never existed. I think it is erring on the side of exaggeration to refer to it as ‘cruel’. I would not have used such language. We think, all round, that a fairly modest but useful advance has been made in this respect. I would remind the Temporary Chairman—because you were not here, Senator Ferguson, when the debate was under way last Thursday—that what we are doing as part of our motion is insisting on the Democrat amendments and putting our own amendment to the government’s motion.

Senator IAN CAMPBELL (Western Australia—Parliamentary Secretary to the Treasurer) (1.21 p.m.)—At the risk of extending the debate much longer I want to take this opportunity—because last Thursday and today I have been allowing other people to have their say—to formally welcome the agreement that has been reached and to congratulate Senator Murray for working constructively with the government on this measure. Although it is a modest change, we think it secures some very important rights. I welcome the agreement and wish the bill a speedy passage to become a new law.

I do feel it is incumbent upon me on the related issue of the government’s commitment to pursuing further unfair dismissal law reform to say that I do not think it is fair for Senator Murray to talk about the strong commitment of the Prime Minister, the minister and many other members of the government, which reflects a very strong view amongst many employers and is also reinforced by Professor Harding’s analysis of this issue in a report made public on 29 October last year. Professor Harding did a study of small to medium enterprises and concluded that the unfair dismissal laws had played a role in the loss of more than 77,000 jobs by businesses that previously had employees but that are now non-employing businesses. He also found in that research that there is an estimated cost for small and medium enterprises of complying with the unfair dismissal laws of approximately $1.3 billion.

I do not want to get into an argument on the specifics. I think Senator Murray has set out to show some statistics about the number of unfair dismissal cases brought jurisdiction by jurisdiction and I respect that he holds honestly his view that those statistics lead him to believe that there is not a link between unfair dismissal law reform and greater employment. I believe that Senator
Murray honestly holds those views and I respect his right to hold them. But I ask him to respect the fact that the Prime Minister, the Minister for Employment and Workplace Relations, Mr Abbott, the Treasurer, many other members of the government and I believe honestly that there is a link between the unfair dismissal laws in this country and the potential levels of employment—that they are in fact a deterrent to employers and potential employers to putting on new staff.

We believe honestly and frankly that part of what is needed in Australia to make it a stronger economy and to build opportunities for people is to put further reform of those laws in place. I know it to be unfair to say that we are using this reform as some sort of political device. Senator Murray may want to believe that but I can tell him that that is not fair and that it is not true. We honestly believe that further reform is necessary. We believe that it will assist people who are unemployed or underemployed be employed. It is one of the reforms that is necessary. There are a range of reforms necessary in this country and this is one of the reforms that we believe can assist. We hold our views honestly and we are committed to them. It is a battle of ideas, which is very healthy in a democracy. To say that we are propagating lies or misleading people or whatever is simply unfair.

Senator MURRAY (Western Australia) (1.25 p.m.)—I will not detain the Senate long. I want to respond as follows. I do accept the government’s belief that there is a link. I do not condemn them for having that belief, and I recognise it as an honest belief. What I strongly object to is the link between 50,000 to 80,000 jobs and this issue. That is where my problem lies. All of us in this debate know that the 50,000 jobs was a throw-away line which was an estimation from a former head of COSBOA who subsequently recanted, and we all know he was talking about both federal and state unfair dismissal jurisdictions. The second thing with respect to Professor Harding’s work is that we do know that it has had some critical appraisal and the problem with his work is that it is based on a couple of hundred—not thousand.answers to a survey of a number of small business people which he extrapolated out. It is scientifically at risk.

My problem, and where the propaganda lies, is with the 80,000 jobs issue. I do not have a problem with any member of the coalition strongly indicating their belief that there is a link. That is why I draw attention to the actual figures. When I see that in Tasmania there are 11 federal unfair dismissal applications for small business I just do not believe that getting rid of those 11 is going to produce large numbers of jobs in Tasmania. Call me a mug, but I really cannot see that. Or when there are 30 in South Australia, 95 in Western Australia, 79 in Queensland and 43 in the ACT, I just cannot see large numbers of jobs resulting from it. I will leave it at that.

The TEMPORARY CHAIRMAN (Senator Ferguson)—I shall divide the question with respect to Democrat amendments (2), (3) and (4). The question is that the committee does not insist on opposition amendments (1) and (5) disagreed to by the House.

Question agreed to.

The TEMPORARY CHAIRMAN—The question now is that the amendment moved by Senator Murray to Senator Ellison’s motion be agreed to.

Question agreed to.
The TEMPORARY CHAIRMAN—The question now is that the motion moved by Senator Ellison, as amended, be agreed to.

Question agreed to.

Resolution reported; report adopted.

TAXATION LAWS AMENDMENT BILL
(No. 3) 2003

First Reading

Bill received from the House of Representatives.

Senator IAN CAMPBELL (Western Australia—Parliamentary Secretary to the Treasurer) (1.30 p.m.)—I move:

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

Question agreed to.

Bill read a first time.

Second Reading

Senator IAN CAMPBELL (Western Australia—Parliamentary Secretary to the Treasurer) (1.31 p.m.)—I table a revised explanatory memorandum relating to the bill and move:

That this bill be now read a second time.

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

Leave granted.

The speech read as follows—

The main measures of this bill amend the income tax law and the petroleum resource rent tax legislation.

Firstly, the bill adds a number of organisations to the tables that provide income tax deductibility for gifts to those organisations under the Income Tax Assessment Act 1997. The period of gift deductibility is being extended for two other organisations.

Secondly, the bill amends the capital gains tax provisions in the income tax law to take into account capital gains or losses while shares or rights are in an employee share trust. Broadly speaking, this measure will ensure that a capital gain or loss on subsequent disposal of the shares or rights by the employee is calculated from the time the shares are allocated to the employee in the trust. The counting of the 12-month ownership period for the capital gains tax 50% discount will begin at the same time. Thus the treatment of shares or rights acquired under an employee share scheme operating through a trust will thus be better aligned with the tax treatment of shares or rights acquired under other employee share schemes.

Further, there will be technical amendments to the capital gains tax law and fringe benefits tax law to ensure that they operate as intended in relation to employee share schemes. The bill contains a series of other technical amendments to income tax legislation and other areas of the tax law.

The bill will give co-operative companies the option frank distributions from assessable income of the current year. The measure gives co-operatives the same access to imputation credits as other companies, while maintaining the deduction for unfranked distributions for the co-operatives which prefer the deduction approach.

The bill also contains an amendment to rectify an anomaly in the reasonable benefit limit provisions of the Income Tax Assessment Act 1936. The purpose of reasonable benefits limit is to limit the amount of concessionally taxed superannuation benefits received by a person. The amendment will ensure that the proportion of concessional taxation rebate available to a reversionary pension paid on death is the same as that which applied to the original pension.

The bill amends the Petroleum Resource Rent Tax Assessment Act 1987 to recognise expenditures associated with closing down a facility that has ceased to be used for a petroleum project, but continues to be used under an infrastructure licence. This should remove a disincentive to the take-up of infrastructure licences. Without this change, there would be no tax concession for closing down expenses, such as environmental repair, for facilities whose lives are extended by putting them to use processing petroleum from other projects.

The second amendment to the Petroleum Resource Rent Tax Assessment Act will produce more equitable and uniform taxing arrangements where the same facility is used for petroleum
sourced from two or more petroleum projects. In these cases, the tax will be extended to include all petroleum activities related to that project in the tax calculations of the operator.

Clause 5 of the bill will ensure that no tax consequences arise for any person as a result of the corporate conversion of the Australian Gas Light Company from a company of proprietors established under NSW legislation to a company registered under the Corporations Act 2001.

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

Senator SHERRY (Tasmania) (1.31 p.m.)—The Taxation Laws Amendment Bill (No. 3) 2003 was originally introduced into the House on 5 December last year as Taxation Laws Amendment Bill (No. 8) 2002. The bill contains six schedules and a separate clause providing transitory provisions for the conversion of AGL into an ordinary company. Labor will support the bill with two exceptions: an amendment to the operative date for the deductibility of gifts to organisations named in this bill and amendments to remove one of the proposed modifications to the petroleum resource rent tax.

Schedule 1, the income tax deductions for gifts, provides deductible gift recipient status to a number of organisations, some of them for defined periods. That means that donors to those organisations can claim income tax deductions for gifts of $2 or more. The bill also corrects the names of two organisations already listed that have changed. I want to draw the Senate’s attention to one of the organisations named in the bill, the United Nations High Commissioner for Refugees. The UNHCR is overwhelmingly dependent on governments to fund its work on behalf of displaced people around the globe. The UNHCR is now seeking, by way of donations, to diversify its funding base. For those many Australians who are concerned about the plight of displaced people around the world, this is an opportunity to make a meaningful contribution to their welfare. By donating, they will also be making a contribution to our national security. It is an essential aspect of Australia’s border protection regime that the UNHCR be given as much support as possible for its work in countries of first asylum. Labor enthusiastically supports the continuation of tax deductibility for gifts to the UNHCR for five years, as well as deductibility for the other organisations listed in schedule 3.

Last week the Liberal government amended this bill to alter the date of application for these DGR measures from the date of royal assent to 29 June 2003. The reason the government gave for this change was that it was to coincide with the proposed new arrangements to provide for listing of named DGRs by regulation rather than legislation. That is contained in the Taxation Laws Amendment Bill (No. 7) 2003, which we will be getting to shortly. Labor will be opposing that measure in that bill for the simple reason that listing by regulation will remove this parliament’s capacity to amend an obnoxious condition attached to the listing of an organisation without also striking down the organisation’s deductible gift recipient status. Because Labor is opposing that measure in the Taxation Laws Amendment Bill (No.7) 2003, I will move an amendment to change the operative date for the organisations in this schedule back to the date of royal assent.

Schedule 2, employee share schemes, changes the tax arrangements for employee share schemes that are operated through a trust. Tax concessions are available to encourage employees to hold their shares for certain specified periods. The tax concessions relate to the value of any discount against the market value of the shares. Any discount of the market value of the shares is included in the employees’ assessable in-
come in the year of income in which the shares, or rights to the shares, are acquired. But the employee may choose to defer income tax on the discount up to $1,000 for up to 10 years, subject to the employee share scheme satisfying certain conditions, including the requirement that the right be held at least three years before disposal. As the law currently operates, gains and losses which accrue during the period the shares or rights are held in the trust are not recognised for capital gains tax purposes and the commencement date of the 12-month period for determining eligibility for the 50 per cent discount on capital gains tax is delayed until the shares are transferred from the trustee to the employee.

Schedule 2, in section 1, provides that the time a taxpayer acquires a beneficial interest in the shares or rights will be the time the trustee first holds the shares or rights for the taxpayer, both for the purpose of assessing gains or losses and for determining the start date for the 12-month holding period for the 50 per cent capital gains tax discount. This is accompanied by schedule 2, section 2, which provides an integrity measure that ensures the terms of an existing employee share scheme cannot be changed to take advantage of the current non-recognition of gains on shares or rights held in trust to increase the cost base on the shares when they are transferred to the taxpayer. The changes ensure the tax treatment of an employee share scheme, operated through a trust, looks through the trust to provide tax treatment of the benefits of the employee share scheme as if the shares were held by the employee. Labor will support schedule 2.

Schedule 3, franking of distributions by cooperatives, provides a cooperative company’s access to normal treatment under the imputations system. Currently, cooperative companies, usually agricultural cooperatives, can only frank dividends from sources other than assessable income of the income year in which the distribution is made. Cooperative companies are allowed a tax deduction in respect of dividends paid that are not frankable. This stops cooperative companies from passing on to shareholders the full value of tax paid in the form of franking credits.

Schedule 3 allows cooperative companies the same access to the imputation system as other companies. However, they will retain the option to choose to take a tax deduction for dividends paid that have not been franked. The bill also recognises that it is generally not possible to determine final profit until after the end of the year and will allow cooperative companies to claim a deduction for any unfranked distribution paid up to three months after the end of the tax year. Where a cooperative company pays partly franked dividends, a deduction will be allowable for the portion of assessable income distributed as unfranked dividends. As with other companies, cooperative companies will be subject to the benchmarking rule that requires all distributions in a franking period to be franked to the same extent. If the benchmarking rule is breached, a penal franking debit, or overfranking tax, will be imposed. Breaches of the benchmarking rule will not affect a cooperative company’s capacity to claim deductions for any unfranked dividends. Labor supports these measures.

Schedule 4 rectifies an anomaly in the reasonable benefit limit provisions that results in different tax treatment of benefits paid depending on whether the taxpayer is alive or dead. When a person receiving a superannuation pension or annuity dies and the benefit is passed on to a reversionary beneficiary, the RBL treatment of these benefits will not change. The same tax concession will apply to the reversionary pension or annuity as applied to the original pension or annuity. Labor supports this measure on equity grounds. Schedule 6 contains a number
of technical amendments which Labor will support.

Clause 5 of the bill deals with tax consequences of AGL’s conversion into a normal company. The New South Wales government has decided to convert AGL from an unincorporated company of proprietors, established under New South Wales legislation dating back to 1837, to a company registered under the Corporations Act 2001. Clause 5 ensures that there will be no taxation consequences resulting from the corporate conversion of AGL or from its registration under the Corporations Act 2001. This will be achieved by deeming AGL, corporatised AGL and registered AGL to be, and to have always been, the same company and the same entity for the purposes of Commonwealth taxation laws. There is no good reason why a change in government policy in relation to what is the appropriate corporate structure for a utility should trigger a tax event, so Labor will support clause 5.

I now come to schedule 5, one of the contentious measures in the bill, relating to petroleum resource rent tax. PRRT was an important reform of the previous Labor government, replacing the ad hoc arrangements employed by the Fraser government—and in particular its then Treasurer, the current Prime Minister, Mr Howard—to gouge excise on then existing petroleum production. The architect of PRRT, putting taxation of petroleum production into a rational, predictable, profits related regime which would give the industry certainty as to the tax regime it would face over the life of the project, was the then resources minister, former Senator Peter Walsh. Labor remains committed to maintaining the integrity of the PRRT regime. We have run a critical eye over these measures and we will run a critical eye over any future proposals to change the PRRT regime. Labor negotiated the existing PRRT arrangements as a package and will not stand by and see the integrity of the regime destroyed by piecemeal amendments. We understand that there is likely to be a large package of PRRT measures coming forward later this year. We know the industry has some major issues with production from deep water and dry gas fields. Labor wants to see those issues considered on their merits to ensure that the value of production from Australia’s petroleum resources is maximised, and Labor will take a positive role in that process.

Schedule 5 contains two measures. The first is the partial use or tolling proposal. Partial use of a PRRT project’s facilities can occur in a number of ways where the facilities are used to process, treat or store petroleum from another PRRT project. Unprocessed petroleum may be purchased from another project—a sale situation—or processed on behalf of another project: a tolling situation. Currently where there is a partial use of infrastructure, tolling receipts and expenditures may not be taken into account for PRRT purposes. This may discourage partial use arrangements and impact adversely on the production and international competitiveness of petroleum projects. Currently, where the facilities are intended for use partly in processing petroleum from outside the production licence area, the capital cost of facilities used in carrying on a petroleum project is apportioned. However, that apportionment does not change if relative use changes throughout the life of the project. Schedule 5 broadens the scope of what constitutes a project to ensure that PRRT remains economically efficient and neutral in application by including all partial use, related revenues and expenses in determining a project’s PRRT liability. The partial use proposals aim to provide an equitable and uniform treatment of these situations whether they are contemplated from start up or instituted at a later date. The Australian Petro-
leum Production and Exploration Association originally expressed some reservations about this measure because it had an in principle objection to the extension of PRRT to revenue derived from petroleum produced outside a particular PRRT project. It is clear, from Labor’s discussions with the APPEA, that despite that in principle objection they now want it passed. It is both a fair and a practical measure, and Labor will support it.

The other PRRT measure in this bill is the infrastructure proposal, which Labor will not be supporting. Schedule 5 proposes to allow notional expenditures that would have been associated with closing down a petroleum production project to be deductible against the production project’s PRRT receipts where the facility continues to be used, but used as a processing facility under an infrastructure licence. This bringing forward of costs before they are incurred as a deduction against PRRT liability amounts to a deferral of tax. It is undesirable to give a deduction for eligible expenditure that has not taken place and, for that matter, may not occur for a very long period.

Transfer of the facility from a processing licence to an infrastructure licence for another project at the conclusion of the PRRT project confers on the facility a residue value that adds to the profitability of the PRRT project for which the facility was originally constructed. There is no justification for attributing to that change of use a fictitious cost. It would confer a large tax benefit on any PRRT taxpayer that took advantage of it. According to the original explanatory memorandum, the cost of this concession may be anywhere between $280,000 and $56 million per field. This was a very curious costing and was considered at length by the Senate Economics Legislation Committee. We had hoped to get a better understanding of how those numbers had been derived as well as the timing and the number of times that revenue cost might be incurred. None of that information was forthcoming. It was remarkable how little assistance witnesses were able to offer the Senate committee on this matter. The APPEA, whose members would be beneficiaries, were not able to explain how the revenue estimate was derived or even to provide information, apart from a list of offshore production licences, as to which of them might utilise the provision or when. They referred the committee to Treasury for an explanation.

The Department of Industry, Tourism and Resources was a little more forthcoming, nominating Esso and BHP as possible beneficiaries of the measure in the next five years. On the actual question of money, Treasury passed the buck to the Australian Taxation Office, who conveniently were not there. The Treasury officer told the committee:

I was not directly involved but the costings are done using industry data—collections data—for the companies that pay PRRT. The tax office have data on their capital expenditures. They know the size of the fields. They have historical data on what closing-down costs have been claimed in the past. The issue from there was to make some assumptions about: what if a field of a certain size closed down, what is the expectation if it not only ceased to have a production licence but it then moved to an infrastructure licence such that it did not close down at that time. The issue is if it had closed down then they would have been able to reclaim their PRRT payments for that piece of infrastructure.

In terms of costing, this has been much less than the Liberal government’s finest hour: ‘We cannot find the cost; we do not know how many platforms will convert; we do not know when.’ Before the bill was debated in the House, the Liberal government provided a revised explanatory memorandum that says:

Estimates of the revenue impacts of potential closing down costs of infrastructure from such
licences has been costed as ranging between $0.28 million and $56 million depending on the size of the field. These are estimates of deductions available under the current law and do not represent the revenue implication associated with the proposed amendment.

The amendment only brings forward an already eligible deduction. That is, the only cost to revenue relating to this amendment is the potential timing cost from allowing the deduction at the time the production licence ceases rather than when the infrastructure licence ceases. It is not possible to identify the changed timing impact on PRRT receipts or refunds.

This is an admission of a major error by the Liberal government in costing this policy and would not have come to light had Labor not pursued the matter. We still do not know what the cost of this measure is, because we do not know the period over which the decommissioning cost would notionally be brought forward. Surely it would be possible to provide a table showing the cost per year for every $1 million of decommissioning costs brought forward ahead of the time at which the costs would actually be incurred. We now have an admission by the Liberal government that they do not know what the cost of this measure is. It is hard to believe that it is not possible to estimate decommissioning costs years, or probably decades, into the future.

From a practical point of view there have to be serious doubts about the desirability of separating deductibility for what will be very significant decommissioning costs, even if the treatment were revenue neutral on an accruals basis, which is not a great many years away from when those costs are incurred. The proposed tax treatment, with the deductions used years in advance, could not be better calculated to encourage the taxpaying entity to put off actual decommissioning for as long as possible. Tax concessions brought forward have a cost to revenue. The government and the industry have both failed to make a case for this measure, or even to cost it. I pay tribute to my colleague in the other place, the shadow minister for tax measures, Mr Cox, on picking this important issue up. Labor opposes the infrastructure proposal, and I will be moving a number of amendments to delete it from schedule 5 during the committee stage.

Senator MURRAY (Western Australia) (1.49 p.m.)—The Taxation Laws Amendment Bill (No. 3) 2003 was confusingly known as the Taxation Laws Amendment Bill (No. 8) 2002. I remind the Senate that the Scrutiny of Bills Committee has drawn attention to the difficulties of labelling bills in this manner. It is becoming more and more confusing for us because bills do transfer from one calendar year to another, and I am sure those who write these titles will be taking into account the unanimous views of that committee.

Like many taxation bills, this is somewhat of an omnibus bill and covers a diverse range of topics. Schedule 1 to the bill amends the tax acts to allow income tax deductions for certain gifts of $2 or more made to various organisations, including organisations as diverse as the Aboriginal Education Council (NSW) Incorporated, the General Sir John Monash Foundation and the St Paul’s Cathedral Restoration Fund. Who says federal politics does not get down to the local issues?

The bill also deals with gifts to organisations that have changed their names. For instance, the Royal Society for the Prevention of Cruelty to Animals Victoria was changed to the Royal Society for the Prevention of Cruelty to Animals Victoria Inc. I also remind the Senate, as a point of history, that it was the Democrats that pressured the Labor government of the day to include the RSPCA for the first time in the category of organis-
tions that get taxation relief on this basis. We have always been very proud of that effort.

The schedule covers gifts to organisations whose period of deductibility has been extended—for instance, Australia for UNHCR for an additional five years until 27 June 2007 and, another local one, the St Patrick’s Cathedral Parramatta Rebuilding Fund, for an additional two years until 24 February 2004.

The Democrats are committed to the charity sector and we welcome the schedule changes. We are concerned that recent announcements concerning the charity sector, in the broad, need some attention because the charity sector has become concerned at government intentions. The Treasurer has assured them they have nothing to worry about; nevertheless, there is still concern. Senator Cherry, who has been intensively involved with the charities, both in his previous guise as an adviser and as a senator, will no doubt be making some remarks on these matters over time. The inquiry into the definition of charities and related organisations, I recall, was set up with former Senator John Woodley and I, with then adviser John Cherry, and with the support of the Democrats’ party room. The charities inquiry was established as a result of an agreement between the Democrats and the government. We were pleased to highlight the sector for government attention and reform.

The Democrats welcome the fact that the draft Charities Bill picks up many recommendations of the inquiry, particularly the broadening of the scope of charitable purposes to include the advancement of the natural environment, of culture and of social and community welfare. However, the definition in the draft bill of what is a charity needs to be a modern and up-to-date reflection of charitable work. The key cause for concern—as people who have been following the matter in the public debate would know—is the definition of ‘disqualifying purpose of a charity’. This is having ‘more than an incidental purpose’ of seeking to change government policy. The government argues that this merely reflects the current common law. That is always assuming that your view is that the current common law is adequate, which it often is not. This is a very restrictive view of current common law, relying, as it does, on English court cases, some of which are over 20 years old.

More recent court decisions, academic research, the recommendations of the charities inquiry and indeed the broad activities of charities point to broader scope for the lobbying work of charities and a more flexible definition than that which is there. The fact that so many charities are called on to provide advice and assistance to Senate and joint parliamentary inquiries and are heavily consulted by governments, state and territory and federal, shows how important they are in influencing and participating in public policy. Our concern is that the government’s restrictive definition could force charities to self-censor their activities to ensure that their charitable status is not put at risk by being seen to be overly critical of government policy. Only minor changes to the Charities Bill are needed to fix this problem to ensure that it meets the Treasurer’s stated objective of providing the flexibility required to ensure the definition can adapt to the changing modern needs of society.

We are also concerned that the government has failed to respond to a key recommendation of the charities definition inquiry to expand the definition of ‘benevolent charity’. The independent inquiry said the definition was clearly out of date. It recommended a broader category of benevolent charity to provide tax concessions to charities with the dominant purpose to benefit directly or indirectly those whose disadvantage prevents
them from meeting their needs. Two years later, the Democrats and the charitable sector are still waiting for a government response to that key recommendation. Clearly, the government has a long way to go to build the confidence of the charitable sector with respect to this proposed legislation. Providing additional organisations with tax-deductible gift recipient status is a small step in that direction. I note that another bill before us, the Taxation Laws Amendment Bill (No. 7) 2003—which is also scheduled for today but which I doubt we will deal with much before late evening—has implications for the charities sector and the listing of deductible gift recipients. I will be expecting Senator Cherry to make a contribution at that time.

Schedule 2 of the bill amends the capital gains tax provisions that deal with employee share schemes to ensure the law operates as intended. The amendments are required where the employee share scheme is operated through a trust and the employee chooses to be taxed under the employee share provisions of the income tax law at the time those provisions treat the employee as acquiring the shares or rights. The amendments will ensure that capital gains or capital losses that arise while the shares or rights are held in trust are recognised and that the 12-month minimum qualifying period for the capital gains tax 50 per cent discount begins from the time the trustee acquires the shares.

This bill also makes technical amendments to the capital gains tax and fringe benefits tax provisions as they relate to employee share schemes. The technical amendment to the FBT Act of 1986 applies for the FBT year commencing 1 April 1995 and later FBT years. Taxation laws are extremely complicated and we are placing a considerable amount of faith in the Treasury officials to correctly legislate provisions such as this. We have confidence in their ability, but we are conscious that well-paid tax lawyers and accountants seek to exploit any weaknesses in the tax laws on behalf of their very wealthy clients. Despite the fact that we would like to see amendments to the CGT act, we will be supporting this schedule. I seek leave to continue my remarks later.

Leave granted; debate adjourned.

**QUESTIONS WITHOUT NOTICE**

**National Security**

**Senator Faulkner** (2.00 p.m.)—My question is directed to Senator Hill, in his capacity both as the Minister for Defence and as the Minister representing the Prime Minister. Has the minister been made aware of paragraph 127 of the report handed down on Friday by the United Kingdom Parliamentary Intelligence and Security Committee which states that in February this year, the UK’s Joint Intelligence Committee said:

... any collapse of the Iraqi regime would increase the risk of chemical and biological warfare technology or agents finding their way into the hands of terrorists, not necessarily al-Qaida.

What was the original response of the Australian government to this February assessment of the United Kingdom Joint Intelligence Committee? Did the government take into account the strong warning from British intelligence chiefs about the proliferation of WMDs before committing Australian troops to Iraq?

**Senator Hill**—That specific British report was not forwarded to me by the Defence Intelligence Organisation and, similarly, it was not forwarded to the Prime Minister by ONA. They, and the other Australian intelligence agencies, would have taken that report into account in the advices that they gave to the Australian government. Obviously, the Australian government took note of the advices of its agencies in the decisions that it made and in the statements that it made in relation to those decisions.
Senator FAULKNER—Mr President, I ask a supplementary question. Minister, are you making a distinction between these reports being in the hands of ministers—yours as Minister for Defence and the Prime Minister—as opposed to being in the hands of agencies? Is the minister saying these reports were available to Australian agencies? If so, could the minister please identify those agencies? Minister, could you indicate to the Senate whether there was any Australian participation in the British Joint Intelligence Committee meetings?

Senator HILL—I am saying that the British reports were not forwarded to myself, the Prime Minister or our officers but my understanding is that they were in the hands of agencies, including DIO and ONA. I would need to seek further advice on any others. As far as I know, there was no Australian participation in the British Joint Intelligence Committee meetings but I will check that as well.

National Security

Senator SCULLION (2.03 p.m.)—My question is directed to the Minister for Justice and Customs. Following the issue of arrest warrants by Lebanese authorities against Bilal Khazal and Maher Khazal in Australia, will the minister inform the Senate of any further steps taken in this matter? What else is the government doing in relation to extradition and the fight against terrorism?

Senator ELLISON—The Australian government understands that arrest warrants have been issued by Lebanese authorities against Bilal Khazal and his brother Maher Khazal, both of whom are Australian citizens resident in Australia. I am advised that the charges relate to alleged terrorism activities in Lebanon. Australian authorities have been working with Lebanese authorities in relation to this matter and also in relation to an Australian investigation into both men. At the moment there is no extradition relationship between Lebanon and Australia. As ongoing investigations are continuing, it is inappropriate to comment further on aspects of that.

What I can say is that today the Australian government has announced that it will be making regulations which will describe Lebanon as an extradition country, and these regulations are facilitative only. In regard to that, I would stress that the Khazal brothers must be afforded the presumption of innocence but these regulations will then afford Australia the ability to respond to any formal requests for extradition from Lebanon. At this stage there has been no formal request received from Lebanon in relation to the extradition of these two men.

I would also stress that, in relation to this, the regulations would not automatically oblige Australia to grant any such request if it were to be received. The Extradition Act has its safeguards and those safeguards would apply in this instance as with any other extradition matter. These include whether or not the alleged offence is a political offence and whether—on surrender to the extradition country—the person may be prejudiced at trial or punished by reason of race, religion, nationality or political opinions. There is also the aspect of whether the death penalty will apply, and there is the matter of torture. All the safeguards will apply and there is also judicial review. This is not without precedent. Previously, we have had situations in relation to Latvia, and more recently in relation to Cambodia where we enacted regulations which were restricted to extradition requests dealing with child sex offences, and we have also introduced regulations in relation to Jordan.

There are various ways in which an extradition relationship can be set up: by bilateral treaty, international instrument or, in fact,
Chamber regulation as in the path that has been chosen in this case. Australia currently has extradition relationships with over 120 countries and it is therefore important that we fulfil our international obligations in relation to not only the international fight against transnational crime but also counterterrorism. This is a very important step and those regulations will come into effect in the very near future.

Defence: Interception of Ships in International Waters

Senator COOK (2.07 p.m.)—My question is to Senator Hill, the Minister for Defence. Can the minister outline the legal basis for Australia to participate in the interception of ships in international waters for the purposes of searching them for weapons of mass destruction? Is this allowed under current international law? Has the government committed to joining an interception force and what level of commitment would be deployed?

Senator HILL—This is an initiative of 11 nations, including Australia, the United States, Japan and a number of the key European states, to examine whether it would be possible and in what circumstances to intercept an illegal transfer of weapons of mass destruction or their precursors from one state to another. That method of transfer might be by ship or it might be by air or, in some circumstances, presumably, it could be by land. The 11 countries are looking at whether they have the capability to do so from the point of view of operational issues—

Senator Carr—What is the legal basis? That is the question.

Senator HILL—I have not got to that. If you want me to answer the question, listen.

The PRESIDENT—Order! The minister has 2½ minutes to answer his question.

Senator HILL—Senator Cook is paying attention, even if no-one else on the opposition benches is paying attention. Senator Cook might like to come outside and we will have a bilateral on the issue, if he is the only one interested in it.

The 11 countries are looking at whether they have the capability in their agencies, which could include military agencies, customs, police or whatever, and interoperability issues and the like need to be sorted out. That was in the nature of the exercise that was taking place over this last weekend in the Coral Sea. The 11 nations are also looking at whether they have the intelligence and are sharing such intelligence upon which such an initiative might be taken. The 11 nations are also exploring the legal issues regarding in what circumstances this can be legally done.

Senator Sherry—Ah, exploring them!

Senator HILL—Yes, because, as Senator Sherry might not appreciate, these legal issues are in many circumstances very complex.

The PRESIDENT—Minister, ignore the interjections and address your remarks through the chair.

Senator HILL—The issues of law are yet to be agreed by the 11 countries. There is no secret about this: anybody who has bothered to read a newspaper would know this fact, but that might distinguish Senator Carr! These are complex issues. There are those three groupings of the 11 nations working on the three issues that I have just mentioned, and there are some other groupings, as I understand it, working on other issues. No state has actually agreed to be part of an operation. This is at a stage of exploring the capabilities, as I said, and the circumstances in which such an action would be legal.

So, whereas I might be prepared to take a punt and set out my understanding of the international law, I think that that would be unwise and it would be better to wait until the 11 countries have reached a consensus on
the circumstances in which such an action would be legal, and then there would obviously be public statements made in that regard.

Senator COOK—Mr President, I ask a supplementary question, and I thank the minister for that answer. What advice has been received to date on the question of the international legal basis of Australia’s involvement in the interception of ships in international waters? What agencies and departments have provided such advice and when was that advice received by the government? In view of his assurance that he believes that, obviously, this material will be made public when it is finalised, can he give the Senate an assurance that it will be provided to the Senate when it is finalised?

Senator HILL—As I understand it, officials from the Attorney-General’s Department are contributing to the development of the legal position in the same way that intelligence officials are doing it for intelligence issues and military people are doing it for military issues. I can assure the honourable senator that Australia, if it does commit to an operation, will only do it within international law as we believe the international law to be; in other words, we will take the best advice of our professional advisers. But, because we are talking about a number of countries working in concert, efforts are being made to find a consensus across the legal advice, and that is very difficult. It would be unlikely that we would announce in effect the parameters of the legal action that might be taken in advance: you would not normally foreshadow the limits on your action. (Time expired)

Taxation: State Charges

Senator JOHNSTON (2.13 p.m.)—My question is to the Minister for Family and Community Services, Senator Vanstone. Would the minister inform the Senate how state taxes and charges are affecting the most vulnerable in our community.

Senator VANSTONE—I thank the senator for his question. It follows some information I provided in the Senate last week on the need to have a strong economy. I made the point that we do not do this in order to please academics or a journalist for the Financial Review but because a strong economy provides real opportunities for the vulnerable and a weak economy is most damaging, first, to the vulnerable. I mentioned things like interest rates going down so that small business can afford to keep going and people can have jobs. We saw last week the lowest unemployment figures in a very long time.

We know the rewards of running a strong economy for the vulnerable, but it is important to look at what happens at the state level to vulnerable Australians. I note that Mr Carr, the Premier of New South Wales, in extracts from his diary, points out: The economy grows, the revenue from stamp duty swells our coffers, we pay off debt and—get this next bit—spend, spend, spend.

The states are reaping millions, and in some cases billions, of dollars from stamp duty. Victorians pay more stamp duty for a lower quartile priced home than those in any other state. In Victoria, for an entry-level home an additional $11,188 is paid in stamp duty to the state government—for the privilege of buying a home in the lowest quartile of housing. Victorians pay $983 more in stamp duty on an entry-level home than those in New South Wales even though the home in Victoria actually costs less.

It is important to take a good look at state budgets and see the little trick that the states play. A number of the states consistently underestimate what they will get from stamp duty. In some cases, they estimate they will get less than in the previous year. What hap-
pens when they get more the next year? There is a windfall to the state. They have not had to spell out in their budgets what they were going to do with the money; they can just spend, spend, spend. In 2001-02, New South Wales received 45 per cent more than they planned, Victoria received 64 per cent more, Queensland received 51 per cent more and the Australian Capital Territory received 79 per cent more than they estimated. Why? So they could have a little bit of back pocket cash to spend on whatever they wanted and not be accountable in the beginning through a budget process for what they were going to do.

In insurance, state and territory governments have increased their take by about 78 per cent since 1996. In my own state, the insurance tax burden has doubled over the last five years. Per capita, residents in my state pay $92, followed by those in Western Australia, who pay $91. The importance of this is how expensive it is for low-income, vulnerable families to insure their houses. Worse still, if you go into the Victorian country, one-third of the cost of household insurance goes to the state for the privilege of insuring your house. You only have to go back and look at the consequences of the fires in Victoria and New South Wales to be reminded that state governments are taking very substantial portions of the cost of insuring, and they are taking it from low-income people. It is far higher than in overseas countries.

Last but not least there are gambling taxes. Taxation revenue from gambling machines has increased since 1990-91 by 695 per cent. We all know it is not coming from people with the sorts of incomes that people in this chamber enjoy. It is coming from low-income Australians, and yet the state governments sit there and take, take, take from low-income people. Do they put that money back in social services to help problem gamblers? No, they do not. The real average gambling tax burden per person has increased by 102 per cent since 1990-91. (Time expired)

Senator JOHNSTON—Mr President, I thank the minister for her answer and ask a supplementary question. Could the minister further inform the Senate of state budgetary strategy and how such strategy affects those people who can least afford to pay for such a strategy?

Senator VANSTONE—I thank Senator Johnston for his supplementary question. Senator, indeed I do have more that I would like to say with respect to this. If the states had much more significant concessions for low-income people than they have then it might be understandable—although gambling tax revenue would not be, because it comes from low-income Australians. But let us look at the tax on household insurance. This is on insuring your house. This is not insuring artworks and valuables; this is insuring your house, which might be the only asset you have. The taxation rate in Victoria is 51 per cent, and it is 43 per cent in New South Wales. Compare these rates with taxation rates of 14 per cent in Germany, 5.5 per cent in the United Kingdom, 3.5 per cent in Canada and 2.4 per cent in the US, and yet our state governments think it is okay to say to people, ‘If you want to insure your house, we’re going to put one great enormous levy on you for doing so.’ (Time expired)

Honourable senators interjecting—

The PRESIDENT—Order! When the chatter across the chamber has finished, we will continue.

Health Insurance: Premiums

Senator CROSSIN (2.19 p.m.)—My question is to Senator Patterson, the Minister for Health and Ageing. Is the minister aware that figures released by the Private Health Insurance Administration Council for the
June 2003 quarter show that young people are quitting private health insurance in droves? In fact, since March almost 60,000 have dropped their cover, including 21,000 people aged 20 to 24. Is the minister further aware that, if this rate continues, within five years the numbers of Australians with private health insurance could reach the levels that prevailed before the introduction of the lifetime cover? Does this mean even higher price increases are in store for health fund premiums? Doesn’t this mess prove that even John Howard’s tabloid mouthpiece, Andrew Bolt, is correct when he stated on Sunday that the minister was incapable of running the health debate for the government in the next election campaign?

Senator PATTERSON—I cannot believe that Labor senators even have the gall to ask questions about private health insurance when they left private health insurance membership at a level of just over 30 per cent—totally unsustainable. Senator Richardson, the then health minister, said that it was totally unsustainable at 30 per cent. We had premiums going up, on average, at 11 per cent per annum—one year they went up by 20 per cent—and people were leaving private health insurance in droves. For Senator Crossin to come in here and talk about private health insurance really means that she has no understanding of what it was like—and she was not here at the time.

The pressure on public hospitals is increasing. We have seen private health insurance membership go up to over 43 per cent. We have seen a load being taken off public hospitals. In the year before last, public hospital admissions went down and private hospital admissions went up. Last year, private hospital admissions went up by 9.5 per cent while at the same time public hospital admissions went up by 2.6 per cent. What I can tell people out there is that their private health insurance premiums will be 30 per cent cheaper under the coalition, because we have given them a commitment to the 30 per cent rebate. The Greens have said that they want the rebate to go, the Democrats are shilly-shallying—one minute they say that they want to get rid of it; in a debate last week they supported a motion moved by the Greens to get rid of the rebate—and the Labor Party say that they have it under review. It has been under review now for over two years, but 8.5 million Australians with private health insurance want to know whether the Labor Party will commit to it.

With regard to the issue of younger people and private health insurance, one of the reforms that we brought in was the lifetime membership. If people joined before they were 30 they would not incur a two per cent penalty on their premiums. This was to ensure membership and to ensure intergenerational fairness across private health insurance. The June quarter figures show that 8.6 million people, or 43.4 per cent of Australians, have private health insurance cover—a level, as I said, that was never likely to be reached under a Labor government. The biggest increase has been in family policies. Of the 8.6 million people covered, five million were covered by a family policy. For Senate Crossin to come in here and talk about private health insurance really means that she has no understanding of what it was like—and she was not here at the time.

The pressure on public hospitals is increasing. We have seen private health insurance membership go up to over 43 per cent. We have seen a load being taken off public hospitals. In the year before last, public hospital admissions went down and private hospital admissions went up. Last year, private hospital admissions went up by 9.5 per cent while at the same time public hospital admissions went up by 2.6 per cent. What I can tell people out there is that their private health insurance premiums will be 30 per cent cheaper under the coalition, because we have given them a commitment to the 30 per cent rebate. The Greens have said that they want the rebate to go, the Democrats are shilly-shallying—one minute they say that they want to get rid of it; in a debate last week they supported a motion moved by the Greens to get rid of the rebate—and the Labor Party say that they have it under review. It has been under review now for over two years, but 8.5 million Australians with private health insurance want to know whether the Labor Party will commit to it.

With regard to the issue of younger people and private health insurance, one of the reforms that we brought in was the lifetime membership. If people joined before they were 30 they would not incur a two per cent penalty on their premiums. This was to ensure membership and to ensure intergenerational fairness across private health insurance. The June quarter figures show that 8.6 million people, or 43.4 per cent of Australians, have private health insurance cover—a level, as I said, that was never likely to be reached under a Labor government. The biggest increase has been in family policies. Of the 8.6 million people covered, five million were covered by a family policy. This is an increase of 1.9 million since June 1999. New members are continuing to sign up. Since the introduction of Lifetime Health Cover in June 2000, 165,000 people aged between 31 and 64 have taken out private health insurance. More than half of these, 58 per cent, were aged between 31 and 40.

Another point of interest to people who take out private health insurance is that under Labor there were no admissions to hospitals where there was a gap; under us, four out of five admissions to private hospitals have no gap. There have been significant improvements in private health insurance: there has been a significant increase in membership and there have been reforms that have been

CHAMBER
brought in to reduce pressure on premiums. As I said, they were going up 11 per cent under Labor. In one year they went up 20 per cent.

Senator CROSSIN—Mr President, I ask a supplementary question. It goes to the increased costs under private health insurance, which the minister failed to address. My question is not about private hospital admissions. Is the minister aware that the loss of healthy young members and the gain of older members has cost health funds $336 million since September 2000, or was an email received by the board of the Private Hospitals Association correct in stating that you have ‘very little idea about what is happening’?

Senator PATTERSON—Senator Crossin has no idea what was happening to private health insurance under Labor. We had membership of just over 30 per cent. We had premiums going up by 11 per cent a year. One year they went up 20 per cent. We had people fleeing private health insurance. I can actually guarantee people who take out private health insurance that their premiums will be 30 per cent cheaper under the coalition. Labor will not commit to the 30 per cent rebate. I can guarantee that private health insurance will be 30 per cent cheaper under the coalition. If Labor were ever to get back in and fiddle with the rebate, I can assure you that private health insurance would go down rapidly and premiums would go up even more rapidly.

Howard Government: Senate

Senator BARTLETT (2.25 p.m.)—My question is to the Leader of the Government in the Senate and the Minister representing the Prime Minister, Senator Hill. I draw the minister’s attention to the statement made by Minister Hockey, who said, ‘The Labor Party and the Democrats are holding up a vast amount of legislation that the government has put in place in the Senate.’ Given that this is demonstrably false, does the government encourage or endorse its ministers making blatantly misleading statements about the Senate to the Australian public? As the Leader of the Government in the Senate, will you publicly correct this falsehood, or is this yet another example of the government believing that lying to the Australian public is acceptable?

Senator HILL—The truth is that there are very major reforms—in some instances, reforms that this government has promised at a number of different elections—that are still being held up in the Senate. For example, choice of superannuation is a very important reform that this government has put before the Senate on a number of occasions but that cannot achieve passage. In another critically important area of industrial relations, initiatives by this government to enable small businesses to employ more Australians through changes to the unfair dismissal laws have constantly been defeated in this place. The reform of Telstra in order that Telstra can more effectively function within the private sector is constantly defeated within this place. A number of migration bills that have been very important in the view of this government have also been defeated in this place.

In fact, I think that at the moment there are either five or six bills that are technically subject to the double dissolution provisions of the Constitution—that is, they have been defeated twice with the statutory period of three months break in between. There is no doubt that both in quantity and in quality this government has enormous difficulty in getting its reform packages passed by the Senate. It is true that the government is somewhat frustrated that it might be elected and re-elected by the Australian people having put the specific reforms to the electorate at the time of the election only to have them
defeated largely by minority parties within the upper house. There is no doubt about that.

I heard the interview of Mr Hockey. I thought what he said was accurate and I thought it was a fair point to make. I simply take this opportunity to again say to the Australian Democrats that they have the opportunity to contribute to better legislative outcomes in this place, not simply by defeating what are the wishes of the Australian people—as has been illustrated at three separate elections now—but by joining with the government. Where they can persuade the government of modifications that are worth while, the government is always ready to negotiate. We believe that the government has the right to legislate the principles that it has put to the Australian people and had endorsed.

**Senator BARTLETT**—Mr President, I ask a supplementary question. I note the minister’s failure to correct the misinformation from Minister Hockey. If the minister and the government are serious about wanting to get legislation through the Senate, why have they just removed another two sitting days from the Senate program, making this year now equal to last year as having the fewest sitting days in a non-election year since the 1970s? Despite this, and the Senate having already passed 257 bills since the government came to power, will the government now agree to the Democrats’ frequent requests to have more sitting days to ensure that the government is serious in its concern about enabling more legislation to be debated in the Senate, or is the government simply going to complain with hollow misinformation but not provide any real opportunity for further examination and further passage of legislation through the Senate by giving us sufficient sitting days to deal with it?

**Senator HILL**—If the Australian Democrats are indicating that they are prepared to reconsider the series of bills that I have just outlined, or perhaps the major education reforms that are going to come before the Senate in the next month or two, or the major health reforms that are also foreshadowed, or the PBS matters, then we will give them more time. We will give them as long as it takes. If the Democrats want another fortnight of sitting in order that these matters can be revisited seriously—not just for another talkfest—then we will facilitate that. This government is certainly interested in the passage of its program. That is the point that Mr Hockey was making, yet it seems to be so difficult for the Australian Democrats to appreciate. As I understand, the time was taken to allow further estimates time. That is to facilitate the way in which the Senate wants to operate. We will work within the Senate but we do want our legislative program to be treated seriously.

**Health Insurance: Ancillary Benefits**

**Senator MOORE** (2.31 p.m.)—My question is to Senator Patterson, the Minister for Health and Ageing. Has the minister seen advertisements in the newspapers on Sunday, 14 September this year by the private health insurance fund Grand United offering benefits to members such as $150 vouchers for vitamins, health supplements, iridology, homeopathy, shiatsu, reflexology, kinesiology, the Bowen technique and even massage, amongst others? Will the minister confirm that the cost of these benefits is being subsidised by the Australian taxpayer by 30 per cent and that these advertisements flout her agreement with the industry to crack down on non-medically related benefits?

**Senator PATTERSON**—As I say again, the Labor Party has not committed itself to private health insurance. It had private health insurance running at a rate of just over 30 per
cent—totally unsustainable—with premiums going up at 20 per cent one year and 11 per cent on average. When you look at the ancillary benefits in private health insurance you will see that a significant amount of payouts go on ancillary services such as dental, 50 per cent; optical, 15 per cent; and physiotherapy, seven per cent. So over 70 per cent of ancillary payouts go on those three services alone—dental, optical and physiotherapy and other related health services. I did see that advertisement in the paper and I have every intention of going back through that list to have a look.

Senator Faulkner—So you have done nothing about it!

Senator PATTERSON—For Senator Faulkner’s information, today is 15 September. Yesterday was 14 September and that was when the advertisement was in the paper. I have looked and I have had discussions with the private health insurance industry—

Senator Forshaw—Have you been studying numerology as well?

The PRESIDENT—Order, Senator Forshaw! The level of noise in the chamber is too high.

Senator PATTERSON—Senator Moore is trying to listen to the answer to her question. I did look at that list and I will be seeking advice about the relative values of the various benefits offered to ensure that they have a direct health outcome. We have just brought in regulations about running shoes and other issues. I want to ensure that the ancillary benefits paid out by funds have a direct health benefit. There will need to be discussion. I did look at that list. I would maybe question some of the things on that list but I want to go through it again in detail. Regulations have been brought in to ensure that lifestyle benefits that do not have a direct health outcome will not be acceptable. It needs to be discussed in conjunction with the health insurance industry and with the health sector itself, but I think it is appropriate for me to look at that list. I did actually glance at it yesterday.

I want to ensure that a downward pressure is kept on premiums, that we keep membership at a level which means that private health insurance is sustainable. I can tell the Australian public that private health insurance will be 30 per cent cheaper under us. If you look at those ancillaries, the major part of the ancillary benefits go on dental, optical, physiotherapy and chiropractic.

Senator MOORE—Mr President, I ask a supplementary question. Exactly how much taxpayers’ money has been wasted on subsidising such products as were listed since 12 February 2003 to date? How much more money will be wasted until 31 December when the minister’s delayed actions to protect taxpayers will finally take effect?

Senator PATTERSON—With regard to the lifestyle benefits that we have brought in regulations for, they constitute about one per cent of payouts for ancillaries. As I have said to you, more than 70 per cent of the ancillary payouts go on dental, optical, physiotherapy and chiropractic in that order—dental, 50 per cent; optical, 15 per cent; physiotherapy, seven per cent; and chiropractic. Seventy per cent go on products that have an absolute direct health benefit. There are others which include palliative care and various other services which have a direct health benefit, and one per cent goes on the lifestyle products that we have regulated. The significant proportion of ancillary benefits goes on products or services which have a direct health benefit.

Health: Abortion

Senator HARRADINE (2.36 p.m.)—My question is also to the Minister for Health and Ageing, Senator Patterson. Did the minister see in the weekend media images ob-
tained from 3D and 4D ultrasound new techniques for the first time showing unborn babies moving their limbs at eight weeks; leaping, turning and jumping at 11 to 12 weeks; showing intricate finger movements at 15 weeks; and smiling and laughing at 26 weeks? Can the minister inform the Senate how many late-term abortions take place each year in Australia and the cost to the taxpayer of those? I am of course opposed to abortions, but at least in the light of the new pictorial proofs of the humanity of the foetuses, will the minister consider a review of Medicare payments especially for late-term abortions performed over 18 weeks and sometimes up to 34 weeks?

Senator PATTERSON—I thank Senator Harradine for the question. Senator Harradine, I am sure that you are aware that legislation relating to the performance of abortions is the responsibility of the state and territory governments and that each jurisdiction has different legislation governing the circumstances for when pregnancies can be terminated. The Commonwealth has no role in the policing of state and territory abortion laws. The Commonwealth, through the HIC, assumes without evidence to the contrary that terminations of pregnancy claimed against Medicare have been performed in accordance with state and territory laws. Assuming the claim was otherwise, valid benefits would normally be paid for termination of pregnancy. Medicare benefits have always been payable for the termination of pregnancy. In 1979 the House of Representatives passed a motion confirming that Medicare benefits should be paid for terminations performed in accordance with state law, and this is still the case.

For the purposes of paying Medicare benefits, the Commonwealth applies the presumption of innocence and assumes, in the absence of a court decision to the contrary, that the termination is performed by a medical practitioner in accordance with the relevant state law. Late-term abortions are not covered under Medicare. Medicare benefits are only payable for evacuation of the gravid uterus, which is only practical in the first trimester or for a second trimester termination where there is gross foetal abnormality or life-threatening maternal disease. It is a matter for a doctor’s clinical judgment as to whether a patient’s condition meets the second trimester requirements. Medicare benefits, I am advised, are not payable in the third trimester.

Senator HARRADINE—Mr President, I ask a supplementary question. I refer the minister to the ‘Baby J.’ case in the Northern Territory. The baby was aborted at 22 weeks and cried for 80 minutes before she died. I also refer to Baby Jessica, who was aborted at 34 weeks in Melbourne following the injection of potassium chloride into her heart to kill her. Does the minister consider that taxpayers should be forced to pay, in any shape or form, for the deaths of babies like these? ‘Any shape or form’ could include payments to public hospitals.

Senator PATTERSON—Senator Harradine has asked me a question about individual babies, and I do not know the details of the situations of those babies. One case I think would have been in the third trimester—I would have to do some quick maths on that—but I doubt whether that would have attracted a Medicare benefit. If it has not, then it really is an issue for the state legal system.

Senator Sherry—It’s the states’ problem. Blame the states.

Senator PATTERSON—If Senator Harradine is saying that it was in a public hospital then it is an issue for the state legislature. Each state jurisdiction, as I said before, has different legislation governing the circumstances for when pregnancies can be legally
terminated. I have spelt out clearly what happens at a Commonwealth level in terms of terminations of pregnancies in the first trimester and in the second trimester, and I have indicated that my advice is that Medicare benefits are not payable for terminations in the third trimester.

**Health: Program Funding**

**Senator CARR** (2.41 p.m.)—My question without notice is to Senator Patterson, the Minister for Health and Ageing. Can the minister now confirm that the NHMRC was informed of the allegations of scientific fraud against Professor Hall in November 2001? Can the minister also confirm that these allegations were verified by the January 2003 report of a former Chief Justice of the High Court, Sir Gerard Brennan? Can the minister also confirm that Sir Gerard Brennan’s review committee of eminent scientists concluded that these tests, reported by Professor Hall for his NHMRC grant, did not take place? He said that Professor Hall published ‘a material ... falsehood’ and authorised the publication of the abstract with ‘intent to deceive’ and ‘with reckless disregard for the truth’. Given that it has now been two years since the NHMRC and your department have been aware of these allegations, what action have you taken to recover moneys fraudulently claimed by Professor Hall as part of his NHMRC grant?

**Senator PATTERSON**—This issue has been before the board of the University of New South Wales, I believe, and it has been investigated by the relevant university. With regard to NHMRC, I do not have a brief or any information about whether moneys are owed or should be paid back. I will get back to the honourable senator with details on that. I am not sure what stage that investigation is at or whether it is still ongoing as far as the university is concerned.

**Senator CARR**—Mr President, I ask a supplementary question. I thank the minister for taking that question on notice, but I would say this: you are the minister responsible for the NHMRC. I would ask, Mr President, through you: is it the case, Minister, that you are still relying upon the University of New South Wales to determine whether offences have been committed by—

**Senator Abetz**—Mr President, I rise on a point of order. Mr President, you have been very lenient with Senator Carr in relation to the framing of his question. He knows the standing orders; if he does not, he ought to know them. The question cannot be directed straight across the chamber to the minister in the first person.

**Senator Faulkner**—Some of what Senator Abetz says is correct—that it is proper that comments in this chamber are addressed through the chair. I would make the point that nearly every minister, if not all ministers, in answers to questions in question time today have not followed that particular standing order and have been in breach of that standing order. This is just part of the way question time works. Mr President, you have been sensible in the way you have dealt with this issue. The use of the second person is very common in this chamber. I believe Senator Carr’s question is in order, and I point out that, whenever a question or supplementary question is asked that is embarrassing, of course Senator Abetz feels it is appropriate to take a point of order just to disrupt the flow of question time. I suggest you rule Senator Abetz right out of order.

**The PRESIDENT**—Senator Faulkner, you actually made the point that senators on both sides fail to address their remarks through the chair as much as they should. But senators also do not obey the chair when I ask them to subdue their noise at other times. I try to conduct the chamber as best I
can. I would hope that senators would remember when framing questions that they should attempt to address their remarks through the chair to the appropriate minister.

Senator CARR—Mr President, I did actually ask this question through you, so I might repeat it. Is the minister still relying upon the advice of the University of New South Wales as to whether offences have been committed by its employees before recovering the said moneys? Given that there are hundreds of thousands of dollars of Commonwealth money involved, why has she not taken action prior to this time?

Senator PATTERSON—Apparently on 15 August the New South Wales Supreme Court rejected Professor Bruce Hall’s claim to have the Brennan report suppressed. The report prepared by a committee of eminent scientists and headed by a former Chief Justice of the High Court, Sir Gerard Brennan, upheld a number of allegations that were made against Professor Hall by colleagues. On the issue that was raised concerning the possibility of fraud against the Commonwealth it stated that a material or significant falsehood with deliberate intent to deceive was submitted in a grant application to the NHMRC. I am advised the NHMRC is going to refer this to the Australian Department of Health and Ageing, but the University of New South Wales has so far refused to make the Brennan report available except to a small number of individuals. Nonetheless, I understand that the transcript of the New South Wales Supreme Court judgment, whereby Professor Hall’s attempt to have the Brennan report suppressed was rejected, states that with regard to the submission of the grant application to the NHMRC Professor Hall stated and presented a material or significant falsehood in reckless disregard of the truth.

Health: Dementia

Senator SANTORO (2.46 p.m.)—My question is to the Minister for Health and Ageing, Senator Kay Patterson. Will the minister outline to the Senate the Howard government’s initiatives in supporting people with dementia in our community? Will the minister also update the Senate on the initiatives being supported as part of Dementia Awareness Week this week?

Senator PATTERSON—Thank you very much, Senator Santoro. I appreciate Senator Santoro’s interest in the fact that it is Dementia Awareness Week. The Australian government welcomes this week. It provides an opportunity to highlight key issues relating to dementia in the community, especially the importance of early diagnosis, detection and treatment. The Australian government recognises the impact of dementia on the community. An estimated 170,000 Australians, most of them older people, currently live with this condition. Projections show that the number will rise to 460,000 by 2041, a 250 per cent increase. It is very important this week that we acknowledge that and the enormous pressure that will be placed on future generations, particularly on people who are young now and who will have to look after the baby boomers.

Currently the Australian government are spending around $36 million on a range of services targeted specifically at people with dementia and their carers. We spent about $2 billion for residential aged care facilities housing people affected by dementia. At this point I might just stop to make the comment that when I was a shadow minister and a backbencher visiting nursing homes I was appalled by the Labor Party’s policy of not having dementia specific units and, in fact, of moving away from dementia specific units. We saw many people with dementia who were inappropriately placed in aged
care facilities, so people who did not have dementia were being subjected to abuse and intrusion into their personal lives as a result of Labor’s approach of not having dementia specific units. Since we have been in government we have supported dementia specific units. I think it is a much better way to run aged care facilities. It is much better for the people with dementia, and it is much better to see that younger people with Parkinson’s disease or some other condition who are in facilities are not being intruded upon by people who, through no fault of their own, are unable to suppress behaviours that would otherwise be deemed to be socially unacceptable. I think it is a significant change in policy as a result of our coming to government.

There is more than $146 million in spending for HACC services for people affected by dementia. This is important, particularly in giving community care and relief for carers. There is more than $5 million for research specifically related to dementia and Alzheimer’s disease. That is part of our doubling of medical research funding. There is additional funding for respite, innovative care, pharmaceutical work force and GP initiatives that directly affect people with dementia and their families. We also fund the Alzheimer’s Association. In addition, we provide $85,000 in funding for Alzheimer’s Australia to support National Dementia Awareness Week.

One of the things that will happen next week is that general practitioners and health care professionals will be able to find out more about the importance of identifying and diagnosing dementia via a satellite broadcast on Tuesday, 23 September—the week following Dementia Awareness Week. It is part of a series of five educational satellite television programs that have been developed to improve the knowledge and understanding of people—doctors, nurses and aged care workers—particularly those in rural and remote areas, who work with people with dementia. It covers diagnosis, assessment and care management options. Videos and copies of the program, the first in the series called Dementia: What’s It All About? can be obtained through the rural health education foundation. In addition, in Melbourne tomorrow the NHMRC will run a workshop to further increase the abilities of researchers to apply for government research. (Time expired)

Insurance: Medical Indemnity

Senator HUTCHINS (2.51 p.m.)—My question is to Senator Patterson, the Minister for Health and Ageing. When did the minister become aware that her colleague the Assistant Treasurer had provided the media with the annual average Medicare payments for medical specialists? Do you condone her release of this level of detail concerning payments to doctors? Did Senator Coonan access these figures through the minister’s office or did she sidestep your office entirely and access the numbers directly from the department?

Senator PATTERSON—As I have said a number of times in this chamber, the issue of medical indemnity has been a major issue confronting not only the health portfolio but also Senator Coonan’s portfolio in Treasury and the states in terms of having to respond to the issues of tort law reform. It is an issue that has required enormous effort to address the fact that doctors ran their own medical defence organisations and refused to have those medical defence organisations come under prudential regulation.

When it was discovered that UMP were going to go belly up because they had not included their incurred but not reported liabilities—$460 million—the government stepped in. The medical organisations—the AMA—met with Senator Coonan, the Prime
Minister and me last year to discuss this and they indicated that they needed assistance in meeting that unfunded liability. If they had not had support from the government, if we had not committed taxpayers’ money to support them, doctors who had a call against them would possibly have lost their assets, possibly paid out huge amounts and possibly faced calls that they could not have jumped over. We have provided doctors with a way of paying back their debt over a period of time which is sustainable and predictable.

When you look at it, the data show that—and this is why Senator Coonan indicated it—over 80 per cent of doctors will not pay more than $1,500, which is tax deductible. What was going on out there in the press was very extreme examples of doctors who have very high incomes and who are at the very, very small end—the very, very tail end—of the higher IBNR levy. You would have thought from the press that 80 per cent of the doctors had levies that were $50,000 or $60,000 a year when in fact 80 per cent of doctors have a levy which is less than $1,500 a year and which is tax deductible.

The other issue that was never, ever touted in the press by the medicos is that those high-risk doctors, many of them with the very high incomes—surgeons, obstetricians and GPs who undertake procedures—were being subsidised for not only their premiums but also their levies. I believe it was important that Senator Coonan made it very clear, because there was a lot of misinformation out there—for instance, it was called a tax. This is a measure to assist doctors in paying their debt—a debt that they incurred—that they would not have been able to pay. Many of them would have gone to the wall had the government not stepped in to assist them. No other profession has had that level of assistance in the history of Australia. I think it was appropriate that Senator Coonan indicated the fact that a significant number of them, 80 per cent, will pay less than $1,500, which is tax deductible.

**Senator HUTCHINS**—Mr President, I ask a supplementary question. I asked the minister three specific questions and not one of them was answered. Perhaps in the supplementary she may wish to deal with them. It would appear that there is a deteriorating relationship between the AMA and the minister and it would appear that the actions and tactics of Senator Coonan have further damaged that. I wonder if she would like to reply to that.

**Senator PATTERSON**—I thought hypothetical questions were not permissible, and that is a hypothetical question. The issue is that the doctors had unfunded liabilities of about $460 million. We have provided a taxpayer funded guarantee to assist those doctors to repay either in advance and get a discount or to spread that liability over a period of time. This means they have predictability, they know how much it is going to cost and they are not going to have these calls which they cannot predict and which can even occur in their retirement—they can be faced with huge bills, which means they could lose their assets. If Senator Coonan had not done what she did, UMP would have gone under and those doctors would have been personally liable. I think it is important that the AMA understand that they came to us asking us to assist them to repay the debt. We have given them that. I think it is appropriate that we indicate that 80 per cent of those doctors will be paying $1,500 or less per annum, and it is tax deductible. *(Time expired)*

**Foreign Affairs: Indonesia**

**Senator STOTT DESPOJA** *(2.57 p.m.)*—My question is to the Minister for Defence. Is the minister aware that on 12 August the Minister for Foreign Affairs indicated that any Australian cooperation with Kopassus would exclude any officers
who have been involved in human rights abuses? In light of this, is the government aware that the Jakarta human rights court is now preparing to try Indonesian soldiers who were involved in the shooting of Muslim protesters in the Tanjung Priok port on 12 September 1984 and that Kopassus chief, Major General Sriyanto Mustrasan, is included among the court’s files? Can the government confirm that it has asked Major General Sriyanto to visit Australia to discuss the re-establishment of military ties between Australia and Indonesia? If so, does this not directly contravene the government’s stated policy?

Senator HILL—The statement made by the honourable senator is generally correct. We see that it is in Australia’s national interest to recommence a relationship with Kopassus in order that we might mutually deal with a terrorist incident within Indonesia that has an effect on Australian interests. Kopassus is the agency within the Indonesian administration best able to provide a counter-terrorism capability. Therefore, to protect Australians we will deal with it to that extent. We have also said that we recognise the sensitivity in relation to individual Kopassus officers who may have behaved inappropriately in the past and we would be disinclined to engage with them in this process. We are working our way through how that might be applied in practice.

In relation to the specific matter—that is, these allegations relating to a 1984 incident—I do not have a brief on that particular matter and I will seek further advice. I do not necessarily agree with the conclusion Senator Stott Despoja draws from the principle she stated, but the principle of working with Kopassus to the extent I have indicated, plus our reservation of working with particular individuals, is certainly the case.

Senator STOTT DESPOJA—Mr President, I thank the minister for his answer and I ask a supplementary question. While I understand that the government believe this is in our ‘best interests’ and that they will deal with Kopassus to the extent that they protect those interests—not that I agree with that—can I ask the minister to confirm that, when he talks about the extent to which Australia will deal with Kopassus, that will definitely not include individuals or others who are involved in human rights abuses? I ask that minister to confirm for the Senate whether or not the government will withdraw their offer to Major General Sriyanto to visit Australia, given that his name is on the court’s books in relation to that incident at the port on 12 September 1984.

Senator HILL—What I have said is that the Australian government will make the determination as to any individuals that it feels it is inappropriate to deal with for the reasons that are well known and appreciated. We will approach the matter that way.

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

QUESTIONS WITHOUT NOTICE: ADDITIONAL ANSWERS
Health: Research

Senator PATTERSON (Victoria—Minister for Health and Ageing) (3.01 p.m.)—I seek leave to incorporate in Hansard additional information to the answer I gave last week to Senator Allison’s question about the CSIRO’s ultrasound bioeffects project.

Leave granted.

The document read as follows—

SENIOR ALLISON—My question is directed to the Minister for Health and Ageing. My question is to the Minister for Health and Ageing. Is the minister aware that CSIRO has
sacked 250 scientists, many of whom are working on public health issues? Was the minister informed that work on the CSIRO ultrasound bioeffects project, for instance, will stop this week? Was the minister informed that CSIRO has found foetal risks from some diagnostic ultrasound equipment and, if not, why not? Given that the vast majority of pregnant women now have ultrasounds, what will you do, Minister, to see that this important work is done?

SENATOR ALLISON—I thank the minister for her offer to follow up on those questions. Mr President, I ask a supplementary question. I wonder if the minister would also ask about the work which I understand will now stop on measurement and safety standards for ultrasound as a result of the sackings. Is the minister aware that work at CSIRO’s National Measurement Laboratory on medical metrology standards which are associated with complementary health will come to a halt because scientists have been sacked? I ask the minister: what other research on public health will be abandoned because of this government’s cuts that have forced CSIRO to chase the corporate dollar rather than look after public health?

SENATOR PATTERSON—I thank the honourable member for her question.

The Minister for Science has provided the following additional information in relation to the question asked by Senator Allison.

The $20 million increase in CSIRO’s funding announced in this year’s Federal Budget means the organisation receives more Federal funding than ever before. Annual funding for the CSIRO has increased significantly from $497 million in 2000-01 to $568 million in the 2003-04 Budget. Last year, staff numbers grew by about 250, with the majority of these being scientific staff. Total staff numbers for CSIRO’s 6,500 workforce will remain relatively constant in the next year.

CSIRO anticipates that potential staff redundancies during this financial year will be no more than 250, slightly higher than the previous six year average of 220. However, the organisation will also be bringing in new skills which will keep total CSIRO staff numbers at current levels overall. CSIRO’s first aim is re-deployment or re-training of potentially redundant staff. Where redeployment is not possible, there are established processes in places which ensure that individuals are handled with fairness and sensitivity.

In relation to the question about some foetal risks from some diagnostic ultrasound equipment, CSIRO has never found foetal risks from diagnostic ultrasound equipment and will not be stopping work on safety standards for ultrasound. CSIRO’s National Measurement Laboratory has maintained a standard for ultrasonic power over many years, and will continue to maintain this standard after it becomes part of the National Measurement Institute in July 2004.

CSIRO has also been working on a project Development of transfer standard devices for ensuring the accurate calibration of ultrasonic therapy machines in clinical use in a collaborative arrangement with a number of European laboratories, under the EU Fifth Framework Program. CSIRO’s responsibility under this agreement was to design, construct and evaluate a number of transfer devices. CSIRO has completed the bulk of this work and will fulfil its remaining responsibility through an accelerated program scheduled for completion in November 2003. As a result, CSIRO has declared the senior scientist in this area as surplus to CSIRO’s requirements with effect from November 2003. CSIRO will continue to encourage use of the transfer instruments by calibration providers for therapeutic ultrasound devices but it is not intending to pursue further work in this area.

CSIRO has also engaged a scientist part time (20 per cent) over the past eighteen months to investigate the needs and opportunities for metrology and measurement traceability in medicine. Whilst it is recognised that metrology in medicine is of growing importance, this work did not identify any specific project. The Laboratory has deferred further investigation of needs in this field pending the establishment of the new National Measurement Institute in July 2004.

Howard Government: Australian Stock Exchange

Senator COONAN (3.02 p.m.)—I seek leave to have incorporated in Hansard additional information in answer to Senator
Sherry’s question of 9 September concerning informed markets.

Leave granted.

The document read as follows—

On 9 September 2003 (Hansard page 14070), Senator Nick Sherry asked me:

Can the Assistant Treasurer confirm that the Australian Stock Exchange is seeking an explanation from the government as to why it gave insufficient warning to the consortium that won the defence patrol boat contract? Is the Assistant Treasurer aware that, as a result, people were able to unfairly profit from the announcement by the Minister for Defence on 29 August this year, with shares being traded after the decision was announced but before the market had been notified? Can the Assistant Treasurer confirm that over six million shares in Austal were traded on the day with the price jumping from 79c to $1.04, which means people could have lost a total of $1.5 million on the day because of the government’s blunder? Will the Assistant Treasurer now explain how this occurred? If not, will she undertake to come back with an explanation?

And he asked the following supplementary question:

Can the Assistant Treasurer confirm that the Australian Stock Exchange had previously raised concerns about the government’s failure to properly inform the market of action against Pan Pharmaceuticals? Why won’t the government do the right thing by investors and ensure that it fully informs the market of any decision that will impact on share prices?

Response:

I am informed that the Australian Stock Exchange has sought no information relating to the announcement of the preferred tender for the replacement patrol boat project from the Government.

I can advise the Senate, however, that the Government is addressing the issue of appropriate procedures for the release of price-sensitive decisions.

Draft guidelines have been circulated to departments and government agencies regarding the release of price sensitive information. This includes directly advising the Australian Stock Exchange of such decisions. I note that a number of business regulators already have such arrangements in place.

These guidelines will not detract from the legal obligation on the disclosing entity to itself disclose the information, but will provide a backstop. The aim is to prevent the situation where only some players on the market are aware of a price-sensitive decision.

QUESTIONS WITHOUT NOTICE:

TAKE NOTE OF ANSWERS

Health

Senator JACINTA COLLINS (Victoria) (3.03 p.m.)—I move:

That the Senate take note of the answers given by the Minister for Health and Ageing (Senator Patterson) to questions without notice asked today.

On the many issues of health raised in question time today, is it any wonder that now a very clear and broad collection of people—pharmaceutical, consumer, medical and other groups—are questioning the government’s competence in managing health? Senator Patterson is on the front line. Where Senator Vanstone cops Alan Jones in relation to her mean and nasty policies, Senator Patterson cops Andrew Bolt on her competence. Perhaps the message here is that bluff and bluster should be used to avoid a focus on her competence—it seems to work for others.

Let me focus on the core issues here though. These came home to me recently in reading an email from the Victorian Merindah branch of the Combined Pensioners and Superannuants Association, one of my local community groups. It focused on the two key issues that are involved in health. The first issue is that Mr Howard has refused to guarantee that his incentives would halt the fall in bulk-billing—a key issue to people who attend doctors, particularly the many low- and middle-income working families who require more and more visits to a doctor because of
their health needs, especially those of children. They simply cannot afford a rise in the costs of attending their local GP.

The second issue highlighted was in relation to private health insurance. The Combined Pensioners and Superannuants Association Merindah branch said:

The costs of private health cover for a couple with Medibank Private is now $2,037.80 per annum and $1,018.90 for singles. This is after the 30 per cent government rebate. These costs are out of the reach of middle- and low-income people. The rebate on private health is only helping the better off in society and should be scrapped and the money put into public hospitals.

The core issue here is that private health insurance—even after the rebate—is too expensive for low and middle-income families. But let us go to the issues that were raised with Senator Patterson today. Senator Crossin’s question regarding young people was avoided; Senator Patterson did not address the issue of the number of young people that are exiting from private health insurance. She accused the Australian Labor Party of potential fiddling in the future; the rebate does need review; it does need a fiddle if young people are exiting the scheme to such an extent that its viability will be seriously compromised in the future. That was the point of Senator Crossin’s question. The rebate is not meeting its intent. Its intent was to maintain the viability of private health membership, and that is what it is not doing.

Let us move to the next question because it highlights another point that this minister—or at least the government, perhaps not the minister—has been very reluctant to act on. Senator Patterson has indicated that she will bring or has brought forward regulations to ensure that there is a direct health benefit associated with ancillary benefits. This is the issue about lifestyle benefits. This issue has been on the agenda for a very long time. I cannot recall how far back it was that I started seeing stories in the press about people who could claim for their gym shoes. People could claim for all sorts of strange benefits if they were lucky enough to be able to afford private health insurance—all at the taxpayers’ expense in relation to this rebate. There are questions about the minister’s competence because the problem was that agreement was sought with the private health insurance industry as to what should be defined as lifestyle benefits. That could not be achieved.

The minister did not say this in her answer but the reason we are looking at regulations now is that she could not achieve agreement from the sector over what should be regarded as lifestyle benefits—that is, benefits that have a direct health benefit. This issue was canvassed in estimates and the government’s first response was that there needed to be no action. Thankfully, they have seen the need here but there are many other areas as well. The next line was about the sorts of health benefits that were raised in this question to Senator Patterson. What is the difference between those and some other ancillary benefits that people might be claiming? The minister, it seems, does not know where to draw that line. (Time expired)

Senator BARNETT (Tasmania) (3.08 p.m.)—I am pleased to stand here to oppose this motion to take note of Senator Collins’s motion. Labor are standing up here to debate the private health insurance rebate and they do not have a position—it is a policy black hole. We know what they are up to and what they are on about because their state and territory colleagues all around the country are saying, ‘Let’s redirect the funds—the 30 per cent rebate funds of over $2 billion—to public hospitals or elsewhere.’ That is what they are saying but federal Labor do not have a position on it. We know that there is a secret agenda to abolish the 30 per cent rebate.
They will not say it. We can see them nodding and shaking their heads but we know that that is secretly what they want to do. Under the Liberals we know that the private health insurance rebate will be 30 per cent cheaper for the average Aussie Joe and Mary. It will be $750 cheaper per year for a family under the Howard Liberal government compared with what the family would pay under a Labor government. We know that.

Senator Collins talked about the rich benefiting from the 30 per cent private health insurance rebate. Let us look at the facts. The latest research shows that one million Australians who earn $20,000 or less are benefiting from the 30 per cent private health insurance rebate. They are not the rich. Please come in here, Senator Collins, and offer an apology to those one million Australians. That was a totally inappropriate allegation and accusation. Nearly 44 per cent of the Australian population benefit from the 30 per cent rebate, and that is nearly 8½ million Australians.

We talked about the Australian Medical Association. What did their recently elected president, Dr Bill Glasson, say about the 30 per cent private health insurance rebate and the public hospital system? I cannot remember his exact words but they were along the lines that the public hospital system could not continue to operate effectively without the 30 per cent private health insurance rebate. So take advice from the same people and the same lobby groups that you are putting to us in this chamber. Take their advice and say, ‘Yes, the 30 per cent health insurance rebate is working.’ In my home state of Tasmania, 208,000 Tasmanians are getting that $750 benefit, whereas under Labor it would be different.

I want to highlight one other thing in the Bass electorate. I am so pleased that we are debating health today because Michelle O’Byrne has just put out a brochure in the Bass electorate that says John Howard wants to destroy Medicare. What nonsense! That is an outrageous accusation which is totally unfounded. We want to boost Medicare and make it stronger but she says John Howard wants to destroy it. She says that the average out-of-pocket cost to see a doctor who does not bulk-bill is now $12.78, up 55 per cent since 1996. We have done the figures on this. We have a Senate inquiry and we know what the facts are. In the six years to 1996 under Labor the gap charge rose at a higher rate than for the six years from 1996 under Howard. The average Aussie Joe and Mary were paying a higher gap charge under Labor.

This is a promotion piece from Michelle O’Byrne, the Labor member in Bass. She also says that Labor will offer doctors in our region an additional $22,000 each year to bulk-bill 70 per cent or more of their patients. What a joke! The Labor policy is a two-tier policy for Medicare. The region Ms O’Byrne is talking about is Launceston and northern Tasmania compared to our southern cousins in Hobart, who would have an 80 per cent target rate. Labor has a two-tier system which would apply a great disadvantage and a great disservice to rural and regional areas. I am here to stand up for rural and regional Australia and say that that is not on. Under our government it will not happen. That two-tier approach is entirely the wrong way to go. I question the motivations for these accusations from the other side and I call those members to account and ask them to look at the facts.

Senator MOORE (Queensland) (3.13 p.m.)—I also rise today to respond to some of the responses that Senator Patterson gave to us today, in particular to the questions from this side of the house. I think it is always important to begin with a point of agreement. There are two things in Senator Patterson’s answers that we strongly agree
with. The first was that today is 15 September. There is no disagreement on that and we are now able to start with that strong sense of agreement. The second point was that the key plank of the policy that was put forward to raise the subscriptions to private health insurance was that the government would maintain—and we have been told this many times—‘a downward pressure on the subscription fund prices’. What has been the result of the downward pressure? The result has been rises in the cost of private health insurance.

We always go back to the history of private health insurance. Of course in the past there have been rises in private health insurance, but there has been no principal, highly publicised program focusing on the downward pressure of prices—the key element of these new changes that people across the country were told about to encourage them to get into private health insurance. The Australian community was promised that the government would maintain this downward pressure. The downward pressure has been reflected very accurately in graphs. The downward pressure has caused an upsurge in the price of private health insurance. I will take the lead from you, Mr Deputy President Hogg, and give a personal example as you did last Thursday on another issue. I have private health insurance. I love getting letters from my private health insurer because those letters tell me that in the last two years my premiums have risen by over $20. On that basis, I am studying the letters and trying to see whether downward pressure has been reflected in that way.

In all the issues of health there seems to be one common theme in the negotiation process used by this government: a strong penalty clause. In the negotiations with the states on signing up to the national health agreement, we have seen that, should the negotiation process not result in what the government wants, those who do not sign up—in this case, states—will be absolutely punished by penalty clauses through increased costs at the state level. In private health insurance we see the same technique. We see that if people do not sign up to private health insurance, there will be penalty clauses. Young people, about whom we have been hearing today on the particular issues about signing up to private health insurance, will have a penalty for every year they are not a member of a private health fund. So the encouragement technique, the way of getting people involved and engaged in the process, is strongly tempered by punishment. If people do not take out private health insurance, their taxation premiums will go up. Once again, the element of encouragement is absolutely negated by the punishment that will happen if you do not take up the processes.

What we need to do—we have been talking about this for so long—is change the culture. The culture must be one of engagement and encouragement. The stakeholders, all of whom share the commitment to a better health service and a better health system in which everybody in this country can partake, have been defeated by this aspect of punishment. If we can engage people in the process we will get a better system. We saw recently with the national health forum, where people came together to try to work out a better way of operating across the board in the health system, that the minister did not engage. The minister did not attend the national health forum. What we need, and what we deserve, is a health system where the minister is engaged and where all of us can feel part of the system, not necessarily the victims of a punishment clause if we do not negotiate to the outcomes that the government demands. That is the best way to ensure we have a result that we all feel part of, where we feel not the victims but the people who are involved.
Senator HUMPHRIES (Australian Capital Territory) (3.18 p.m.)—It is unfortunate that once again this debate has reached the stage of personalising the issue, of playing the woman and not the ball and of misrepresenting the situation again and again. Already in this debate Senator Barnett has made reference to the fact that in his state Labor members are misrepresenting what is going on with health reform in this country. I can say that in my own territory we are seeing the same kind of thing. We see the member for Canberra claiming in publications she sends out that under the government’s reforms no-one but concession card holders will be eligible to access bulk-billing, which is also simply not true.

What we have here is a very clear indication that Labor are grasping for straws. They do not have a policy of their own. They do not know how they are going to retain high levels of Australians in private health insurance. They are not even particularly sure whether they want to retain high levels of people in private health insurance in this country, and yet they come out and criticise the federal minister and the federal government’s reforms. I think that to have a full, proper debate about what is happening with health reform in this country, we need two sets of policies on the table. We need to know what the Australian Labor Party are going to do to retain levels of private investment in health spending in this country.

It was the Labor health minister some years ago, Senator Richardson, who said that private health spending had to be at a higher level—that membership of health funds had to be at least 30 per cent in Australia for the system to be viable. When this government faced the prospect of membership going below 30 per cent, it acted. It acted successfully to shore up the number of Australians participating in private health insurance. In June 1999 just 5.8 million Australians—30.6 per cent—were covered by hospital insurance. At the most recent figures, the June 2003 figures, over 8.6 million people—43.4 per cent of Australians—have private health insurance. That is a success that this government’s policies have engineered. That is a success achieved against the test of Labor’s own former health minister, Senator Richardson. People are taking responsibility for their own health by paying for health insurance.

The product of that responsibility being taken by Australians is that the private health industry is able to properly take the pressure off Australia’s public hospitals and public health services. Today, 81.1 per cent of in-hospital medical services are being provided with no out-of-pocket expenses to the people who use them. That figure is up from the previous quarter, the March quarter this year; and it compares with only 60 per cent of such services being provided with no out-of-pocket expenses in 2000. That is the measure of the success that this government’s policies have achieved in that time. But again, I ask: where are Labor’s alternatives? What is Labor going to do about this issue? Do you even want private health insurance to be a viable factor in the provision of health services across this country? We just do not know.

In the course of her question, Senator Moore talked about the Bowen technique being funded. Perhaps someone could use the Bowen technique on Labor to find out whether it is in favour of private health insurance or not—whether it will pay for that kind of rebate to be offered to Australians or not. Without that indication of what Labor’s policy is going to be, I intend to go out to my constituents in the Australian Capital Territory—which has the highest proportion of private health insurance in Australia—and tell them that every person who has private health insurance stands to lose $750 a year
under Labor’s policy if it does not declare clearly before the next election that it is going to support the retention of that rebate. Come clean. Tell us what you are going to do with that rebate. Are you going to retain the rebate or not? Australians deserve the right to find that out before they go to the next poll.

Senator HUTCHINS (New South Wales) (3.22 p.m.)—Senator Collins’s motion refers to the answers given by the Minister for Health and Ageing to questions without notice asked today, relating to health insurance. The wording of the motion stretches the English language a little, because the questions that Senator Crossin, Senator Moore and I asked of Senator Patterson were not answered at all. We asked specific questions of the minister and they were specifically avoided. One can understand why Senator Patterson would try to avoid giving answers at the moment—she is under a great deal of pressure. She has a lot on her plate. Premiums for private health insurance are rising, we have problems with medical indemnity insurance, bulk-billing under the Medicare scheme is rapidly declining and the PBS bill has been held up—rightly—in the Senate.

I cannot, for the life of me, imagine why Senator Humphries or the previous speaker would advocate that this bill should be one of the double dissolution bills. What sort of lunatic would go to an election and argue, ‘If the double dissolution gets up, you will be paying more for your pharmaceuticals’? What sort of political genius would want to go to an election and do that? One can only conclude that there are not as many geniuses in the government as we might have thought. If all this talk about a double dissolution continues, and if the government wishes to go down that path, we will remind the Australian people that the government wishes to increase the basic price of pharmaceuticals.

The minister is under a bit of difficulty at the moment. The Australian Private Hospitals Association has told the minister that next year private premiums will have to rise between seven and eight per cent or families will face increasing gap payments. The minister, in a leaked email, let this out—she believes that such an increase will lead to the end of private health insurance. But what is the minister’s answer to this? Is the minister’s answer to go to some sort of roundtable, to convene a conference, to approach these people and talk about it? No—she is going to remind the insurance companies that they need to keep premiums low. I did not feel at all threatened by the minister today when she was giving her answers. Maybe that is because of my background, maybe it is because we are Labor or maybe it is because we are in this place. But I could not imagine feeling threatened at all when Senator Patterson wanders in to those insurance companies and reminds them, ‘You must keep premiums low.’ That would shake you in your boots, wouldn’t it?

The response of this government has essentially forced Australian families to take up private health insurance. Already, in the last two years, private health insurance has increased by 14 per cent. Even the major industry body, the Australian Private Hospitals Association, has been less than impressed with the minister on this issue and described her attempts to fix the problem as ‘Monty Pythonesque’, ‘pathetic’ and ‘embarrassing’. Bearing in mind that the minister is one of the government’s key policy advocates, we have the major industry body labelling the minister as ‘Monty Pythonesque’, ‘pathetic’ and ‘embarrassing’. How does it give any confidence to citizens or to people involved in the health industry when these major bodies, with millions and millions of dollars, do not believe that the minister in charge of this portfolio is capable of carrying
out its responsibilities and addressing the difficulty confronting them?

The reform of private health insurance was meant to take pressure off the public health system, but it has not been the case. The minister was in the federal seat of Lindsay a week or so ago. She would have driven past Nepean Hospital and seen the growing lists—(Time expired)

Question agreed to.

Howard Government: Senate

Senator BARTLETT (Queensland—Leader of the Australian Democrats) (3.28 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 Bartlett today relating to the role and powers of the Senate.

Unfortunately, we have seen again from this government a willingness to completely mislead the Australian people about the failure of our parliamentary system and about the role that the Senate is playing within it. Despite the blatant untruth told by Minister Hockey—that the Senate is holding up a vast amount of legislation—the minister not only refused to correct it but reinforced it. This is simply the latest in a long line of fabrications that this government is willing to promote to try to mislead the Australian people. To do so about something as fundamental as the nature of our parliamentary system is extremely worrying.

This government deliberately set forth the lowest number of sitting days in nearly three decades, both for this year and last year. Despite efforts by the Democrats to increase the number of sitting days, this government has continued to refuse to do so. That has meant a dramatically smaller amount of time to consider government legislation.

For the government to insist on restricting Senate time to consider legislation and, at the same time, to come out and suggest that the Senate is holding up ‘a vast amount of legislation’, simply shows the depths of deception to which this government is prepared to go. Indeed, in the minister’s own answer he named a number of pieces of legislation which supposedly the Senate is holding up but which the government actually has not brought on for debate. That is typical of this government. It lists all these pieces of legislation and says, ‘It’s the Senate’s fault that the legislation isn’t getting through.’ But it never actually brings them on for debate, and there is a big, long line of such pieces of legislation.

It is worth noting that there have been 257 pieces of legislation passed by the Senate, many of them with significant enhancements—amendments made by the Democrats and others. Two hundred and fifty-seven bills in fewer than 100 sitting days is, I would suggest, not in any way the record of a house of parliament that is trying to obstruct or hold up legislation. There are seven bills out of over 260 that have not been passed by this chamber. That is under three per cent. To suggest that less than three per cent is somehow a vast number shows again the amount of distortion this government is willing to permit to try to mislead the Australian people.

Similarly, suggesting that the Senate is holding up legislation does not sit with the facts. It is not just Minister Hockey who is making these claims. The Treasurer, Mr Costello, made the same sorts of nonsensical accusations last Friday. The Assistant Treasurer, Senator Coonan, has repeatedly put forward proposals that would remove the power of the Senate to properly scrutinise government legislation. The speech she gave last month at the Australian Davos Connection Leadership Conference listed a range of legislation which, supposedly, is being held up. Firstly, she defines ‘held up’ as ‘being
opposed by the Labor Party’, which is very different from being held up. Secondly, she defines ‘held up’ as opposing a piece of legislation. I would hope every senator in this place, including every government senator, acknowledges it is a right of parliamentarians—indeed an obligation of parliamentarians—to oppose legislation which they believe is not in the public interest. Opposing legislation does not mean holding up legislation either.

It is this government which is dragging the chain on its program. It is this government which refuses to allow enough time for proper debate in the Senate and it is this government which is once again shamelessly misleading the Australian people with what is obviously a deliberate campaign of misinformation involving a range of government ministers, simply to create the furphy that this Senate is being obstructionist. The facts show that this Senate is not obstructionist; the facts show that the only time the Senate has been obstructionist is when the Liberal Party had control of it back in 1975. That is the only time where it would be reasonable to say that the Senate acted irresponsibly in obstructing the government of the day from being able to get on with its business. Since the Democrats were formed in 1977, in part in response to the outrageous action by the Liberals, we have had a Senate that has operated responsibly and the occasional knocking back of pieces of legislation is what the people want us to do. (Time expired)

Question agreed to.

SENATE: PAIRING ARRANGEMENTS

Senator MACKAY (Tasmania) (3.33 p.m.)—by leave—I want to alert the chamber to something that I became aware of today. I am glad that Senator Humphries is in the chamber. I am advised—and I have watched the program myself—that on State-line, broadcast in the ACT on Friday, there was a profile piece on Senator Humphries. In that profile piece there was an interaction between Senator Humphries and a member of his staff with respect to an impending trip to China. I have the tape and I would be interested to hear Senator Humphries’s response. In the program, Senator Humphries says to his staff person:

I can’t go to China. China is off. The Labor Party won’t give me a pair.

Senator Humphries’s staffer responds:

Bastards.

That is the end of the item.

The DEPUTY PRESIDENT—I think you need to withdraw that.

Senator MACKAY—I withdraw unreservedly. I am attempting to quote, though. Just to put it on the record, as far as the Labor Party are concerned, we actually do not care if Senator Humphries goes to Timbuktu. The first we knew about his request to go to China was in fact by watching the program on Friday night. I want to clarify, once and for all, how the pairing system in this place operates.

Senator Ian Campbell—The official pairing system.

Senator MACKAY—The official pairing system, which is how Senator Ferris and I run it. This week there are six pairs per day: Senator Ferris gets six pairs on behalf of the government and the Labor Party gets six pairs on behalf of the Labor Party. How Senator Ferris allocates her pairs is up to her and how the Labor Party allocates its pairs is up to it. So I was totally unaware of Senator Humphries’s desire to go to China and totally unaware of any circumstance in which we did or did not deny a pair. We simply have six pairs for the government. How the government allocates those pairs—

Senator Ferris—Five pairs.
Senator MACKAY—This week, it is six pairs, Senator Ferris; normally it is five. On Thursdays at four o’clock, it becomes an extended pairing and we go to eight pairs normally, but this week it is nine pairs. I wanted to make that absolutely clear. I think it is a cheap shot on behalf of Senator Humphries to try to blame the Labor Party for the fact that he was not able to go on a corporate paid trip to China which the Labor Party knew absolutely nothing about. I thought I would take the opportunity—this is stretching the standing orders somewhat; it is not really a personal explanation—to apprise new senators of the circumstances within the chamber and how pairs are allocated.

Senator HUMPHRIES (Australian Capital Territory) (3.36 p.m.)—by leave—I do not wish to enter into the issue of pairing arrangements that Senator Mackay has raised this afternoon. I am not as acquainted with those arrangements as she is and therefore I will not make particular comments on them. I will say—listening to the program that was broadcast on Friday night where my staff referred, with language that is probably unparliamentary, to members on the other side of the chamber—on reflection I think that it was inappropriate. On my own behalf and that of my staff member, I withdraw any inferences made in that statement about members opposite.

PETITIONS

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

_**Terrorism: Suicide Bombings**_

To the Honourable the President and members of the Senate assembled in Parliament

We the citizens of Australia note that the practice of suicide bombing is a crime against humanity. This crime and its participants, organisers and supporters are guilty of a crime which has been committed against innocent civilians.

Further, we the undersigned note that there is no moral, religious, or political justification for this crime.

Your petitioners, declare therefore, that the perpetrators of these crimes should be prosecuted and punished by the appropriate international courts of justice.

We the citizens of Australia call on the Senate to act immediately to facilitate a debate at the next United Nations conference to declare, clearly and unequivocally, that the practice of suicide bombing is a crime against humanity.

by Senator Stephens (from 735 citizens).

_Education: Higher Education_

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

We, the undersigned electors in Western Australia do not support the proposed Crossroads Reforms to Higher Education Sector. We wish to bring to the Senate’s attention our view that there be:

- No partial or full deregulation to University course fees;
- No increases in funding to private institutions;
- No further increases in the quota for domestic full fee paying University places;
- No intrusive student identification system, which will cut government funding to students if they do not complete their degree in the allocated time;
- No imposition of market rates of interest on loans that cover the difference between HECS fees and deregulated fees;
- No further deregulation of postgraduate courses and that the Postgraduate Loans Scheme be replaced with a capped system, similar to that of HECS;
- No removal of union rights for academics relying on research grants;
Your petitioners request that the Senate refer this legislation to the Senate Reference Committee for further consideration and will, in duty bound, ever pray.

by Senator Webber (from 66 citizens).

**Education: Higher Education**

To the Honourable the President and Members of the Senate in the Parliament assembled: the undersigned Petitioners respectfully request that the Senate recognises that:

- Fees are a barrier to education
- Fees disproportionately affect key equity groups
- Permitting Universities to increase fees will substantially increase student debt
- Expanding full fee places will impact on the principle that entry to university should be based on ability, not ability to pay

The petitioners therefore call upon the Senate to reject the proposed changes to Higher Education, as outlined in the Nelson Review.

by Senator Webber (from 586 citizens).

Petitions received.

**NOTICES**

**Presentation**

Senator Bartlett to move five sitting days after today:

That the Fisheries Management Amendment Regulations 2003 (No. 3), as contained in Statutory Rules 2003 No. 112 and made under the *Fisheries Management Act 1991*, be disallowed.

Senator Bartlett to move on Thursday, 9 October 2003:

That clause 4(3) of the Housing Assistance (Form of Agreement) Determination 2003, made under section 5 of the *Housing Assistance Act 1996*, be disallowed.

Senator Ridgeway to move on the next day of sitting:

That the Senate—

(a) notes that:

(i) a meeting of the World Trade Organization Ministerial Council is being held in Cancun, Mexico from 10 September to 14 September 2003, and

(ii) items on the agenda for this meeting include further liberalisation of trade in services (including public services), and proposals for future negotiations regarding trade and investment, competition policy and government procurement; and

(b) urges the Government to:

(i) refrain from committing to any agreement that will compromise the Government’s ability to provide essential public services or regulate in Australia’s own national interest,

(ii) refrain from providing its support for future negotiations relating to trade and investment and government procurement and liberalisation of competition policy,

(iii) commit to a policy of full public disclosure and consultation with the Australian public with respect to any offers or commitments made as part of trade negotiations,

(iv) to keep the Parliament informed of developments in trade negotiations, and

(v) bring any negotiated trade agreements to the Parliament for debate and ratification.

Senator Ridgeway to move on the next day of sitting:

That the Senate—

(a) notes that:

(i) the World Trade Organization Ministerial Council meeting in Cancun, Mexico comprises an essential stage of the Doha round of trade negotiations, which is known as the ‘Development Round’,

(ii) developing countries have expressed concern at the manner in which meetings such as these are conducted, with negotiations carried on in secret and significant time pressures placed
on member nations to achieve consensus, and

(iii) finding a real solution for the removal of subsidies in agricultural trade is a key means by which the world trade process can help the developing world and, as United Nations Secretary General Kofi Annan has stated, 'no single change could make a greater contribution to eliminating poverty than fully opening up the markets of prosperous countries to the goods produced by poor ones'; and

(b) urges the Government to use its influence to:

(i) ensure the Ministerial Council meeting is conducted in a transparent and democratic manner, with the full participation and free consent of all members, and

(ii) maintain pressure on developed countries to achieve a meaningful solution on agricultural trade reform and removal of agricultural subsidies, to open key agricultural markets to producers in the developing world.

Senator Cook to move on the next day of sitting:

That the Senate—

(a) notes with dismay and deep sadness the brutal murder on Thursday, 11 September 2003, of Ms Anna Lindh, Foreign Minister for Sweden;

(b) notes the many accomplishments of Ms Lindh's, including:

(i) as Foreign Secretary during the Swedish presidency of the European Union in 2001, she played a key role in uniting European foreign policy in order to avoid a conflict in Macedonia,

(ii) a distinguished record as a leader of the Social Democratic Youth Club and as a local councillor for the village of Enkoping before entering national politics,

(iii) Vice Chairwoman of the International Union of Socialist Youth,

(iv) city councillor for culture in Stockholm from 1991 to 1994,

(v) Secretary of State for the Environment from 1994 to 1998 before being appointed as Foreign Secretary,

(vi) leading the ‘Yes’ vote campaign for the Euro referendum in Sweden, and

(vii) being widely tipped as a future Prime Minister of Sweden; and

(c) offers its condolences to her husband Mr Bo Holmberg, her two sons, Filip and David, and the Government and people of Sweden.

Senator Tchen to move on the next day of sitting:

That the Standing Committee on Regulations and Ordinances be authorised to hold a public meeting during the sitting of the Senate on Wednesday, 17 September 2003 from 3.30 pm, to take evidence for the committee's inquiry into the provisions of the Legislative Instruments Bill 2003 and a related bill.

Senator Tchen to move on the next day of sitting:

That the time for the presentation of the report of the Standing Committee on Regulations and Ordinances on the provisions of the Legislative Instruments Bill 2003 and a related bill be extended to 16 October 2003.

Senator Lundy to move on the next day of sitting:

That the Senate—

(a) recognises that Lauren Jackson was awarded the United States Women’s National Basketball Association (WNBA) most valuable player (MVP) award for the 2003 season on 15 September 2003;

(b) notes the outstanding success of this achievement given that Ms Jackson:

(i) at 22 years of age, is the youngest player ever to be named MVP in the WNBA,

(ii) is the first international player ever to be named MVP in the WNBA, and
(iii) is the first player from a team that did not make the WNBA finals play-offs to be honoured with the MVP award;

(c) notes the outstanding contribution Ms Jackson has made to Australian sport, including:

(i) 1997: at age 16 became the youngest player ever to make the Australian National Women’s Basketball team,

(ii) 1998: World Championship Bronze medallist,

(iii) 1998-99, 1999-2000, 2001-02 and 2002-03 season Australian Women’s National Basketball League (WNBL) championships,

(iv) 1999-2000 and 2002-03 season WNBL most valuable player awards,

(v) 1999, 2000 and 2002: awarded the Maher Medal as the Australian International Basketball Player of the Year,

(vi) 1999-2000 and 2002-03: named Australian WNBL most valuable player,

(vii) 2000: Active Australia Day ambassador,

(viii) 2000 Sydney Olympics: silver medallist,

(ix) 2001: first pick in the WNBA draft, and first Australian ever to be picked first in any professional sporting draft,

(x) 2002: World Basketball Championship bronze medallist and championship leading points scorer,

(xi) 2003: became the youngest player ever to reach 1,000 points in the WNBA, and

(xii) 2003: named the WNBA most valuable player; and

(d) recognises the outstanding contribution Ms Jackson has made to sport in Australia through her personal sporting achievements, her work as a sporting ambassador, and her leadership as a role model for all females.

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

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 16 October 2003;

(b) environmental performance at the Ranger, Jabiluka, Beverley and Honeymoon uranium operations—to 16 October 2003; and

(c) Environment Protection and Biodiversity Conservation Amendment (Invasive Species) Bill 2002—to the last sitting day in March 2004.

**Senator Cook** to move on the next day of sitting:

That the time for the presentation of the report of the Foreign Affairs, Defence and Trade References Committee on the Government’s foreign and trade policy strategy be extended to 15 October 2003.

**Senator Chapman** to move on the next day of sitting:

That the Parliamentary Joint Committee on Corporations and Financial Services be authorised to hold a public meeting during the sitting of the Senate on Wednesday, 17 September 2003, from 4.30 pm, to take evidence for the committee’s inquiry into Australia’s insolvency laws.

**Senator Eggleston** to move on the next day of sitting:

That the Environment, Communications, Information Technology and the Arts Legislation Committee be authorised to hold a public meeting during the sitting of the Senate on Wednesday, 17 September 2003, from noon to 2 pm, to take evidence for the committee’s inquiry into the provisions of the Telstra (Transition to Full Private Ownership) Bill 2003.

**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 Legislation Committee on the provisions of the Aviation Transport Security Bill 2003 and a related bill be extended to 7 October 2003.

Senator Bartlett to move two sitting days after today:

That the Senate—

(a) notes that:

(i) the Cormo Express shipment of 57 000 sheep rejected by Saudi Arabia 3 weeks ago, because of suspected scabie mouth, and subsequently rejected by a second unnamed country is now to be offered free to a third unnamed country in the region,

(ii) originally the Cormo Express sailed with a shipment of 57 000 sheep in mid-August 2003 but, by 12 September 2003, after around 5 weeks at sea, the number had been reduced by at least 6 per cent,

(iii) Saudi Arabia’s rejection of Australian shipments because of disease concerns resulted in the cessation of the live sheep trade for a decade from 1989, and trade only resumed in 1999 after Australian exporters agreed to vaccinate all sheep against scabie mouth before shipment,

(iv) throughout the period the Cormo Express has been at sea, Livecorp spokespeople have continually assured the Australian Government, media and community that the Cormo Express’ shipment of live sheep would soon find an alternative port,

(v) on Wednesday, 10 September 2003, it was reported in the Australian media that Cormo Express’ shipment of 57 000 were still stranded; a day later Meat and Livestock Australia announced that Australia’s live sheep exports were soaring, with reference made to exports to Saudi Arabia, Kuwait, Bahrain and Jordan all being on the increase, and

(vi) Tuesday, 9 September 2003, saw the National Livestock Service announcing that the number of sheep slaughtered in Australia’s eastern states was in decline due to the huge numbers of sheep euthanased and dead because of the drought;

(b) notes:

(i) the Australian Bureau of Statistics export data for the 2002-03 financial year and the Australian Bureau of Agricultural and Resource Economics estimate, that the beef, veal, mutton and lamb carcass trade was worth $4 964 million while the live cattle and sheep trade was worth in the vicinity of $976 million, and

(ii) the Federal Government and Livecorp are prepared to ignore the facts about pursuing a live sheep trade with Saudi Arabia and this nation’s own animal welfare codes and practices, in favour of maintaining and expanding live export and international trade opportunities; and

(c) calls on the Government:

(i) to provide details to the Senate by 3 pm on Thursday, 18 September 2003, on the number of mortalities aboard the Cormo Express, and identify the second and subsequent ports approached after the Saudi Arabian rejection of the shipment, and identify the port, if any, prepared to accept the sheep and at what cost, and

(ii) to commence an immediate winding-back of the live sheep trade in favour of expanding a humane, halal certified frozen carcass trade.

Senator Brown to move on the next day of sitting:

That the Senate—

(a) remembers that a welcome was extended to the Presidents of the United States in 1991 and 1996 to address the Australian Parliament;
(b) notes that these addresses were unprecedented; and
(c) favours this welcome being extended to heads of other states where a special relationship is recognised or a special occasion is to be honoured.

**Senator FERRIS (South Australia) (3.38 p.m.)**—At the request of Senator Tchen, the Chair of the Standing Committee on Regulations and Ordinances, I give notice that, at the giving of notices on the next day of sitting, he shall withdraw business of the Senate notice of motion No.1 standing in his name for 10 sitting days after today for the disallowance of the Iraq (Reconstruction and Repeal of Sanctions) Regulations 2003, as contained in Statutory Rules 2003 No. 97 and made under the Customs Act 1901, the Air Navigation Act 1920, the Charter of the United Nations Act 1945 and the Migration Act 1958. I seek leave to incorporate in Hansard the committee’s correspondence concerning these regulations.

Leave granted.

The correspondence read as follows—

**Iraq (Reconstruction and Repeal of Sanctions) Regulations 2003, Statutory Rules 2003 No.97**

19 June 2003

The Hon Daryl Williams MP
Attorney-General
Parliament House
CANBERRA ACT 2600

Dear Minister


The Committee notes that regulation 3 defines the term “senior Iraqi official” as (a) former President Saddam Hussein or (b) “another person who was a senior official”. This definition is central to the definition of the term “government asset” which, in turn, is central to offence creating provisions in the Regulations (see regulations 10 and 11). The phrase “another person who was a senior official” is unclear. Given that the term is tied to offence-creating regulations, the Committee seeks your advice on whether a clearer definition is possible.

The Committee would appreciate your advice on the above matter as soon as possible, but before 1 August 2003, to enable it to finalise its consideration of these Regulations. Correspondence should be directed to the Chairman, Senate Standing Committee on Regulations and Ordinances, Room SG49, Parliament House, Canberra.

Yours sincerely

Tsebin Tchen
Chairman

—

12 August 2003

Senator Tsebin Tchen
Chairman
Standing Committee on Regulations and Ordinances
Australian Senate
Parliament House
CANBERRA ACT 2600

Dear Tsebin

Thank you for your letter to the Hon Daryl Williams AM QC MP dated 19 June 2003 concerning the Iraq (Reconstruction and Repeal of Sanctions) Regulations 2003 (“the Regulations”). Mr Williams’ office referred the letter to me on 29 July 2003.

Your letter seeks clarification of the definition of “senior Iraqi official” in regulation 3 of the Regulations. According to the Regulations, “senior Iraqi official” means the following persons:

(a) former President Saddam Hussein;
(b) another person who was a senior official of the previous government of Iraq.

The term “previous government of Iraq” is also defined in the Regulations to mean:

(a) the government or governments of Iraq led by former President Saddam Hussein; and
(b) a state body, corporation or other body or agency in relation to that government.
I am satisfied that reading the two definitions together gives a sufficient degree of clarity to the definition of “senior Iraqi official”.

Yours sincerely

Alexander Downer

14 August 2003

The Hon Alexander Downer MP

Minister for Foreign Affairs

Parliament House

CANBERRA ACT 2600

Dear Minister

Thank you for your letter of 12 August 2003 which responded to Committee concerns regarding the definition of “senior Iraqi official” in regulation 3 of the Iraq (Reconstruction and Repeal of Sanctions) Regulations 2003, Statutory Rules 2003 No 97.

In its original letter of 19 June 2003 (to the Attorney General) the Committee noted that the term “senior Iraqi official” was defined as former President Saddam Hussein or “another person who was a senior official of the previous government of Iraq”. The Committee also noted that this definition was central to the definition of the term “government asset” which, in turn, was central to the offence creating provisions in the Regulations.

In broad terms, the Regulations provide that a person commits an offence if he or she deals inappropriately with an asset of the previous Iraqi government. That asset must have been removed from Iraq, or acquired, by a “senior Iraqi official” or by a member of the immediate family of that official, or by an entity controlled by that official (or by a person acting on behalf of that official or by a person acting on behalf of a family member of that official etc). At its widest, this provision would seem to make it an offence to deal inappropriately with an Iraqi government asset which had been acquired by a person acting on behalf of an entity indirectly controlled by a family member of a senior Iraqi official. Given that this provision creates criminal liability, it is imperative that the term “senior Iraqi official” be defined with some certainty. Specifically, at what point does an individual cease to be a “senior Iraqi official” and simply become an “Iraqi official”? Also, what mechanisms are available to resolve the issue where someone charged with this offence attempts to argue that the asset concerned had nothing to do with a “senior” Iraqi official?

The Committee would appreciate your advice on the above matters as soon as possible, but before 20 August 2003, to enable it to finalise its consideration of these Regulations. Correspondence should be directed to the Chairman, Senate Standing Committee on Regulations and Ordinances, Room SG49, Parliament House, Canberra.

Yours sincerely

Tsebin Tchen

Chairman

Note: the list attached to the letter dated 29 August 2003 has not been incorporated with the letter. A copy of the list may be obtained from the Senate Regulations and Ordinances Committee.

Senator Tsebin Tchen

Chairman

Standing Committee on Regulations and Ordinances

Parliament House

CANBERRA ACT 2600

29 August 2003

Dear Tsebin

Thank you for your letter dated 14 August 2003 seeking further clarification of the term “senior Iraqi official” in the Iraq (Reconstruction and Repeal of Sanctions) Regulations 2003 (“the Regulations”).

In my letter of 12 August 2003, I sought to clarify the fact that, according to the Regulations, the term “senior Iraqi official” needed to be read in conjunction with the term “previous government of Iraq”. That term is also defined in the Regulations. The term “senior Iraqi official” can only include senior officials from the previous government or governments of Iraq led by former President Saddam Hussein.

I note your inquiry about the distinction between a “senior Iraqi official” and an “Iraqi official”. As you would be aware, the Regulations are designed to implement Australia’s obligations under Secu-
rity Council Resolution 1483. According to para-
graphs 19 and 23 of Resolution 1483, the Com-
mittee established pursuant to UN Security Coun-
cil Resolution 661 ("the Committee") is responsi-
ble for identifying a list of individuals to whom
the restrictions imposed by the Resolution, apply.
To date, the Committee has identified 55 former
senior Iraqi officials for inclusion on the list.
I have attached a copy of that list to this letter.
The list includes former President Saddam Hus-
sein, former ministers, and senior military and
intelligence officials from the former government
of Iraq.
These people, and any person subsequently added
to the list, would fall within the definition of
"senior Iraqi official" for the purposes of the
Regulations.
Yours sincerely
Alexander Downer

Postponement

Items of business were postponed as follows:

Business of the Senate notice of motion no. 2
standing in the name of Senator Sherry for
today, relating to the disallowance of the
Retirement Savings Accounts Amendment
Regulations 2003 (No. 2) and the
Superannuation Industry (Supervision)
Amendment Regulations 2003 (No. 4), as
contained in Statutory Rules 2003 Nos 195
and 196, postponed till 16 September 2003.

General business notice of motion no. 582
standing in the name of Senator Brown for
today, relating to disposable DVDs,
postponed till 16 September 2003.

NUREMBURG RACE LAWS

Senator HUTCHINS (New South Wales)
(3.39 p.m.)—I move:
That the Senate—
(a) notes that:
(i) on 15 September, 68 years ago, the
Nazi regime led by Adolf Hitler in
Germany decreed the so-called
Nuremburg Race Laws, which included
the ‘Reich Citizenship Law’,
designating Jews as subjects rather than
citizens of the German Reich and ‘The
Law for the Protection of German
Blood and German Honour’,
preventing Jews from marrying non-
Jews, and
(ii) after the passing of the Nuremburg
Laws, a dozen supplemental Nazi
decrees were issued that eventually
outlawed the Jews completely,
depriving them of their rights as human
beings;
(b) recognises the legal importance of the
Nuremburg Laws in allowing the Nazis to
carry-out and implement the unbelievably
inhumane and despicable program, the
Shoah;
(c) takes this opportunity to remember the
estimated 6 million Jews throughout
Europe who lost their lives during the
Shoah; and
(d) reaffirms its opposition to anti-semitism
and its commitment to combating and
eliminating all forms of racism.
Question agreed to.

COMMITTEES

National Capital and External Territories
Committee: Joint
Meeting

Senator FERRIS (South Australia) (3.39
p.m.)—At the request of Senator Lightfoot, I
move:
That the Joint Standing Committee on the
National Capital and External Territories be
authorised to hold a public meeting during the
sitting of the Senate on Wednesday, 17 September
2003, from 6 pm to 8 pm, to take evidence for the
committee’s inquiry into the role of the National
Capital Authority.
Question agreed to.

DEPARTMENT OF THE SENATE

Annual Report

The DEPUTY PRESIDENT—On behalf
of the President, I table the report of the
Department of the Senate for 2002-03. This
is a report given to the President by the Clerk
under section 65 of the Parliamentary Service Act 1999 on the activities of the department for the preceding financial year.

Ordered that the report be printed.

DOCUMENTS
Auditor-General’s Reports
Report No. 6 of 2003-04

The DEPUTY PRESIDENT—On behalf of the President, and in accordance with the provisions of the Auditor-General Act 1997, I present the following report of the Auditor-General: Report No. 6 of 2003-04—Performance Audit—APRA’s Prudential Supervision of Superannuation Entities: Australian Prudential Regulation Authority.

INTERNATIONAL DECLARATION FOR THE WELFARE OF ANIMALS

The DEPUTY PRESIDENT—I present a response from the Minister for Agriculture, Fisheries and Forestry, Mr Truss, to a resolution of the Senate of 12 August 2003 concerning animal welfare.

Senator BARTLETT (Queensland—Leader of the Australian Democrats) (3.41 p.m.)—by leave—I move:

That the Senate take note of the document.

This is a response from the Minister for Agriculture, Fisheries and Forestry, the Hon. Warren Truss MP, to a resolution of the Senate of 12 August 2003. That resolution, which was obviously supported by a majority of the Senate, noted the international declaration for the welfare of animals that had been developed at an intergovernmental conference in the Philippines earlier this year. It was pleasing to note the Senate’s support for that direct declaration on animal welfare, which included support for the development of international animal welfare standards. It is interesting to note in the minister’s response that the Australian government has, apparently, actively supported the development of international animal welfare standards within the organisation that has responsibility for international animal health. The minister also states that:

... the Australian Government ... will continue to be active in the various OIE working groups that have been formed to develop standards for the priority animal welfare areas identified by OIE.

I guess that aspect of the minister’s response is welcome, but it is hard to balance that with this minister’s ongoing encouragement of and support for the live animal trade, and particularly, at present, the live sheep trade. Senators would be well aware of the controversy and concern that was expressed by many people in the public going back over 20 years now, but most recently just a month or so ago with evidence that appeared on 60 Minutes of dramatic mistreatment of animals—not just sheep but cattle as well—that were exported to the Middle East from Australia.

The point that needs to be made is that all of that live animal export trade is licensed by the Australian government. The attitude, I think, in the past has been that, once it has left our shores, it is not our responsibility; it is the responsibility of the owner of the sheep to ensure the welfare of the animals. That, quite frankly, is not good enough. Australian farmers, Australian transporters and Australian abattoirs have to comply with codes of practice—sorry, I should not say that, because they do not always have to comply with codes of practice, but there are codes of practice that have been developed that certainly they are encouraged to comply with. It very much undercuts the willingness and the ability of Australian operators to comply with codes of practice to do with animal welfare standards here in Australia if we are exporting animals to places that do not have to comply with similar sorts of standards. Similarly, if we are authorising the transportation of vast numbers of sheep and cattle in conditions that clearly do not meet
When the controversy regarding the outrageous animal cruelty involved in the live animal trade arose following the 60 Minutes broadcast, the government and the industry, through Livecorp, said: ‘These problems are being addressed. The standards are much better now, we’ve got it all sorted out. Everything is fine and it is not a problem any more.’ This has pretty much been the standard response from the industry and the government any time a piece of evidence has come to light showing the outrageous cruelty involved. But what have we seen in the last few weeks? Yet another absolute outrage in relation to the live sheep trade—a vessel with around 57,000 sheep that have now been at sea in appalling conditions for close to six weeks, with about three of those weeks being spent in the Middle East in temperatures above 45 degrees celsius.

Not only are the conditions appalling and completely unacceptable; but the response of the industry body, Livecorp, and the minister’s office has been to clamp down, to not provide information and to once again bring the veil of secrecy down over the reality of what is happening. There have been reports that the shipment was rejected not only by Saudi Arabia but by a second port. That second port is still unknown and unnamed by either the government or the industry, and there is a recent report that there now may be a third port—also unnamed—that may be willing to take the sheep for something close to nothing. This is yet another example of a trade that is completely unsustainable in animal welfare terms.

It is worth pointing out, before the usual response that comes from the industry that this is a billion dollar trade with lots of jobs involved, that there is actually a refrigerated meat trade that is worth at least four times that amount and that the exportation of live animals costs jobs in Australia, particularly in the slaughterhouses throughout Australia. Indeed, just in the last couple of days there was a straightforward statement by the industry that the number of sheep being slaughtered in Australia has been dramatically reduced because of the drought and that a number of sheep have had to be euthanased as part of that, yet at the same time we are shipping tens of thousands of them per boat to basically die in atrocious conditions.

We had the suggestion from the RSPCA last week that things were so bad that all the sheep should be euthanased—which is a nice idea, except that the ship does not have the facilities to humanely euthanase over 50,000 sheep. So an absolute animal welfare outrage is occurring, with very little concern from the government and with very little indication that they are going to start turning away from their efforts to continue to expand this inhumane trade in live sheep and cattle which not only continually generates unacceptable levels of suffering but also costs Australian jobs.

I raise that matter because it is very much in contradiction to what the minister has said in his response to the Senate. If this government is actually supporting the development of international animal welfare standards then it is going to have a pretty hard time sounding credible about that when one of its major examples of international interaction with other countries is in the utilisation of a trade that is demonstrably inhumane. It is worth noting that live exports of sheep and cattle to Europe have been banned for many years. Indeed, the transportation of animals is probably the No. 1 animal welfare issue for many European residents even in terms of small distances by ship or by truck.
Consider the distance that the sheep and cattle have to travel if you add the initial transportation, in either trains or trucks throughout outback Australia, to the feedlots in places like Fremantle and then the three- or four-week journey—or in this case about a six-week journey—on ships in horrendously crowded conditions to the Middle East. When they arrive there, they are offloaded, often very inhumanely, and put onto more transportation that is even less suitable and trucked across more countries to slaughterhouses where the conditions are so unspeakable as to not be appropriate for general consumption through a chamber such as this. That is the level of inhumane treatment that we are willing to subject these animals to, and it does not match what this minister says about the government’s commitment to animal welfare.

A parallel could easily be drawn to the complete inability of the Minister for Justice and Customs, Senator Ellison, to act on the huge public outcry about the significant trade in cat and dog fur into Australia, despite evidence of massive cruelty to those animals in many countries in South-East Asia, where they are kept and then slaughtered. That evidence has been provided quite clearly by the Humane Society International to the government. Minister Ellison said two months ago that it was a matter of priority and that he was developing an options paper with three other ministers. One of those ministers is Minister Truss, and I would suggest that the government’s inaction in that area can be sheeted home in part to Minister Truss as well as to Minister Ellison. So whilst the response from the minister sounds very nice, it does not in any way comply or concur with this government’s actions, as opposed to their words. I suggest to the Senate, given that we supported the resolution relating to this issue, that we should continue to follow up on it and keep a close watch on the government to see that they do become more serious about an issue that is of great concern to many Australians.

Senator FORSHAW (New South Wales) (3.51 p.m.)—I rise to note the response from the Minister for Agriculture, Fisheries and Forestry to the resolution of the Senate carried on 12 August concerning the international declaration for the welfare of animals. This is the first time that the Minister for Agriculture, Fisheries and Forestry, Mr Truss, or his representative in the Senate has made reference to the 2003 Manila conference on animal welfare. To that end, we are pleased that, despite the government’s general lack of regard for animal welfare issues, it has at least acknowledged the Senate’s call for the development of international animal welfare standards.

The minister’s response is, of course, thin and insubstantial, just like most of the other material that he puts his name to. With the resolution agreed in this place just four weeks ago, it is interesting that the minister’s response has been delivered at a speed that is most uncharacteristic for him. It is disappointing that he could not deal with the crisis aboard the livestock carrier MV Cormo Express at the same time that he was authoring the platitudes about animal welfare.

On the day that this resolution was passed, 12 August, the Australian sheep that are still aboard the MV Cormo Express had already been at sea for one week. Of course, not all of the sheep that left Fremantle are still aboard the ship. More than 3,700 have since perished, representing over six per cent of those that commenced the journey. I understand that almost all of the deaths have occurred since the shipment was first rejected by Saudi veterinary authorities. With temperatures approaching 45 degrees, humidity in the nineties and growing logistical difficulties associated with supplying the vessel
with fodder and fresh water, the toll aboard the ship is growing by the hour. The Minister for Agriculture, Fisheries and Forestry never ceases to amaze me and to amaze other members of the opposition.

We are facing one of the biggest animal welfare fiascos in this country’s history. With over 50,000 sheep stranded in the Gulf of Oman, Mr Truss chooses today to respond to a Senate resolution on animal welfare. He is a glutton for punishment if nothing else. Time has run out for Mr Truss just as it is tragically running out for these sheep. It is time for the Prime Minister, Mr Howard, to personally intervene to find a resolution to this fiasco. Indeed, he should have intervened much earlier. The ship loaded sufficient feed and water at a port in the United Arab Emirates last Friday to sustain the sheep for only about five days. The Prime Minister must find a solution within days, if not hours. If he does not, Australia will be held responsible for an animal welfare catastrophe by the international community.

It has been clear to everybody except Mr Truss for some time that the solution to this problem would only be found at the highest levels of diplomatic discussions, rather than through commercial negotiations by the owners of the sheep. The opportunity for a commercial resolution to this disaster is well gone. Despite this, Mr Truss continues to see this as a commercial matter. As recently as yesterday he was claiming that the owner of the sheep was negotiating at a commercial level to find a destination to unload them. His spokesman was quoted as saying that it was in the interests of the owner of the sheep to get this matter resolved ‘when you consider about $US100 was paid per sheep’. The relevance of how much was originally paid for these animals has long passed.

They arrived at the Saudi port of Jeddah on 21 August. That was 25 days ago. They were rejected by the Saudis for an alleged unacceptably high level of scabby mouth. The ship then travelled to the Jordanian port of al-Aqaba where it was again denied entry. The importer and Australian officials then decided that the sheep should return to Saudi Arabia because there was an Australian delegation of agricultural officials meeting with their Saudi counterparts in Riyadh at that time. I am advised that the matter of import protocols was on the agenda for those discussions. I understand that the Saudis proposed that the vessel leave Jeddah and return some seven or eight days later for reinspection. Australian officials rejected this proposal.

In fact, Mr Truss reportedly said on 28 August that to hold the sheep on board the ship for more than a week from that point was unacceptable because of the hot conditions on board the ship. He said:

We simply can’t have the sheep staying on board the ship for that period of time in the heat that applies in that part of the world ...

Another 18 days have passed since that deadline set by Mr Truss and since he expressed so much concern. Temperatures in the region have been in excess of 45 degrees, with a level of humidity above 90 per cent. The MV Cormo Express then went to the United Arab Emirates, where it was again rejected. It is now sitting off the coast of the UAE while attempts are made to find a port that will accept the cargo.

Mr Truss’s hands-off approach has again allowed a problem faced by a key rural industry to turn into a disaster. It should have been obvious to him, and certainly obvious to the Minister for Trade, Mr Vaile, that the level and intensity of diplomatic efforts to resolve this matter should have been elevated some time ago, when the extent of the problem facing the vessel was already obvious. This is yet another example of National Party
dithering. The sheep and cattle industries may pay a very high price.

This latest live export disaster follows a large number of shipments with unacceptably high mortality rates last year in 2002. In the middle of last year there was a spate of high mortality incidents in shipments of sheep to the Middle East. Despite the increasing frequency of mortality events, Mr Truss demonstrated an inexplicable reluctance to act against the responsible exporters. The minister did not act until the end of the year. On 31 December 2002 Mr Truss suspended the licence of one of Australia’s largest exporters, saying that the exporter was responsible for four mortality events in six months. However, in February of this year Labor revealed that same exporter had been responsible for no fewer than 25 unacceptably high mortality events before Mr Truss even acted. Only intense scrutiny from the Labor Party opposition and public pressure forced Mr Truss to act.

The ALP has released a policy framework for the live export industry which the Howard government should adopt in full as a matter of urgency. This policy is built on a number of foundations.

Senator McGauran interjecting—

Senator FORSHAW—Senator McGauran, this is one of the worst disasters confronting this industry, so you should sit there, be quiet and listen. As I said, we have released a policy framework built on a number of foundations. Those foundations are: strengthened accreditation auditing, improved monitoring of exporter quality assurance systems, effective remedial and disciplinary action against exporters where standards are not met, and regular reporting to government on audit outcomes and remedial and disciplinary action. The policy has received strong endorsement from all industry stakeholders. We urge the government to take on board our proposals and implement them.

This pending catastrophe is yet another justification for the Prime Minister to consider a change of minister in the agriculture portfolio. Last Thursday in the general business debate we discussed a range of issues that demonstrated the incompetence of Minister Truss in this portfolio, and here another one is being discussed today. It is clear that wherever you look there are problems of the minister’s making. Our key rural industries simply cannot afford to have Mr Truss as its minister any longer. The Prime Minister must firstly fix this latest disaster and then turn his mind to finding another agricultural minister as a matter of urgency.

Senator IAN CAMPBELL (Western Australia—Parliamentary Secretary to the Treasurer) (4.01 p.m.)—I want to speak for a couple of minutes on this issue of animal welfare. If you read what the Minister for Agriculture, Fisheries and Forestry, Mr Truss, said in his response to the Senate and then listened to what Senator Bartlett said and what Senator Forshaw read out—in a boring and turgid reading of speaking notes that have obviously been prepared for him—it is quite clear that they seek to ignore what the minister has done on this crucial issue for Australia’s livestock producers and for our economy. It is a billion dollar industry. What Senator Forshaw has done is to give a wink and a nod to the animal welfare lobby, which Senator Bartlett seeks to represent, and to say, ‘Isn’t this terrible! Minister Truss has done nothing, and we’re on your side.’ He then reads out a puerile, four-point document that he calls a policy. If he calls that a policy, you really wonder what the Labor Party will do when it has promised to bring out other policies. This is four dot points.

Let me say that it is wrong, unfair and untrue to say that Minister Truss has not taken a
very strong personal interest in this issue. It is totally deceitful of the Leader of the Australian Democrats, Senator Bartlett, to firstly make aspersions against the minister for agriculture and then make similar aspersions against the Minister for Justice and Customs about the priority and the personal care—

The ACTING DEPUTY PRESIDENT (Senator Ferguson)—Senator Campbell, I ask you to withdraw those comments you made about Senator Bartlett being deceitful. It is unparliamentary.

Senator IAN CAMPBELL—I withdraw the unparliamentary word.

Senator Forshaw—Withdraw that bit about my speech being turgid!

Senator IAN CAMPBELL—that was absolutely accurate and parliamentary! It is absolutely wrong for Senator Bartlett to refer to the actions, the personal care and the attention that both Minister Ellison and Minister Truss take in relation to these issues. Senator Bartlett does not seem to understand that the ministers cannot come in here and say: ‘Senator Bartlett, you’ve got it all right. You know everything. You’re quite right. We will pull out our magic ministerial wand and make all these nasty things go away.’ Senator Bartlett has not figured it out since former Minister for Finance Peter Walsh pointed out that the Democrats believe in the fairies at the bottom of the garden. Senator Bartlett still thinks they have these magic fairies and magic wands to solve complex policy issues. The issue that Senator Ellison, the Minister for Justice and Customs, is addressing in relation to the export in dog and cat furs, which is outrageous—

Senator Bartlett—Import!

Senator IAN CAMPBELL—to import something—I will have to go back to ‘trade 101’ for Senator Bartlett, because the bloke is obviously a slow learner—you have to export it. If you want to stop the imports, you have to stop the exports—unless you want to export them down to the bottom of the garden as well. What I get sick and tired of in this place is people like Senator Bartlett strolling in here, taking very little interest in what is going on, firing the odd angry shot but then having a go at people like Minister Truss, who has worked very hard and taken a close personal interest in the live sheep business and the exports. Senator Bartlett does not say, ‘It’s a billion dollar industry.’ He says, ‘Close down the whole industry.’ He would come in and applaud if the minister did that. He would not care about what that would do to Australia’s primary industries. He would not care that you closed down a billion dollar export industry.

To Senator Forshaw’s credit, at least the Australian Labor Party recognise that in the modern world you can safely and securely ensure, in a way that respects that the animals need to be treated in a way that ensures that they get there in a manner that is conducive to their welfare, that they arrive at the port of destination in good shape. At least the Labor Party recognise you can do that. If they were fair dinkum, they would give Minister Truss credit where it is due, because he has focused on ensuring that this is a sustainable industry. It is very important for Australia, for the thousands of farmers and for the people in those rural communities that rely on them that we ensure that Australia’s livestock export industry is sustainable. You do not take the fairies-at-the-bottom-of-the-garden approach that Senator Bartlett takes, wave a magic wand and say farewell to another industry. We are about creating sustainable industries and creating jobs in country Australia and, as Minister Truss said in his letter, being part of international efforts and leading international efforts. He also said that the Australian government will actively support the development of international animal welfare standards within the OIE,
which is the relevant international animal health organisation.

It is grossly unfair for Senator Bartlett, followed by Senator Forshaw, to accuse the minister of ignoring this problem. If you compare his actions to the actions of the Labor Party ministers when they were in power, you will see that he has diligently pursued this very important issue. And I remind the Senate, as Senator McGauran said by way of interjection, that the Labor Party’s approach, when they were last in power, was to close the entire industry down for eight years, which of course is the policy of the Australian Democrats. We will work with the industry and we will work with international organisations to ensure that we sustain this industry and that the sorts of catastrophes that have visited it, and the sheep, do not take place in the future.

If you want to make cheap political points and get cheap political mileage out of the circumstances of these sheep on board this ship that is cruising around the Middle East, then go ahead and do it, but that is not going to solve the problem. You guys need to get serious about policy. Do not come in here and talk about a four-dot-point article. That is not a policy. That is not an approach. It is a cheap political stunt, and you stand condemned for it.

Senator McGauran (Victoria) (4.08 p.m.)—I want to follow on briefly from that marvellous dissertation by Senator Ian Campbell, the Parliamentary Secretary to the Treasurer. I was provoked by Senator Forshaw and Senator Sherry to say a few words, and I will say just a few words. Firstly, in Senator Forshaw’s slow, laborious reading of his speech—quite obviously he had not even checked his notes before he got up; we all know who wrote it—he failed to say, as Senator Campbell confirmed, that from the very beginning the Labor Party and the unions never wanted this industry to get off the ground. The unions did everything to stifle this industry in the very early days, in the early eighties, backed up by their political arm, the Labor Party. Every possible hurdle was put in the way of this industry ever getting started. If it were not for the strength of the NFF, backed by the coalition, this industry would never have got off the ground. There were some big battles, as Senator Carr should know, down on the Warrnambool waterfront.

Senator Carr—It was Portland, actually!

Senator McGauran—You were probably down there, Senator Carr. You turn up to every waterfront demonstration possible. I dare say you were down at the waterfront in Warrnambool preventing those ships from even leaving. So, from the first ship back in the eighties, from the infancy of this industry, the Labor Party and the unions were against it ever getting off the ground. They come in here feigning some sort of support for the industry. They never wanted to see it get off the ground. This is a $100 million plus export industry that the Labor Party never wanted to see get off the ground. Once it did, it had an extra hurdle to jump. The Labor Party, for 13 years, were in government. They will probably never see that again, but for the 13 years that they were in government this industry was in its infancy and was growing. Every hurdle was still put in its way—the industrial relations hurdle.

Senator Carr—How many jobs has the meat industry lost?

Senator McGauran—For eight years the industry was shut down. For eight years, the Saudi Arabian industry was shut down.

Opposition senators interjecting—

The ACTING DEPUTY PRESIDENT (Senator Ferguson)—Order! Would senators on my left please refrain from interjecting.
Senator McGauran—During the Labor years, this industry was shut down for eight years. It could not possibly negotiate with the Saudi Arabian government. Let’s face it: there is a lot more politics behind this—Saudi politics—than just Australian politics or machinations. The truth of the matter is that this government opened up this industry. It is only a problem with the Saudi government. This industry is alive, well and respected in many other countries. Saudi Arabia is not the only country we export to. What about Indonesia? Other countries are quite happy with the standard and approach that Australia takes with regard to live sheep and live cattle exports.

The Acting Deputy President—Order! The time allotted for this debate has expired. Question agreed to.

Education: National Report

Senator Ian Campbell (Western Australia—Parliamentary Secretary to the Treasurer) (4.12 p.m.)—by leave—I make this statement on behalf of the Hon. Brendan Nelson, the Minister for Education, Science and Training. The order arises from a motion moved by Senator Carr and agreed to by the Senate on 8 September and refers to documents relating to the National Report on Australia’s Higher Education Sector 2001 and the associated supporting reports to it. I seek leave to incorporate the statement in Hansard. I did provide it to Senator Carr earlier this afternoon.

Leave granted.

The statement read as follows—

I wish to inform the Senate that:

- In relation to item 2, the internal departmental analyses, namely:
  - HECS and Educational Opportunities;
  - University Participation of persons from non-English speaking backgrounds; Impact of Migration Patterns;
  - HECS: The Impact of Changes; and
  - Expansion in Higher Education: Effects on Access and Students Quality over the 1990’s as at April 2002
  - the analyses are available on the Department of Education, Science and Training’s internet site.

- In relation to item 3, there are no communications as set out in the order on the methodological quality of the research underpinning the internal departmental analyses.

- In relation to item 4, the record shows no advice to the Minister other than as previously disclosed in QON E168 04 a briefing advice dated 23 July 2003 was provided to the Minister for Education, Science and Training and/or the Secretary of the DEST between April 2002 and July 2003, regarding the National Report. This document comprises policy advice to a Minister and as such it is not in the public interest to disclose it.

- In relation to item 5, minutes were taken on four occasions of meetings held on or around June, July and September 2001 between departmental officers, as set out in the order. Formal minutes of editorial committee meetings were only taken in the early stages of the development of the National Report to plan, allocate tasks and review preliminary work and are tabled.

- In relation to item 6, there is no correspondence directing the change in status of the departmental analyses from “forthcoming” to “advice to the minister”. What occurred, is that Dr Shergold determined that the internal departmental analyses relating to university preliminary nature. The drafts were a work in progress now superseded and it is not in the public interest to have every working document at some arbitrary point in time called up and scrutinised in the public domain.
education would not be published but would inform the development of the Higher Education Policy Review process during 2002. This has been made clear on a number of occasions namely:

- by Dr Shergold on 21 November 2002 at a Senate Estimates hearing;
- in a letter dated 8 August 2003 from the Secretary of the Commonwealth Department of Education, Science and Training, Dr Harmer, to the Minister for Education, Science and Training and tabled by the Minister on 11 August 2003;
- by the Minister for Education, Science and Training at Question Time in the House of Representatives on 12 August 2003; and
- by Dr Shergold on 2 September 2003 at the Senate Committee Inquiry into Members of Parliament Staff.

- In relation to item 7, in the time available it has not been possible to identify and examine all relevant records. I am not prepared to authorise the allocation of resources for an exhaustive search for all electronic material relating to this matter for over a 12 month period.

- In relation to item 8, none of the four analyses mentioned in (2) were commissioned under EIP. No EIP reports were reclassified as ‘advice to the Minister’ after April 2002.

- In relation to item 9, copies of the invoices and receipts relating to payment to Ray Adams and Associates, for editing work on the National Report are tabled.

- In relation to item 10 a copy of the invoices relating to the DEST in-house printing service JS McMillan, regarding work on the National Report are also tabled.

In conclusion I have considered carefully the balance between the need for transparent democracy and accountability and my responsibilities as a Minister to consider whether disclosure of information would be contrary to the public interest. It is my intention to assist the Senate to perform its proper functions and to also ensure that the proper functioning of the government is not undermined. Having considered these principles and responsibilities in the circumstances at hand, I believe that, on balance, my approach in disclosing a number of documents and not tabling internal working documents and advice of a policy nature, is consistent with these principles and responsibilities.

Senator CARR (Victoria) (4.12 p.m.)—by leave—I move:

That the Senate take note of the statement.

I am disappointed to see how little information the government has provided, but I am not surprised. Nonetheless, I do want to acknowledge the government’s courtesy in providing this information prior to Senator Ian Campbell making his statement. It is unusual, and I think we should acknowledge it when it occurs. However, the fact remains that the government has failed substantially to respond satisfactorily to the Senate’s request for documents.

The government has once again, in effect, acknowledged that there were a number of reports which were reclassified in such a way as to change their status from documents ready for publication to documents to be kept for ministers’ eyes only. If it were not for the pressure placed through the Senate, these documents would never have seen the light of day. It would have been a tragedy if that had occurred, particularly in the context of the government trying to claim that it was involved in an open and inclusive review of our higher education system. But basic information was kept from the public. In terms of the inquiry currently under way, this is a major problem because it poses the question: what other information has the government failed to provide to the public?

There have been two separate incidents. The first was with regard to the information about the forward projections on the state of the finances of our university system where the government said it could not provide this
information because it was commercial-in-confidence. I notice that a good deal of that information, including various statistics that have been published, have now been provided retrospectively. However, the prospective information remains secret.

Here we have a situation where documents have been restricted and reports have been doctored. A quick perusal of the documents that have been provided today confirms that minutes of meetings were in fact kept in the initial stages for the production of the National Report on Higher Education and that a specific date was agreed upon for the publication of the report. The first document, which is undated I might add, is the minutes of the meeting. It says ‘winter solstice’—an interesting way of dating Commonwealth Public Service documents. Nonetheless, it does refer to the publication date: February 2002. So the department were of the view that this report should be released in February 2002, and we find that documents were not released until July 2003. It took a little while to get that information out—and only after extensive pressure had been applied by the Senate. I also note that considerable amounts of money have been paid for reports which had to be done again when the doctors got to work in the Department of Education, Science and Training. After the reports had been doctored, they were required to be refinalised, and I think that report is here.

A couple of issues concern me. They go to the question of the relationship between the department and the Minister for Education, Science and Training with regard to the claim that this information was provided as advice to the minister. According to the secretary, the minister never actually saw it. That is the claim that is being made. This return to order went to addressing that issue, and we are told we cannot have access to those documents because it would be in breach of good public policy. On the one hand, the claim is made that information cannot be provided to the Senate because it is advice to the minister and, on the other hand, we are told that the minister never saw it—so it was not advice to the minister—and we cannot see it because that would somehow or another be a contradiction of good public policy.

I also asked for not just internal working documents but correspondence from the officer who Dr Shergold says was responsible for the doctoring, Mr Bill Bermester. We are told that we cannot have that information because it would be too difficult to identify it: ‘I am not prepared to authorise the allocation of resources for an exhaustive search for all electronic material relating to communications between one officer and the rest of the department. I would have thought that a search engine, available on any of our computers here, would produce this information very quickly—that is, communications concerning this particular item to other officers in the department. We are told that that would be too expensive to produce. We know the reason for that. It will demonstrate that briefs were prepared for the minister and prepared for the secretary of the department, who acknowledged in other quarters that he was working very closely on this throughout this period. It may contradict the claims made by the government that the minister was not involved in the doctoring of these reports. I find that aspect quite disappointing.

The fact remains that, in essence, the government are acknowledging that they have tried to withhold basic information, important publicly funded research information, which challenges fundamental Public Service precepts about the need for evidence based research at a time when the government were claiming they were undertaking a substantial, exhaustive, comprehensive public consultation process. Clearly, that has not happened. We have a situation where the
officers of the department were subsequently reorganised. The minister says that he did not know anything about it, but the secretary says he was in close, constant contact with the minister’s office, including Mr Ross Hampton, about these matters.

    Senator Cook—Ross Hampton?

    Senator CARR—The ‘children over-board’ Hampton, who was the acting chief of staff for the minister at various points during this period. We are told that the secretary, Dr Shergold, used to take a deep personal interest in these matters and that he contacted the minister and worked with the minister on a regular basis but that the minister was not told. I think we are entitled to ask: why was the minister not told? Let us take it at face value. Why was the minister not told about fundamental information of this type which challenged the premise which we had been led to believe, up until this point, was the official government line about the effects of changes to the higher education system and in particular HECS? We are entitled to ask: what does it do to the reputation of the department in circumstances where these documents indicate that there was no formal process of advising the researchers that the reason that their work was not being published was that it was methodologically flawed? According to these documents, there was no communication on that issue, yet the secretary of the department says that this was the fundamental reason that these reports were suppressed. I think we are also entitled to ask: what does it do to the reputation of the department at large when it cannot produce reports of sufficient rigour, despite the fact that it is undertaking this major review and despite the fact that its officers have an international reputation for the quality of their research yet are being told, through the press, that their work is not up to scratch?

    I think we have got some advice on this matter. Dr Tom Karmel, whose departure from the department of course was the subject of considerable controversy in this place, I understand was offered a position. He was made an offer which he could not accept. He did not find it attractive enough to keep him in the department. Despite the fact that there were family reasons and a whole series of other reasons, we know that he preferred to stay in Canberra as head of the unit. He is a man of international expertise and reputation, yet he gets shunted off to the NCVR in Adelaide. We all know that there is more than one way to hound someone out of the department of education. We all know that Dr Shergold knows all the different techniques. We also know that Dr Karmel made it very clear in a public statement to the Campus Review on 25 February 2003. When he was asked about why he went to the NCVR, he said:

    The big difference is that we—
    that is the NCVR—
    operate at arm’s length from ministers so that the job of collecting higher education statistics and working in the department is quite different from the NCVR. The National Training Statistic Committee must provide clearance on some matters but—

    and Dr Karmel stresses—
    there is never any question about having to get the go-ahead from ministers for statistical and research publications.

    And he went on:

    The huge autonomy makes life terrific.

    It seems to me that that is, in essence, what is at stake here: the extent to which there has been political interference in the processes of providing evidence based policy advice to the government. It strikes me that what we have seen today does not help the government in its claim that it did not seek to doctor the reports. In fact, what we have here again
is a statement that Dr Shergold personally took the decision to change the status of the reports and that Mr Burmester, who Dr Shergold said is the line manager who actually did the doctoring, is not able to provide us with advice about who else he told because it would be too difficult to run a simple search on his computer to demonstrate what correspondence was entered into in the period since he took over as the head of the higher education division 12 months ago. I find that quite incredible.

Equally, I find it extraordinary that over $10,000 has been paid to one particular consultant to finalise a report only to find that an additional sum of money has to be financed to re-do that work when the government chooses to basically re-edit and remove sensitive material that does not support its version of events. It seeks to prevent the public seeing factual information which it finds does not suit its argument. This is a very disappointing response. It is a reflection of the government’s continuing pattern of deceit when it comes to the issue of public service research in this matter. Obviously it is a matter that we will have to pursue through other means.

Senator BARTLETT (Queensland—Leader of the Australian Democrats) (4.24 p.m.)—I would also like to speak briefly to this motion, unless I am further provoked—but Senator Ian Campbell has left the chamber, so the probability of provocation is reduced. The government may have shown courtesy in providing a copy of the statement to Senator Carr but did not extend that courtesy to anybody else. So I am not able to speak about the detail of the statement, but I think that the thrust of the issue, and part of what Senator Carr was saying, is worth noting.

As was highlighted earlier today in question time, this government is quite willing to grossly mislead the Australian people about the supposed issue of Senate obstructionism, but what we have here, once again, with the government’s failure to properly comply with a Senate order, is government obstructionism. We have this government getting in the way of the Senate being able to do its job properly—in this case, in relation to an issue that is the subject of a major package of legislation. We are talking about a major package of legislation, but this legislation still has not appeared. We will no doubt hear from the government, saying that the Senate is holding up debate on this package of legislation, when the package was announced in the budget, but the legislation is still nowhere to be seen. I am sure this government would find a way of suggesting that is the Senate’s fault as well. Yet, in a return to order that seeks to get proper information about the views of the department about the actions of the minister in relation to a core component of some of the issues relating to this package, the government is not willing to provide the information.

It is a perfect example of the government obstructing the Senate from being able to do its job properly—at the same time, no doubt, as alleging that it is the Senate that is holding things up. This is another example of the government holding things up. If you look at the number of times this government has refused to comply with orders of the Senate for the production of documents, it is, quite frankly, becoming embarrassing. It is by far the largest number of refusals—and what I would suggest are probably contempt of the Senate—that we have seen from any government in our history by a country mile. The Senate is being continually obstructed by this government in getting information to enable us to do our job properly. That highlights that it is the government that is preventing the proper operation of this parliament; it is certainly not the Senate that is
getting in the way or holding up consideration of important matters.

As the Democrats have noted a few times before, if this government insists on continuing to ignore the will of the Senate without good reason and to simply treat the Senate with contempt then it really does leave us with little option but to try and explore ways to ensure that the Senate’s authority is properly demonstrated to the government. Once, in the past, before the last election—under the former Minister for Social Security, Senator Newman—we extended question time for a number of days as a way of trying to get a counterbalance to the government’s refusal to provide information about welfare reform. We asked some extra questions to try to get information out of the government that way. There is a lot more that can be done, other than that, to ensure that the Senate gets proper access to information. When the government refuses to provide the information for no good reason, it often gives the Senate no alternative but to pursue avenues that are more time consuming than would be the case if the government simply cooperated.

In many cases it is in the government’s hands how long things take. This is another example where I think the government has chosen a path that is likely to lengthen the amount of time the Senate has to spend getting enough information to make an informed judgment. In the same way as this government continues to insist on an extremely limited number of sitting days for the Senate to do its job, we are also seeing the government explore other avenues that are getting in the way of the Senate doing its job. Quite frankly, it is getting beyond a joke—the impediments that this government is putting in the way of the Senate doing its job properly. It is really government obstructionism that is preventing the proper examination and passage of legislation, or preventing legislation from being debated in an informed way. That is the problem.

As we have seen repeatedly, the public want a house of parliament that operates as a check and balance on the government of the day, whoever that is. They do not want a government that simply has absolute power. This government’s continual refusal to acknowledge the authority of the Senate, and indeed the will of the people, to ensure that there is a house that can properly scrutinise the government is not something that is going to win it any support amongst the Australian people.

Senator Alston—I table the document referred to by Senator Ian Campbell earlier in the debate.

Question agreed to.

COMMITTEES

Foreign Affairs, Defence and Trade Committee: Joint Report

Senator FERGUSON (South Australia) (4.30 p.m.)—I present the report of the Joint Standing Committee on Foreign Affairs, Defence and Trade entitled Expanding Australia’s trade and investment relationship with the countries of Central Europe, together with the Hansard record of proceedings and submissions received by the committee. I seek leave to move a motion in relation to the report.

Leave granted.

The statement read as follows—
Background
The report is the product of an inquiry conducted by the Trade Sub-Committee through 2002-3. The terms of reference for the inquiry were referred to the committee on the 12th of August 2002.

Introduction
The inquiry represents the first effort by the parliament to critically analyse trade and investment opportunities for Australia in the countries of Central Europe.

Not much more than a decade ago these nations were part of the Eastern Bloc of nations with seemingly immutable economic and political ties to the USSR. The collapse of the Soviet Union and subsequent demise of the ‘Eastern Bloc’ dramatically and irreversibly changed the trajectory of the countries of Central Europe. Where once there were authoritarian political structures and centrally planned economies, there are now flourishing democracies and prosperous market economies. Where once there was grey uniformity of life and industry tied to a paternal master, there is now plurality and vibrancy, striving to join the European Union.

Central Europe has clearly changed forever. Cognizant of the dramatic changes taking place and the opportunities such changes inevitably yield, the Committee felt it was an opportune time to re-evaluate Australia’s trade and investment relations with these nations. It is hoped that in undertaking the inquiry, information about specific and general opportunities for trade and investment would emerge.

This belief was borne out. This report attempts to document those opportunities and make recommendations on how the Australian government can assist Australian investors and industry to capitalize on those opportunities.

Findings and recommendations
The key finding of the inquiry is that there is an ‘information failure’ between Australia and Central Europe. Australia’s economic strengths place it well to assist Central Europe with its transition to modern liberal democracy. Our strengths match Central Europe’s needs, and their transition trajectory promises major opportunities. The synergies are there. The potential is there. And yet substantial trade and investment between Australia and the region has failed to emerge.

The main ingredient missing from this potentially fruitful economic equation is market knowledge of each other, and each others’ needs.

The Committee believes that If this ‘information failure’ were remedied, existing opportunities will drive much greater trade and investment, to the advantage of both Australia and Central Europe.

This conclusion is the foundation of the report. The report accordingly recommends a range of measures to increase mutual awareness and mutual understanding of trade and investment opportunities. The suggested measures can be grouped into three categories.

The first involves several awareness raising activities, including:
- Sending a senior trade mission to the region led by the Minister for Trade;
- Sending a senior e-commerce and e-government focused trade mission to the region led by the Minister for Communications, Information Technology and the Arts;
- Increasing support for Australian and Central European firms’ use of European trade fairs;
- Including Central European participants in the Australian Tourist Commission’s Australian Tourist Exchange Program;
- Encouraging two way student flows through increasing scholarship numbers and encouraging research links; and
- Encouraging industry specific trade missions to Central Europe in areas of high potential.

The second category recommends a range of government measures to address existing impediments to increased trade and investment. These include:
- Supporting Australian firms seeking EBRD funding through providing tied aid to the EBRD;
- Encouraging links between Australian and Central European research institutions to help them access the European Commission’s Sixth Framework science research funding scheme;
• Reconfiguring certain diplomatic arrangements in Central Europe to better support Australian trade and investment activity;
• Improving Australian trade representation at the World Bank and the European Commission; and
• Re-assessing visa requirements for students from Central Europe wishing to study in Australia;

Finally the report also recommends that Austrade develop a new export strategy for the region, which considers the areas of Australia’s strongest comparative advantage, namely: services, agribusiness and manufacturing.

Within the services sector, the committee viewed the following areas as having particular potential:
• e-commerce and related services;
• e-government technology and services;
• government services;
• tourism training;
• land titling
• agricultural services;
• and environment related services.

In agribusiness, the committee viewed wool; leather and related products; and wine products as areas of high potential.

And in manufacturing the committee saw automotive equipment; smart card technology; building materials; and environmental equipment as promising.

**Conclusion**

The Committee’s abiding impression from the inquiry, is of the dynamism and resultant opportunities in the countries of Central Europe.

The Committee hopes that this report will focus the minds of relevant Australian policy makers on key issues with regard to trade and investment relations with Central Europe, and provide some insights into how to enhance them.

**Acknowledgements**

I would like to acknowledge the assistance of the Department of Foreign Affairs and Trade and Austrade for their support during the inquiry and the visit. The Committee would also like to acknowledge and thank the officials and business people in the countries visited by Members of the Sub-Committee during the course of the inquiry for their hospitality and assistance.

Lastly, the Committee would also like to acknowledge the efforts of the Trade Sub-Committee secretariat in the conduct of the inquiry and preparation of this report.

**Senator FERGUSON**—I am very pleased to be able to hand this report down today. It is what you might call the second in a series, because the Trade Subcommittee of the Joint Standing Committee on Foreign Affairs, Defence and Trade some three years ago conducted an inquiry into our trade and investment opportunities with South America. It was a report that was well received, particularly by those South American ambassadors and countries that have diplomatic missions in Australia. There has been a lot of good come from that report.

This second report is from an inquiry that was embarked upon last year into our trade and investment opportunities in central Europe, in the former Eastern bloc countries. From the outset, this was a very interesting inquiry and one which received the full support of those countries in central Europe that have diplomatic missions in Canberra and also of the Bulgarian consul in Sydney. From the start of this inquiry they were very keen to give us evidence to signify to the Australian people and the members of the committee the opportunities that exist at this time.

I am not going to go into detail about all the things that were said regarding those countries except to say that, through the energetic work of the chairman of the committee, Mr Bruce Baird, with good support from his deputy, Senator Cook, and from Senator O’Brien, the committee was able to conduct this inquiry with all of the countries that were involved. It is one that has come up with a number of very good recommendations, which we hope the government may be
able to act upon. It was made somewhat more difficult because, in the middle of the inquiry, there was a vast change of personnel on the committee secretariat, so we had new people trying to take it up when the inquiry was halfway through. I congratulate those people involved who had to take up an inquiry that was half completed and pick up on all the evidence that had been given and who, I think, have put together a very good report with the help of the chair, Mr Bruce Baird.

The whole exercise of conducting this inquiry has done wonders for our relationship with all of those missions that are in Canberra at present. They are countries that we, in the past, have not had a lot to do with, particularly in relation to trade and investment. Since the new regimes and the opening up of the economies of those countries, there have been far more opportunities than existed before—although there are still some obstacles to trade, which we talked about in our report. Seven members of the committee were very fortunate to be able to visit central Europe in April of last year, when we visited eight countries. Members of the committee either used their study leave or paid personally to go on this committee visit, because it was not an official delegation from the parliament. I would like to thank very much those members of the committee who did that, because, without actually seeing first-hand the countries that are involved and without talking to people in positions of influence within those countries, it is difficult to form an opinion just by getting evidence at committee hearings, through information from the embassies and ambassadors or from businesspeople within Australia.

I distinctly remember the people we spoke to at CzechInvest in the Czech Republic—two of the most dynamic people I have ever spoken to in my life, who were doing everything in their power to make sure that the Czech economy was on the move and was going to be much more successful in the future. Also, in Bulgaria—a country that has got a very long way to go—we met a young chap who had worked for 10 years in international banking in New York and London and who had gone back to Sofia to look at and head up investment potential in his home country. There were a number of examples of people who were trying to make sure that their countries took advantage of every opportunity that existed.

One of the difficulties that face us, of course, is the fact that their focus is primarily on entering the European Community, but there are still a number of opportunities which we have identified in this report whereby we think Australia can get tremendous benefit out of the investment and training opportunities that exist between those former Eastern bloc countries that now form part of central Europe. As I said, I am not going to comment in detail—the report is there for everyone to read—and, in part of the tabling statement, we go through a list of some of the issues that we defined as being important.

Once again, I thank Mr Bruce Baird, the chairman of the committee, for his work. I thank Senator Cook and Senator O’Brien, who were the two Labor members on the committee, for their cooperation, because it is a committee that works very well for the mutual interest of Australia. In fact, there are in most cases very bipartisan views on many of the things that we need to do as a country, and I think that that augurs well for the future. I commend this report to the Senate, and I urge senators and others to read it.

Senator COOK (Western Australia) (4.36 p.m.)—I rise to support the report of the Joint Standing Committee on Foreign Affairs, Defence and Trade entitled Expanding Australia’s trade and investment relationship...
The countries that this report covers—Poland, the Czech Republic, Slovakia, Hungary, Slovenia, Romania and Bulgaria—are in the main countries that are slated to be included in the European Union under the enlargement proposals adopted last year in Brussels by the European Union. To be embraced and be part of the union they have had to set up their economies to meet the stringent budgetary requirements of entry, and they have done that. In being involved in a bigger trade bloc they can look forward to stronger economic growth and development of their own economies.

So from an Australian point of view there ought to be a great deal of interest in this area. The trade balance is really in deficit for Australia; it is in surplus for that region. All the countries that are the subject of this report have gone from lower levels of economic growth—and I refer to graph 2.1 of the report—to better levels of economic growth. The countries that are seemingly doing best are Hungary, Poland and Bulgaria; they are the main exceptions to low growth. While growth in the case of the others is slower than one would have wanted to see, nonetheless it is a pretty solid outlook, and that seems to be the outlook for economic growth for this region in the short term.

Inflation as a problem for the region has been wildly out of control—the most outstanding exception being the Czech Republic. But, as this study shows, inflation is now under control and it is speeding along within acceptable limits. It can be improved further but, nonetheless, for countries that have been high performers in the inflation stakes, one would say this is a far better outcome. Poland and the Czech Republic have been able to attract foreign direct investment in considerable quantities. That means that the international investment community rates those countries highly, and Australian business
should pay attention to that rating. Foreign direct investment in other countries tapers off, but nonetheless their performances have been solid. Unemployment is high by Australian standards but is basically static. In some countries it is worsening just a little, but the employment circumstances appear to be more solid than before. Real interest rates, while on the high side by our standards, are nonetheless under control and are mostly in a band of about four to eight per cent.

So overall you can say the outlook is solid. Given the expectation that European enlargement will mean stronger economic growth, Australian business should read this report in some considerable detail and pay attention to what a growing and sophisticated economy in that part of the world—where we have ethnic ties—will offer as an export destination for Australian goods and services.

The export account bottomed in 1991—the worst year in the contemporary period—but it has rebounded strongly since then. The total value of our exports is $650 million. The gap is widening in favour of that region over Australia. We import from there $410 million worth of products and services and we export about $250 million, meaning there is roughly a deficit of around $160 million. That is a good reason why Australian companies should think about opportunities to help us bridge that deficit and put ourselves back into a strong surplus position.

Our economy is in a very advantageous position to deliver the sorts of goods and services that growing economies in that part of the world want access to to fuel their own growth and to underpin the living standards of their own people. So we are a country that can supply what they are looking for. It is a matter of making the connections. This report makes a number of I think serious and sensible recommendations that if adopted would fuel that growth, build close relationships with the region and see that Australian entrepreneurs had better outcome and export market opportunities.

This report identifies opportunities in the education exports area. This is a market that we could do well to exploit more fully in that part of the world. This report makes a series of recommendations. One is that we get inside the international institutions like the European Bank of Reconstruction and Development and the World Bank to look at projects those international financial institutions are providing in that part of the world, because Australia can play a key role in picking up some of the contracts that spring off those types of projects. It recommends that we look at upgrading our Austrade representation in Hungary—and I think that is an admirable recommendation; that we think about re-establishing our embassy in Prague—that centre of the region and a very strong growing economy in Czechoslovakia; that a ministerial trade mission be considered—and I think that is a very strong recommendation; and that we look at the e-commerce opportunities that are resplendent throughout the region. Recommendation 16 is one that ought to be referred to directly. It asks that Austrade produce a business strategy paper to look at services, agribusiness and manufacturing opportunities, and I would endorse that strongly.

This is a valuable report. I recommend that the Australian business community become familiar with it, particular any Australian company that is thinking about how to expand its export horizons. It breaks the ice and bridges a gap on an issue that needed to be dealt with. In this part of the world we are a long way from developments in Central Europe, but this report shines a light on the possibilities and makes sensible and practical recommendations about how we might take advantage of them. I certainly endorse the
remarks of the former speaker, Senator Ferguson, and commend the report.

Senator EGGLESTON (Western Australia) (4.45 p.m.)—I would like to endorse the remarks of both previous speakers—Senator Ferguson and Senator Cook. I was a member of the delegation that went to central Europe, and I must say that I found it very exciting and interesting to see what great opportunities there were there for Australian business. As Senator Cook has just said, central Europe is a long way away. It has been something of a blind spot in terms of Australian industry and business’s idea of where it could invest. We found that, 10 years after the fall of communism, central European countries—which were all command economies under the communist system—were democratic. They had vibrant economies and were all seeking access to the European Union, with Brussels providing large amounts of money for infrastructure development.

This, in turn, has provided great opportunities for Australian businesses to become involved. Central European countries are being provided with literally hundreds of millions of dollars for roads, rail, ports and other infrastructure, including housing. Some of the great Australian construction companies could certainly do well in all of the central European countries that we visited, by accessing those European Union contracts. Of course, there are problems in eastern Europe. There are variable tax laws; there is a degree of corruption in all of those countries, which perhaps Australians are not familiar with; and, basically, we are a long way away, and the businesspeople and governments in eastern Europe do not necessarily think first of Australia as a place to which they can turn for investment or solutions to problems.

But there are great opportunities, as has been said, in providing services like information technology, e-health, e-education, e-government and banking services, as well as in the more traditional areas such as commodities and meat exports. I was quite amazed at the number of Australian businesses which were already established in eastern Europe. There are big businesses like Amcor, which has big plants in Poland—printing cigarette packets, of all things—but there are many small businesses. For instance, I met a South Perth woman who was running an executive travel agency in Budapest and had been for 10 years. I met another lady from Australia who was running a human resources company. In Poland, one finds a Cheesecake Shop everywhere. It turns out that that business was begun in Melbourne by a Polish migrant, who decided that he would take it back home to Poland. It is still called the Cheesecake Shop in Poland and it has been enormously successful. The biggest pig farm in Romania is run by an Australian.

But, as I said, while there are great opportunities there for Australian business, Australia is a long way from central Europe. To be successful we felt that Australian industry had to be more proactive and had to actively seek business involvement in eastern Europe. It seemed to be important that they have a local company base, and it was very helpful to be involved with local businesspeople. I echo the remarks which have been made about Austrade doing an excellent job in the area. It certainly would be of assistance if more central European opportunities were identified and advertised by Austrade on their webpage so that Australian businesspeople could be more aware of opportunities as they arise. I must say that the central Europeans in general were very welcoming to Australian investment. Australia has a good image in central Europe and, as I said, it is very largely up to the Australian busi-
ness and industrial community to seek out the opportunities that are there and make the most of them, because they really are enormous.

Senator HOGG (Queensland) (4.49 p.m.)—I am not a member of the Joint Standing Committee on Foreign Affairs, Defence and Trade, but I must commend the sectional committee on this report. From my brief read of the report and having seen its recommendations—and also from listening to Senator Eggleston and other members of the committee participate in this debate—it is very clear to me that there is a need to make a statement on this report and other reports that have been presented in this parliament which impact very much on the view that the government will form on important issues such as our trade with former Eastern bloc countries.

I specifically want to get to the fact, raised in Senator Ferguson’s speech, that members of the committee either used study leave or paid for themselves to travel to the countries in question. That raises a very important issue indeed, because it gets to the issue of the validity of the report, the authenticity of the report and the relationship that we build with the people about whom we are reporting. I had some experience with Senator Cook recently on another committee—that is, the Senate Standing Committee on Foreign Affairs, Defence and Trade. That committee had before it a reference to inquire into our relationship with PNG and also the island states of the South Pacific. In an extraordinary situation, the Presiding Officers and eventually the Prime Minister gave approval for the committee to travel as part of the normal processes of this parliament—without the need for committee members to access study leave and/or pay for it themselves—to inquire into the matters before it.

I think the report brought down by the Senate Standing Committee on Foreign Affairs, Defence and Trade was indeed very credible as a result of that travel. We had been told by the people in the South Pacific and PNG that, whilst the committee may well have come up with a good intellectual outcome if it pursued its inquiry without attending the island states and PNG to make its inquiries, the report would not necessarily have had credibility in the South Pacific. The report was supported very well by the fact that the people participating in the inquiry were able to travel to the region, eyeball the various major players in the region and bring back a series of good recommendations.

My comments should not be interpreted as seeking unlimited travel whenever an inquiry may be raised in this or the other chamber or in a joint committee. I think that is completely unwarranted. But I do believe that the Presiding Officers need to look at annually allocating travel on a very limited basis, if they feel it is warranted, for committees of the House of Representatives or the Senate or joint committees to inquire into matters after looking at the merits of the proposed travel. It seems to me that, whilst the reports are of good quality and bear good attention, without the additional input and without the experience of meeting some of these people, many lack real insight as to some of the problems that are confronting us as a nation trading with PNG and the South Pacific—or with other countries that are mentioned in the report of the Joint Standing Committee on Foreign Affairs, Defence and Trade. Mr Acting Deputy President Ferguson, in view of your comments, I thought this was something that should be considered by the Presiding Officers and warranted just a few remarks on the public record. This is something that could be dealt with in the fullness of time by the Presiding Officers, and a statement could be made by them.
Question agreed to.

COMMITTEES

Membership

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

Senator ALSTON (Victoria—Minister for Communications, Information Technology and the Arts) (4.56 p.m.)—by leave—I move:

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

Economics References Committee—

Appointed—Substitute member: Senator Murray to replace Senator Ridgeway for the committee’s inquiry into the structure and distributive effects of the Australian taxation system

House—Standing Committee—

Appointed—Senator Crossin

Discharged—Senator Collins.

Question agreed to.

COMMUNICATIONS LEGISLATION AMENDMENT BILL (No. 2) 2003

Report of Environment, Communications, Information Technology and the Arts Legislation Committee

Senator EGGLESTON (Western Australia) (4.56 p.m.)—As Chair of the Environment, Communications, Information Technology and the Arts Legislation Committee, I present the report of the committee on the Communications Legislation Amendment Bill (No. 2) 2003, together with the Hansard record of proceedings and submissions received by the committee.

Ordered that the report be printed.

FAMILY AND COMMUNITY SERVICES (CLOSURE OF STUDENT FINANCIAL SUPPLEMENT SCHEME) BILL 2003

STUDENT ASSISTANCE AMENDMENT BILL 2003

First Reading

Bills received from the House of Representatives.

Senator ALSTON (Victoria—Minister for Communications, Information Technology and the Arts) (4.57 p.m.)—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 ALSTON (Victoria—Minister for Communications, Information Technology and the Arts) (4.58 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—

FAMILY AND COMMUNITY SERVICES (CLOSURE OF STUDENT FINANCIAL SUPPLEMENT SCHEME) BILL 2003

This bill closes the Student Financial Supplement Scheme to new loans from 1 January 2004. The voluntary Scheme was established in 1993 during a climate of high interest rates, high youth unemployment and when few commercial loans were available to students. Today students have access to commercial loans at competitive interest rates, campus loans and more flexible income support payments, such as youth allowance, introduced by this Government in 1998. Youth allowance provides flexible benefits such as the $500 advance, higher income free area, Student Income Bank and access to Rent Assistance.
Since 1998, take-up rates for the Scheme have decreased by one-third.

The Student Financial Supplement Scheme comes at a high cost to students and Australian taxpayers. The Australian Government Actuary estimated the doubtful debt rate for the Scheme may be as high as 56 per cent, meaning that more than 50 per cent of loans may never be repaid. The structure of the Scheme requires students to trade-in $1 of their income support for $2 of loan, all of which is repayable and adjusted according to the Consumer Price Index. The trade-in element of the Scheme is what has been of greatest concern to students and student organisations.

The Student Financial Supplement Scheme is a costly, poorly targeted and inefficient way to reduce financial barriers to education. The Scheme is administratively cumbersome requiring customers to deal with three organisations; the Commonwealth Bank of Australia and Centrelink during the contract period and the Australian Taxation Office when the loan is repaid via the tax system. The Commonwealth bears the costs associated with providing the loan.

This bill provides that no new loans will be issued from 1 January 2004. The Scheme provisions have been retained in the Social Security Act 1991 to provide existing and previous loan customers, officers managing the Scheme and review bodies, with immediate access to the relevant legislative provisions. The repayment arrangements of the Scheme will continue to apply.

The bill also makes a minor technical amendment to the Act by inserting an express provision to permit the incorporation of an instrument “as in force or existing from time to time” for the purposes of section 49A of the Acts Interpretation Act 1901. This will eliminate the need to make new regulations under the Act whenever guidelines for the non-statutory ABSTUDY and Assistance for Isolated Children schemes are altered.

I commend the bill to the Senate.

Debate (on motion by Senator Crossin) adjourned.

ASSENT

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

National Transport Commission Act 2003 (Act No. 81, 2003)
Motion for Disallowance

Senator BARTLETT (Queensland—Leader of the Australian Democrats) (4.59 p.m.)—I move:

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.

This motion seeks to disallow a regulation—for those who are particularly keen, it is Migration Amendment Regulations 2003 (No. 1) as contained in Statutory Rules 2003 No. 57 made under the Migration Act 1958. All of those titles mean it is a regulation that seeks to establish a power for the Minister for Immigration and Multicultural and Indigenous Affairs to enter into agreements with various nations on a particular type of working holiday visa. Australia currently has agreements on working holiday visas with a limited number of countries. They are all reciprocal agreements, as I understand it. This regulation enables the government to enter into different types of working holiday visa agreements with individual countries as negotiated. Those agreements will then be gazetted and, once this regulation is passed, neither the Senate nor anybody else will have the power to disallow, amend or challenge any of those agreements.

Normally the ability to introduce working holiday visas with specific criteria might not be seen to be something of major significance. But the fact is that the only country initially planned to be gazetted under this regulation is Iran. This working holiday visa arrangement with Iran is specifically linked to an MOU—a memorandum of understanding—reached between the governments of Australia and Iran earlier this year. That memorandum of understanding, along with the establishment of a working holiday visa arrangement, also included measures to enable Australia to involuntarily return failed asylum seekers to Iran. The minister for immigration announced on 12 March this year that senior government officials had signed an agreement between Iran and Australia. They had signed a memorandum of understanding which, firstly, established a working holiday visa scheme and, secondly, included measures to combat so-called illegal migration. The minister stated:

Australia and Iran have agreed that their first priority is to work together to promote the voluntary repatriation of those Iranians currently in detention in Australia.

However, arrangements for the handling of those who do not volunteer to return have also been established. In March 2003, Iranian asylum seekers in detention in Australia were notified that an agreement had been reached with Iran for deportation and that they had 28 days to decide to accept a voluntary package.

It is quite clear—and has not in any way been denied by the government—that the establishment of a working holiday visa scheme with Iran, which these regulations enable, is directly linked to this government’s ability to involuntarily return detainees to Iran. The involuntary return of detainees to Iran is something that the Democrats have strong concerns about, as do many other people in the Australian community. For that reason alone, I believe this regulation should be disallowed because in effect it is linked to the Australian government’s ability to involuntarily return failed asylum seekers to, in many cases, a very dangerous situation and, in all cases, a nation with an extremely poor human rights record.

It is worth noting also that this memorandum of understanding, which in part enables the establishment of a working holiday visa scheme, is a secret memorandum of under-
standing. It is another area where the government has ignored an order from the Senate to table that memorandum of understanding—a motion that I moved back in March. The Senate was informed on 26 March this year that the government would not table it. The relevant minister at the time, Senator Coonan, said:

... the government does not consider it to be in the public interest to table the MOU in the Senate. The MOU, which deals with sensitive immigration matters, was signed on the understanding that it is a confidential agreement between governments that will not be released publicly at this time.

So the MOU was developed on the understanding that it would be kept secret and, by the government’s own admission, it deals with ‘sensitive immigration matters’. The regulation we are debating today is directly linked to that secret MOU. Yet the government expects us to pass the regulation despite its refusal to make public that agreement.

It is one thing to glibly say that Iran is a nation with human rights problems—particularly given that this government has been beating its chest all year about how serious it is about tackling regimes that are serious human rights abusers and how proud it is of liberating the people of Iraq from their tyrant—but it is another thing to outline what the situation in Iran really is. The Iranian regime is recognised worldwide as a major human rights abuser. In July 2001, the United States renewed its Iran sanctions act, which recognises the role that Iran has played in support of international terrorism. The US government stated:

The efforts of the Government of Iran to acquire weapons of mass destruction and the means to deliver them and its support of acts of international terrorism endanger the national security and foreign policy interests of the United States and those countries with which the United States shares common strategic and foreign policy objectives.

I do not think there is another country in the world now that would be seen to be more closely aligned with the US’s strategic and foreign policy objectives than Australia.

Even without the current world focus on terrorism, the human rights situation in Iran remains abysmal. The government there restricts citizens’ rights to change their government, manipulates the electoral system and represses political dissidents. Systematic abuses include extrajudicial killings and summary executions, disappearances, widespread use of torture and other degrading treatment, harsh prison conditions, arbitrary arrest and detention, lack of due process, unfair trials, infringements on citizens’ privacy and restrictions on freedom of speech, the press, assembly, association, religion and movement. Organisations such as Human Rights Watch state that this regime has executed an estimated 120,000 political prisoners, has detained 180,000 students and academics as political prisoners, has been recognised as a major supporter of international terrorism and has been condemned in 49 separate UN resolutions for its crimes against the Iranian people.

How does our government respond to this record? It seeks to develop a secret memorandum of understanding with this government so that we can have, firstly, working holiday visas with this country—it should be pointed out that the only people who will be able to come to Australia on working holiday visas from Iran are those who are approved by this same Iranian government—and, secondly, an ability to return asylum seekers involuntarily to that same nation.

I have heard many speeches in this place, particularly by Senator Mason, who likes to point out the errors of the ‘Left’, as he calls them, who try to get moral equivalence bet-
ween human rights problems in Western countries and human rights abuses in totalitarian countries, particularly communist or ex-communist countries. I agree with a lot of what he says. He tends to suggest that agencies such as Amnesty International or Human Rights Watch are somehow biased towards pointing to human rights abuses in Western countries compared to totalitarian countries. I dispute that and I think some of the figures that I have highlighted, which come directly from some of those reports, highlight that there is not a bias there. If Senator Mason is going to be consistent in the same way that he suggests that his definition of the ‘Left’ is inconsistent then he should be down here condemning his own government for reaching agreement with a regime that has such appalling human rights abuses.

Can you imagine the outcry if the government came out tomorrow and said, ‘We have reached an MOU with North Korea,’ along the same lines or ‘We are sending back to North Korea people who do not want to go back there—people who are failed asylum seekers’? There is no way this government would seek to do that, yet we have another country with human rights abuses that are in the same sphere and we are making secret agreements with a regime that has such appalling human rights abuses.

It should be mentioned that many refugees in Australia who have escaped that regime in Iran are fairly uneasy about the prospect of up to 2,000 Iranian government approved people being able to come here under the auspice of a working holiday visa. Under this regulation, the normal requirement that people have to have work experience in their usual occupation and work in that occupation does not apply. We actually have looser requirements applying to people using this working holiday visa from Iran than we do with most of the other countries that we have working holiday visa arrangements with. It is another great way to show our disapproval of tyrannical regimes that

How are we using our diplomatic muscle to encourage Iran to comply with some of these crucial international standards in relation to human rights and nuclear proliferation? We do up a secret memorandum with them that enables us to return people invol-

untarily to a regime that has an appalling human rights record. It has to again be emphasised that this ability to deport people involuntarily back to Iran is directly linked to this ability to initiate a working holiday visa for Iranians. It is not a reciprocal arrangement like all the other working holiday visas—probably not surprisingly, because I cannot imagine too many Australians who would want to go on a working holiday to Iran, although I am sure there would be a few who would be willing to take that challenge because it would be interesting. But I imagine the numbers would not be equivalent. It is estimated that between 500 and 2,000 people from Iran are expected to use this visa. In another interesting parallel, that intake would be closely monitored and linked to the number of people using that working holiday visa who might claim asylum in Australia. Again there is a direct link between the nature of this working holiday visa and people who may use it to then claim asylum when they arrive in Australia. Once again the government is trying to set up processes that will prevent people who are being persecuted in Iran from escaping persecution from that regime.

How are we using our diplomatic muscle to encourage Iran to comply with some of these crucial international standards in relation to human rights and nuclear proliferation? We do up a secret memorandum with them that enables us to return people invol-
this government likes to boast so proudly about.

It is an issue of great concern to the Democrats. There were people representative of the Iranian community outside Parliament House on Wednesday of last week expressing great concern about the prospects of their fellow Iranians being forcibly returned to this country with a human rights record which is unequivocally appalling. This does not just apply to those people who are currently in detention here in Australia, the so-called failed asylum seekers; it applies to the many refugees from Iran who are in the Australian community on temporary protection visas and who live with the fear of that visa not being renewed when it expires and therefore being subject to this memorandum of understanding and being involuntarily returned to Iran. The ability of this government to enforce that MOU, which is linked to this working holiday visa, will just increase the stress of those people in the Australian community who our own system has recognised as having legitimately fled serious persecution in Iran.

This is an area where growing numbers of people in the Australian community are expressing opposition to the probability of people being sent back to a situation which could not under any reasonable definition of the word be described as safe. There are also a growing number of people in the Australian community who, for differing reasons, are concerned about this government’s willingness to turn a blind eye to human rights abuses when it suits their own agenda. It is all very easy to stand up and say, ‘We are opposed to tyrants’ when it suits their own political agenda. The difficulty comes when it cuts across their political agenda and they are willing to do secret deals with a regime with one of the worst human rights abuse records in the world. That is when the real picture comes out about the sincerity of the government’s opposition to human rights abuse.

I hope that the government minister, in responding to this issue, provides a bit more information to the Senate—we are dealing with a secret memorandum of understanding—particularly in relation to when this visa is likely to be gazetted and the anticipated numbers of people in initial years. The Senate estimates committee was informed that 500 places had been nominated in the first year, with 2,000 places over four years. Is that still the anticipated number? Is there any scope for reciprocal working holiday visas for Australians going to Iran? Could the minister also indicate whether working holiday visa arrangements currently in place with any other countries have the exemption that will apply in relation to the Iranian visa—where people will not be required to have had experience in the area of work that they want to try to engage in in Australia?

There are a number of issues in relation to why the Democrats have decided to proceed with this disallowance. Firstly, whilst in essence it may seem to be simply about a working holiday visa, as has clearly been established the working holiday visa has direct links to this government’s ability to involuntarily deport people to Iran. Secondly, the working holiday visa is clearly a component of a secret memorandum of understanding that this government will not release. Secondly, the working holiday visa is clearly a component of a secret memorandum of understanding that this government will not release. Thirdly, there is the issue of the government making special arrangements with regimes that are amongst the worst human rights abusers in the world—including regimes that, since this MOU was signed, have moved further down the pathway of nuclear proliferation. What sort of signal does that send about our seriousness in trying to prevent the proliferation of weapons of mass destruction that our government is supposedly so concerned about?
Fourthly, there is the issue of all of the people who come here on these working holiday visas requiring the approval of the Iranian government. What mechanisms will be put in place to ensure that none of those people will be used to monitor, harass or in any way look at the activities of Iranian refugees and dissidents in Australia? On a related matter, let us not forget that people in the Australian community have been raided by the Australian Federal Police and had all of their possessions confiscated in part because they have been members of organisations that promote the rights of Iranian refugees in Australia and raise concerns about human rights abuses by the Iranian regime. Our federal police have used as part of the justification for their warrants to raid the homes and confiscate property of those people the fact that they were members of a refugee action collective in Queensland or that they were members of an organisation that seeks to highlight the human rights abuses of the Iranian regime. How can those people feel comfortable about 500 people with an Iranian government stamp of approval being able to come here on working holiday visas for 12 months, move around Australia and work in basically any area they want?

The least the government could do would be to give some assurances about controls and oversight in relation to this important issue. We have seen previous situations where refugees from particular areas have been very concerned about government representatives from oppressive regimes harassing them and monitoring their activities here in Australia. How is that going to be prevented?

Senator Sherry (Tasmania) (5.19 p.m.)—The Australian Democrats are today moving a disallowance motion for regulations that establish reciprocal work and holiday visas for young Iranians. The scheme was announced in March 2003 as one of several elements of a memorandum of understanding negotiated with the Iranian government. Labor, like the Democrats, has serious concerns about the fact that the contents of this MOU have not been made public. Even though we have not seen this confidential document, we understand that the MOU with Iran includes provisions relating to the voluntary repatriation of Iranians and apparently includes provisions for the involuntary return of Iranians who have failed our immigration system’s test for asylum seekers. However, we are not voting today on whether to accept the MOU with Iran or whether people should be returned to Iran but on whether a particular new visa category should be allowed that gives reciprocal work holiday rights to young Iranians wishing to come to Australia. Labor acknowledges that this visa category is the only part of the MOU that requires any legislative or parliamentary oversight; however, we are not convinced that disallowing the work and holiday visas would necessarily have any impact on the Liberal government’s agreement with Iran or their decision to involuntarily repatriate failed asylum seekers from Iran. Therefore, Labor will not be supporting the disallowance motion.

I would like to take this opportunity to outline Labor’s concerns about the Liberal government’s actions in relation to the involuntary return of Iranian people who have not met the test for successful asylum seekers— as well as for people in similar positions from other countries. The ALP clearly has accepted, both in our policy and when in government, that failed asylum seekers should be returned to their home countries. This is one of the hallmarks of a sound immigration system: one that shows that we are serious about assessing the merits of the claims of both migrants and asylum seekers. Without such an ability to return failed asy-
lum seekers the whole system would collapse. Labor, however, does share the serious concerns of some people in the community about returning failed asylum seekers to any country, including Iran, when there are questions of safety and political and gender persecution, and serious reports of human rights abuses.

It is almost impossible to get full and consistent information from international organisations like the International Committee of the Red Cross, the UNHCR and Amnesty International about conditions in Iran. However, there are some recent stories circulating about people facing political, and in some cases physical, persecution on return to their home country. This highlights this government’s complete lack of concern and denial of any responsibility for its actions in returning people to countries where human rights issues and the safety of citizens are far from guaranteed. In fact, the minister has clearly stated on several occasions that ‘Australia does not monitor non-Australian citizens in foreign countries’. This is despite the government’s claim that they also take seriously their obligation not to refoule refugees, one of their primary responsibilities as signatories to the United Nations Refugee Convention. Australia is obliged not to return a person who will be persecuted, as defined by the Refugee Convention; face a significant threat their security, human rights or human dignity; be in danger of being subject to torture; or face a real risk of violation of their human rights.

While the Howard government may say that it is meeting its obligations under the Refugee Convention, Labor has serious concerns that it is only neatly sidestepping the issue—in fact, maybe even choosing to turn a blind eye to what happens to people it sends back to countries such as Iran and Afghanistan, where security and stability are far from guaranteed. In contrast, Labor has a clear policy that when in government it will establish a system to monitor failed asylum seekers on return to their home country. Labor believes that monitoring provides the ultimate guarantee that a government has faith in its processing and determination system. Labor believes its processing and determination system will work and is prepared to embark on the monitoring of returns. Specifically, monitoring will be the ultimate test of the integrity and accuracy of a refugee determination system, will assist DIMIA and a new and independent refugee status determination tribunal to test the reliability of country information available to them and will address community perceptions and concerns about refugees and the determination process. Systematic monitoring can only be achieved with the cooperation of relevant international agencies, most particularly the United Nations High Commission for Refugees, the UNHCR, and relevant non-government agencies.

The Howard government’s approach has been to denigrate the UNHCR and to radically cut its funding. While criticising international agencies enjoys short-term domestic popularity, it is ultimately counterproductive to publicly undermine the credentials of the global agency that is so vital to resolving the many issues relating to global people displacement and refugee and asylum seeker issues. A Labor government will indicate its preparedness to have Australia lead internationally by implementing monitoring. In the first instance, monitoring could be extended to target regions where there is some capacity to monitor and a perceived need to improve the country information used to inform refugee determination decisions and assessment by the minister under section 417. No Australian would support this nation returning a person to circumstances in which they could be killed, tortured, unjustly imprisoned or otherwise persecuted. Being prepared to
pursue and implement monitoring arrangements would therefore be in keeping with traditional Australian values and would show Australia, under Labor, to be in the lead of the global debate.

Further, existing international agreements and agreements made by the Australian government with other countries do not provide a clear and systematic framework for dealing with claims based upon gender persecution. Claimants asserting genuine and harsh gender persecution may often be disadvantaged as a result. Labor believes that women suffering such persecution who are at risk of harm should be afforded similar rights to persons suffering persecution on other recognised grounds. Labor will retain the existing offshore visa class provided for women at risk and will monitor the functioning of this visa class to ensure it is achieving these aims. Labor will also work towards developing a practical and consistent international framework for dealing with such claims.

These measures will all be undertaken in the context of the rest of Labor’s policy on asylum seekers, developed in consultation with the community during 2002 and released in December 2002. This is a much fairer policy than that of the Howard government and is focused on protecting Australian borders; leading the world in the development of an agreed worldwide processing system for refugees, with fast and fair and transparent processing; and a mandatory detention system that is administrative and not punitive in nature.

Whilst we find it increasingly difficult to believe what this government tells us in relation to its migration system, particularly given the current doubts over the minister’s use of his personal powers—the discretion to grant visas—and his having no accountabilty to the parliament for his decisions, Labor does not believe that denying a work and holiday visa regulation will impact on this government’s policies and practices relating to the return of failed asylum seekers. I think it would be appropriate, if the experienced parliamentary secretary is going to be responding, that he does table the secret MOU. That would be useful in aiding a greater level of transparent debate on this matter. But, for the reasons I have outlined, we will not be supporting this disallowance motion today.

Senator IAN CAMPBELL (Western Australia—Parliamentary Secretary to the Treasurer) (5.28 p.m.)—I will make a few points in relation to the disallowance of statutory rule No. 57. The work and holiday visa came into effect in the migration regulations on 1 November last year. The regulations are generic and not specific to any country. The changes contained in statutory rule No. 57, which was gazetted on 14 April this year and tabled on 13 May, are minor procedural changes and do not affect the major objectives of the work and holiday visa. The changes are aimed at making the administration of this visa class as efficient as possible. They specify where an application can be made and they remove the prior work experience requirement. This means that applications will be lodged and processed in Australia. The changes contained in statutory rule No. 57, which was gazetted on 14 April this year and tabled on 13 May, are minor procedural changes and do not affect the major objectives of the work and holiday visa. The changes are aimed at making the administration of this visa class as efficient as possible. They specify where an application can be made and they remove the prior work experience requirement. This means that applications will be lodged and processed in Australia. This will result in creating jobs in Australia and will ensure the necessary integrity checking is properly conducted. Reinstating the work experience requirement may narrow the potential pool of applicants. Proposals such as these provide additional pathways for legal migration. These in turn ensure our border security and the integrity of the migration program. Use of this visa class is important for the fulfilment of the memorandum of understanding on consular
matters between the governments of Australia and the Islamic Republic of Iran. It promotes the legal and mutually beneficial movement of people between our two countries. The MOU was signed on the understanding that it is a confidential agreement between governments. In fact, the government of Iran has asked that the MOU not be made public at this time. The Australian government will respect that request.

The issue of the safety of returnees to Iran has been raised. In response, I say that the Australian government takes very seriously its obligation not to refoule refugees and has a comprehensive process to ensure that no one who seeks Australia’s protection is returned to a place where there is a real chance of persecution. All returnees have had access to a protection determination process, which includes a comprehensive assessment of claims under the refugees convention and access to a review by an independent Merit Review Tribunal. The Minister for Immigration and Multicultural and Indigenous Affairs also has a non-compellable power to exercise his discretion to intervene in the public interest and to substitute a more favourable decision than that of the Refugee Review Tribunal. This process allows consideration of claims that may raise Australia’s protection obligations under other international human rights instruments to which Australia is a party. Australia is not responsible for all aspects of the future wellbeing of returnees to other countries merely because at some stage they spent time in Australia. Australia respects the principles of state sovereignty and does not monitor non-Australian citizens in foreign countries.

I think it was Senator Bartlett who asked a question about the reciprocity of these arrangements. The answer provided by my officers is that, yes, there is reciprocity in these arrangements. We were also asked about the numbers of people involved. Although we do not have those figures available, we are happy to take the question on notice and provide the figures to the Senate at the earliest occasion.

Senator BARTLETT (Queensland—Leader of the Australian Democrats) (5.32 p.m.)—In response to a couple of things that other speakers have put forward, I find the statements of Senator Ian Campbell, the Parliamentary Secretary to the Treasurer, fairly perplexing. He is almost saying that it does not matter if there is a disallowance because it will not change anything as the regulations or the guts of the regulations are already in force. If that were the case, I am not quite sure why there is such opposition or concern about this disallowance motion succeeding. Perhaps it goes to what the parliamentary secretary said after that, because disallowing these regulations will prevent the removal of the prior work experience requirement. As I outlined in my initial contribution, that is one of the reasons this working holiday visa with the government of Iran will, in many ways, be broader and less rigid than the working holiday visa agreements we currently have with Western nations.

Senator Campbell also said that it would narrow the potential pool of applicants and, most importantly, that this regulation is important to fulfil the requirements of the memorandum of understanding. That statement is a most fundamental one and goes to why the Democrats are seeking to disallow this regulation. That memorandum of understanding is secret and continues to be secret, and Senator Campbell has once again refused to table it. These regulations, in his words, are important to fulfil some of the requirements of that memorandum of understanding. As I stated originally, another key component—and obviously the key component from the Australian government’s point of view—is our ability to send people back involuntarily to this regime. I will not go into
a broader argument about the accuracy or otherwise of the government’s statement that their systems are foolproof in preventing people from being refouled, or being sent back, to a place where they face a real chance of persecution. That is a debate that we have had many times and will continue to have. The Democrats’ view is that, even leaving aside political motivation, the systems in place are very inadequate to provide the maximum possible guarantee that people will not be sent back to a place where they face a real chance of persecution.

It is worth reiterating a few of my initial points. What regime are we actually talking about here? Iran is not just any old country with which we will have a nice, pleasant reciprocal working holiday visa to enable young people to get a bit of experience of other countries. That is something I am generally supportive of. We are talking about a country, Senator Campbell assures us, where nobody that we send back will face a real chance of persecution. He assured us once again that this government has things in place whereby no person who returns to Iran will face a real chance of persecution, to use his own phrase, yet this is a regime that has executed 120,000 political prisoners, has detained 180,000 students and academics, has been recognised as being massively involved in international terrorism and has been condemned through 49 UN resolutions for its crimes against the Iranian people.

I notice that the government’s representative did not in any way seek to engage with the Democrats and our concerns that this government is engaging in a secret memorandum of understanding with a nation that, perhaps alongside North Korea, is the leader of generating further weapons of mass destruction at the moment. To say, with a regime like Iran’s, that we are confident that nobody that we send back there, including people who quite clearly express themselves as opponents or dissidents of this regime, has any prospect of being persecuted when they return is simply a farcical statement.

This is a government that restricts citizens’ rights to change their government, manipulates the electoral system, represses political dissidents, commits systematic abuses including extrajudicial killings and summary executions, causes disappearances, uses widespread torture and other degrading treatment, has harsh prison conditions, undertakes arbitrary arrests and detention, has a lack of due process and unfair trials, infringes on citizens’ privacy and has restrictions on freedom of speech, press, assembly, association, religion and movement. But no way is anybody we send back to that regime going to be subject to a real chance of persecution! How ridiculous can you get? How can anybody seriously suggest that this government is being genuine when it talks about its total opposition to the expansion of weapons of mass destruction and its total commitment to freeing people from the yoke of oppression, of horrendous dictatorships and of oppressive regimes?

Clearly, it is a position of convenience when it suits this government, but there is no consistency in its approach to regimes of this type. I point once again to the specific statements of the government and of our country’s major ally, the United States, that the efforts of the government of Iran to acquire weapons of mass destruction, its means to deliver them, its support of acts of international terrorism and, most recently, its efforts to further develop nuclear-capable material and potentially remove itself from the oversight of the International Atomic Energy Agency endanger the national security and foreign policy interests of the US and those countries, such as Australia, with which the US shares common strategic and foreign policy objectives.
I am not sure if the word ‘hypocrisy’ is parliamentary or not, but I certainly suggest that the phrase ‘double standards’ is the politest way of describing the government’s approach in relation to this. This minister has quite openly stated that this regulation is pivotal to bringing into force and enacting the secret memorandum of understanding that we have with one of the greatest human rights abusers in the world, at the same time as the government’s pretending that disallowing it will not have much impact.

I noted all the comments Senator Sherry made about the position of the ALP, their policy and what they will do when they get into government. That is all very nice, but what I am interested in is what they do now when they have the opportunity. People were outside this place just last week talking about the massive distress that people in the community on temporary visas are going through, with the prospect of being sent back to a regime like that. The chance to, in some small way, make it more difficult for the government by cutting into the implementation of this MOU is something that the Labor Party have walked away from. Frankly, I find that astonishing. It is quite clear, by the government’s own statement here today, that this regulation is part and parcel of implementing that MOU. Quite clearly, another part of that MOU is enabling the involuntary deportation of people to this regime that is, without dispute, a major human rights abuser.

The government here today, not surprisingly, and also in estimates when questioned on this made no attempt to suggest that the government of Iran is anything other than a significant abuser of human rights. There are people in our community as well as in detention centres who are suffering enormously, who are literally on the edge of breakdown and who are in complete despair who will be directly affected by this MOU. Their futures are fundamentally intertwined with this MOU, their very survival may be intertwined with it, yet it remains a secret document. By not supporting this motion for disallowance, this Senate is enabling the complete implementation of that secret MOU with a government that is among the worst human rights abusers in the world.

I also point out that the government did not respond to what I believe is a very genuine question. Forget about all the other concerns I have raised and forget about our disagreement about whether or not people can be safely deported involuntarily back to Iran. We have the prospect, according to answers in estimates, of 500 people from Iran being able to come to Australia each year—people who are approved by the Iranian government. I know that diplomats from Iraq, for example, have had restrictions of movement placed upon them because of concerns amongst refugees, and others in the Iraqi community in Australia who have fled the Iraqi regime, that people were going to meetings of those from Iraqi backgrounds and, in effect, spying on them, harassing them and intimidating them. People were living in fear of having their activities in Australia reported back to the Iraqi government. It was not just their own safety for which they were fearful but also the safety of their families who may still be in Iraq.

As an aside, it is worth noting that under the temporary protection visa regime those families are incapable of joining their immediate families here in Australia who may be on refugee visas. It is clearly a problem that the government has recognised in the past, where concern was expressed about the possibility of representatives or people who may be seen to be supportive of the oppressive regimes overseas—in this case Iraq—spying on, harassing, intimidating or infiltrating members of the Iraqi dissident community here in Australia and there was concern for
the wellbeing of those people’s families back in Iraq.

What possible guarantee is the government going to give that those 500 people—all of whom have to have the imprimatur of the Iranian government before they come here—are not going to be able to do the same thing and mix in amongst a group of very vocal dissidents here in Australia who go to great lengths to highlight the ongoing abuses of the Iranian regime? How are they going to be assured that these up to 500 people who come here are not going to be used in some way and are not going to be agents of the Iranian government?

There was no assurance given at all. It was very clear cut. It was probably the most serious question I asked. There was no assurance given at all—and in some ways it is an equally serious component of the working holiday visa agreement that this government is developing with the government of Iran—that the 500 people, who have to have the imprimatur of the Iranian government before they can come here, would not be able to wander around Australia unencumbered and not even have the requirement not to engage in work related to their previous work experience, something that holders of working holiday visas from almost all other countries have to do. It is a serious problem, it is a serious concern, it is a question that people here in Australia who have fled the Iranian regime or who have Iranian backgrounds are asking about this working holiday visa, and the government has not given any answers.

It seems to me undeniable that this government’s political agenda of wanting at all costs to deport people involuntarily to Iran overrides all of these other concerns. It overrides the legitimate questions that people have about the oversight of Iranians when they come to Australia. It overrides the legitimate concerns that people have about the message this sends of doing secret agreements with one of the worst human rights abusing regimes in the world. It overrides the legitimate concerns that people have about the message this sends about how serious we are in expressing concern about governments which are openly examining the prospect of further developing weapons of mass destruction and further encouraging nuclear proliferation.

These are not small issues; they are fundamental issues. All of them have been swept aside. I would state with quite a lot of disappointment and disillusionment that the Senate has missed an opportunity to make a strong statement about all those issues. It has waived them aside and it has enabled the government to get away with a secret MOU with a serial human rights abuser. Not only that but the government has given a number of people to whom we have given temporary protection in this country cause for greater anxiety than they are already suffering. It is a missed opportunity and it is a great disappointment to the Democrats. Nonetheless, we will continue to do what we can to monitor how the operation of this MOU is going in terms of both the working holiday visa and the safety of those who are returned to Iran.

The government would be aware of reports, which have not been denied, that a Hazara person who has been returned to Afghanistan has since been killed by the Taliban. He was on Nauru for a significant period. If that is the sort of guarantee that can be given to these people, that they will be safe upon their return, then it is no wonder that those who are still here either in detention or in the community in Australia are undergoing such immense psychological distress at the prospect of the future. It would be a great shame and a great disappointment if that stress were made greater as a result of the failure of this disallowance motion.
Question put:

That the motion (Senator Bartlett's) be agreed to.

The Senate divided. [5.52 p.m.]

(The Acting Deputy President—Senator S.P. Hutchins)

Ayes........... 10
Noes........... 43
Majority........ 33

AYES

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

NOES

Barnett, G. Bishop, T.M.
Bolkus, N. Brands, G.H.
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.
Ferguson, A.B. Ferris, J.M. *
Forshaw, M.G. Harradine, B.
Heffernan, W. Hogg, J.J.
Humphries, G. Hutchins, S.P.
Johnston, D. Kirk, L.
Ludwig, J.W. Mackay, S.M.
Marshall, G. Mason, B.J.
McLucas, J.E. Moore, C.
Patterson, K.C. Payne, M.A.
Ray, R.F. Santoro, S.
Scullion, N.G. Sherry, N.J.
Stephens, U. Tchen, T.
Tierney, J.W. Troeth, J.M.
Watson, J.O.W. Webber, R.
Wong, P.

* denotes teller

Question negatived.

Senator MURRAY (Western Australia) (5.56 p.m.)—I will continue my contribution on the Taxation Laws Amendment Bill (No. 3) 2003 by making some remarks on schedule 3. Schedule 3 contains amendments relating to the franking of distributions by cooperative companies. This measure will enable a cooperative company to either frank distributions to shareholders or alternatively claim the existing deduction for distributions of assessable income to shareholders.

Schedule 4 to this bill rectifies an anomaly in the RBL provisions so that a reversionary provision benefit paid on the death of the original recipient will receive the same proportion of concessional taxation rebate as applied to the original pension. This ensures that benefits that have been assessed as above the relevant RBL of the deceased, and thus subject to reduced concessional taxation treatment, will continue to be treated in the same manner after death. This also ensures consistency with the RBL treatment of lump sum benefits paid on death. The Democrats will support the passage of that schedule too.

Schedule 5 to the bill amends the Petroleum Resource Rent Tax Act 1987 to produce a more equitable and uniform treatment of partial use arrangements by extending the PRRT to include all receipts received and to allow a deduction for all expenditures incurred. This measure has an unquantifiable revenue impact, but it is likely to be positive due to the broadening of activities falling within the scope of PRRT, and the Democrats support this part of schedule 5.

However, schedule 5 also allows expenditures to be deductible where they are associated with closing down a facility that has ceased to be used in relation to a PRRT project but continues to be used under an infrastructure licence. Infrastructure licences were introduced in March 2000 to allow for the construction and operation of infrastructure
facilities in Commonwealth waters, without a necessary connection to any specific PRRT project. It is my understanding that, although no specific conversion from a production licence to an infrastructure licence has been identified, it is a possibility at some stage in the future.

Although the Democrats support the general deductibility of these expenses, the proposed act provides an immediate deduction for expected closing down costs. These are costs which are estimated for many years into the future. My understanding is that up to 30 years may be considered. They are then discounted back into today’s dollars. As followers of tax legislation know, it has been my opinion in the past that you must be relatively liberal on matters of deductibility when it affects the timing of the issues, because it is not a cost to the revenue over the longer term; it is a cost in the particular year where the deduction is brought forward.

That is all very well for a time frame which is within reason or within a normal term of return for a government, but 30 years just seems unreasonable and unacceptable. Taxation concepts do not generally allow deductions for estimated costs. They must be incurred. There must be at least a presently existing legal liability to incur the expense, and this is not the case with these expenses. You have a situation where you have a very long time over which these matters are to be considered; you have an estimation which, although not completely unusual, does mean you could arrive at extremely loose and woolly figures; and the existing legal liability to incur the expense is not readily identifiable. There is also no clawback of deductions if the actual expenditure ultimately incurred is less than or more than the estimate. This seems to be a very ineffective way of prescribing an accurate tax liability.

We note that, currently, there are no known petroleum projects affected by these amendments and, as such, these changes have no known immediate revenue or administrative impact. However, the original explanatory memorandum—and I must congratulate the government on amending their explanatory memorandum; it is always better to do such things—noted that the closing down expenditures can vary from $1 million to $200 million depending on the size of the project. Accordingly, the likely revenue impact, if such changes were to occur, is a reduction in revenue of between $0.28 million and $56 million per field. The cost to revenue would depend on the size of the field. The amended explanatory memorandum states:

5.43 Estimates of the revenue impacts of potential closing down costs of infrastructure from such licences has been costed as ranging between $0.28 million and $56 million depending on the size of the field. These are estimates of deductions available under the current law and do not represent the revenue implication associated with the proposed amendment.

5.44 The amendment only brings forward an already eligible deduction. That is, the only cost to revenue relating to this amendment is the potential timing cost from allowing the deduction at the time the production licence ceases rather than when the infrastructure licence ceases. It is not possible to identify the changed timing impact on PRRT receipts or refunds.

That is an attempt to recognise a timing cost and a better assessment of the situation, but, as a legislator, I cannot be content with that change. It effectively says, in my mind, that we would give the petroleum industry a blank cheque. We cannot estimate how much they would write on it, so it seems to me that it would be very unwise for us to support such an approach. The Labor Party picked this up. They have tabled amendments that remove this part of schedule 5 from the bill, and we are intending to support those
amendments that deny the deductibility for the estimated closing down expenditure.

Schedule 6 of the bill makes a number of technical corrections to the Income Tax Assessment Acts of 1936 and 1997 and to other tax related legislation. These are very minor, and the Democrats will support this schedule. The final topic in the bill is clause 5, which generally ensures that no taxation consequences will arise for any person under any Commonwealth taxation laws as a result of the corporate conversion of Australian Gas Light Co.—AGL—or from its registration under the Corporations Act 2001. The Democrats will be supporting that measure.

In summary, this is a large and varied omnibus bill. We will be supporting all but a small part of it and, therefore, we will look forward to the committee stage of the debate.

Senator WEBBER (Western Australia) (6.04 p.m.)—The Taxation Laws Amendment Bill (No. 3) 2003 has four major provisions. These are: to allow for the earlier deduction of closing down costs relating to certain petroleum projects when the facilities are to be subsequently used under an infrastructure licence; to ensure that the 50 per cent capital gains tax discount for assets held for over 12 months extends to rights under an employee share ownership scheme when the entitlement is held in an employee share trust; to extend the imputation system to cooperative companies; and to remove any taxation consequences from the conversion of AGL from a statutory corporation to one registered under the companies code.

It is difficult when considering omnibus legislation like taxation law amendment bills to give due consideration to all of the changes and understand what all of the possible implications are. Personally I am of the view that one of the major problems with taxation in this country is that it has become far too complex. The basic underpinning of our taxation laws may very well be correct but, for each element, we end up with exemptions, concessions or opt-outs that complicate the system.

However, I want to talk about one of the main provisions of this bill, and that is the one that relates to the petroleum resource rent tax, or PRRT. Specifically, this amendment bill deals with changes to the Petroleum Resource Rent Tax Act 1987. PRRT is a Commonwealth tax that is applied after all costs associated with a project have been deducted. Put simply, PRRT is directly linked to the profitability of a project. It has been argued that this kind of taxation approach is about ensuring that the Australian people receive a financial return for the use of a one-off product. Given that once the petroleum is extracted it is not renewed, that is an approach that I support. What we are told about these changes is that expenditures associated with the closing down of a particular project—where the facility continues to be used under an infrastructure licence or for another processing project—will be deductible against the first project’s PRRT receipts.

The reason for the change is that the infrastructure licences were introduced in March 2000 to allow for the construction and operation of infrastructure facilities in Commonwealth waters without a necessary connection to any specific PRRT project. This of course means that facilities can be used for more than one project. All of this raises a number of issues. Firstly, should we allow a deduction for the expense of closing down a petroleum production platform before it is actually incurred? Secondly, what is the cost to revenue of the proposal? Finally, have all of the changes in this area over the last three years undermined the integrity of the petroleum resource rent tax regime?
The reality of this change is that, if a production facility is converted to an infrastructure licence, the notional costs of the decommissioning will be allowed as an immediate deduction against the PRRT liability even though they have not yet been incurred. Some of the infrastructure used in this industry can operate for years and years so, if an operator is allowed to bring forward the deduction, we are talking about a major taxation concession. This could be a cost to revenue of as high as $56 million per platform, as Senator Murray outlined. The reality is that decommissioning is a legitimate deduction but it must occur only at the time that the costs are incurred.

I also want to take this opportunity to talk about a major project in the north-west of my home state of Western Australia. The latest in the development of the north-west of Australia is the Gorgon joint venture that includes onshore processing at Barrow Island. Let us be clear that this is a significant project and will face sustained opposition from certain quarters, including some in this parliament. However, the Senate should note that the reality is often very different from the publicly stated case opposing this project.

Barrow Island is an environmental treasure-house. It is true that it is largely untouched by nonindigenous flora and fauna; however, to pretend that it is somehow free of the influence of humanity is incorrect. There are some 400 oil wells currently on Barrow Island. These wells have been there for over 30 years. I understand that those who oppose the project will be campaigning under the notion that Barrow Island is Australia’s ark. I find that to be a fairly nonsensical proposition because if Barrow Island is Australia’s ark then it is an ark with 400 oil wells. I am sure that if you asked almost any person you met to define an ark they would not say it included 400 oil wells.

Senator Murray—And 450 that are capped.

Senator WEBBER—And 450 that are capped, indeed, Senator Murray. However, that is not important in the scheme of things—when you are opposed to a project you are opposed to it no matter what. And that of course includes telling the full story or allowing logic to come into the discussion.

Industry and successive state governments in Western Australia have ensured that the wildlife on Barrow Island has been largely unaffected by development. In fact there are some reports that argue that the wildlife is actually thriving under the regime that has been operating on Barrow Island. This has been achieved through some of the strictest quarantine arrangements that exist anywhere in the world. Let us be clear, these quarantine arrangements will work, are working and have worked for over 30 years. They worked when the environment was not even at the forefront of most people’s minds, when it was not an issue for most people at all.

Yes, development has left a footprint on Barrow Island, but that footprint is very small. There are some 20 species of wildlife on Barrow Island. That is one of the reasons why it is unique. Has one single species been made extinct over the last 30 years on Barrow Island? No, not a one. Therefore, let us put all the facts before people rather than just select the emotive ones.

As has been announced by the Premier of Western Australia, Dr Gallop, the Gorgon project provides for a very significant investment in environmental benefits for the state. Under an agreement between the joint venturers and the state government some $40 million will flow to conservation projects. As the Premier stated in a press release last week, for the first time in Western Australia there are going to be environmental benefits
that are not directly part of the project area. Simply put: the $40 million is not all going to be spent on Barrow Island. According to the terms of the agreement between the joint venturers and the state government, the money will be paid to the Department of Conservation and Land Management. It will then be a decision of the Executive Director of the Department of Conservation and Land Management to allocate the money to major new conservation projects.

There will be an initial $3 million payment within one month of the development gaining parliamentary approval. Additional payments will flow on from that initial payment: an additional $2 million once stage 1 gains approval, $5 million on the approval of stage 2 and $1 million per year for 30 years following the approval of stage 1. All payments are indexed to protect against the effects of inflation. This $40 million conservation package is in addition to the monitoring of the quarantine protections that currently exist on Barrow Island.

Under the terms of the agreement between the joint venture partners and the state, the joint venturers will fund seven full-time conservation and land management officers during the construction phase to a maximum of $1 million per annum and five full-time conservation and land management officers during operations to a maximum of $750,000 per annum. As a minimum this means that there will be two conservation and land management officers on Barrow Island at all times.

Here we have a project that for the first time is prepared to fund conservation projects that are not directly related to the area of its activities. It is also prepared to pay for state officers to monitor full time its activities on Barrow Island. By any reasonable measure this process provides for a significant improvement of the environment of Western Australia.

Western Australians work very hard to maintain our unique environment whilst still being a major contributor to the financial wellbeing of the Commonwealth. Another key environmental benefit from the project is the re-injection of carbon dioxide. Any carbon dioxide produced as a by-product of the liquid natural gas from the project will be put back into the ground and not contribute to the amount of carbon dioxide in the atmosphere. This will have the effect of making the Gorgon project one of the most greenhouse friendly liquid natural gas operations in the world.

The Senate also needs to understand that it is projects like Gorgon that drive the economic wellbeing of this country. The Liquid Natural Gas Action Agenda commissioned Access Economics to do a study of the benefits of an $8 billion LNG project. The study concluded that the project would be worth some $4 billion annually to the Australian economy, representing 0.8 per cent of GDP, and it would generate some 20,000 jobs and earn Australia $1.5 billion in exports every year. On the basis of that conclusion, the development of Gorgon is a significant step for everyone in Australia. The facts are that the use of liquid natural gas is expected to increase significantly over the next decade. Demand in the Asia-Pacific region, including the USA, is expected to increase from 74 million tonnes to 230 million tonnes by 2015. Domestic demand has been growing by about three per cent a year.

The federal government is in a great position regarding the Gorgon announcement on Barrow Island. The Western Australian government takes all the political and economic risk, deals with any political fallout from the project and gets to provide the infrastructure. For all of this, the Western Australian gov-
germany does not receive one red cent of any royalties for its trouble; all the money goes to the Commonwealth. The Commonwealth refuses to even entertain the prospect of returning some of the royalties to the state of Western Australia. It should be no surprise, therefore, that the state government has had to take the approach that it has taken with the joint venturers over the environment. The state will not receive any royalty income, so— to be certain that there will be additional moneys to work on conservation on Barrow Island and, more generally, in Western Australia—the state government negotiated the agreement that I referred to earlier.

It is little wonder that Senator Minchin, for example, has been running around telling the press how wonderful the project is; all the money goes into consolidated revenue, and none of the political or economic risk comes his way. It has been estimated that some $17 billion in royalty payments will be made to the Commonwealth over the 25 years of the project—there will be all of the fun and none of the responsibility for the Commonwealth government. I believe that greater consideration needs to be given to major projects in the future. The Commonwealth should be as committed to the protection of our environment as the state government of Western Australia has been. The Commonwealth should be setting aside some of the royalty income from the Gorgon project to maintain or restore our unique environment. The Commonwealth should be prepared to be an active partner in these projects rather than just skimming the royalty income off the top.

**Senator COONAN (New South Wales—Minister for Revenue and Assistant Treasurer) (6.17 p.m.)—** The Taxation Laws Amendment Bill (No. 3) 2003 contains a variety of measures that demonstrate the government’s commitment to continuous improvements in the tax system by promoting equity, easing compliance costs and introducing structural reforms that will support a robust economy. In summing up on this bill, I want to make some comments with respect to each of the provisions in it. I then want to say a few words about an opposition amendment designed to dovetail with a measure in TLAB 7, which we are to consider later this evening.

Firstly, with respect to gifts, the bill adds a number of organisations to the tables that provide income tax deductibility for gifts to those organisations under the Income Tax Assessment Act 1997. The period of gift deductibility is being extended for two other organisations. Secondly, the bill amends the capital gains tax provisions in the income tax law to take into account capital gains or losses while shares or rights are in an employee share trust. Broadly speaking, this measure will ensure that a capital gain or loss on subsequent disposal of the shares or rights by the employee is calculated from the time the shares are allocated to the employee in the trust. The counting of the 12-month ownership period for the capital gains tax 50 per cent discount will begin at the same time. Therefore, the treatment of shares or rights acquired under an employee share scheme operating through a trust will be, in that respect, better aligned with the tax treatment of shares or rights acquired under other employee share schemes. Further, there will be technical amendments to the capital gains tax law and fringe benefits tax to ensure that they operate as intended in relation to employee share schemes. The bill contains a series of other technical amendments to income tax legislation and other areas of the tax law.

Cooperative companies play an important role, particularly in rural and regional Australia. This bill provides added flexibility to the tax treatment of cooperatives that will greatly benefit those companies and their
members. The bill will give cooperatives the option to frank distributions from assessable income of the current year. The measure gives cooperatives the same access to imputation credits as other companies while maintaining the deduction for unfranked distributions for those cooperatives which prefer the deduction approach.

The bill also contains an amendment to rectify an anomaly in the reasonable benefit limit provisions. The purpose of the reasonable benefit limit is to limit the amount of concessional taxed superannuation benefits received by a person. The amendment will ensure that the proportion of concessional tax rebate available to a reversionary pension paid on death is the same as that which applied to the original pension. The bill will ensure that no tax consequences arise for any person as a result of the corporate conversion of the Australian Gas Light Company from a company of proprietors established under New South Wales legislation to a company registered under the Corporations Act 2001. This will remove tax issues as a possible impediment to the AGL corporate conversion.

The next measures in the bill propose amendments to improve the operation and equity of the petroleum resource rent tax—or the PRRT—in two ways: firstly, by recognising the cost of closing down petroleum production; and secondly, by including transactions from all petroleum activities related to a particular project in the calculation of the PRRT.

The bill amends the Petroleum Resource Rent Tax Assessment Act 1987 to recognise, at the time the production licence ceases, costs associated with closing down a facility that is no longer used for a petroleum project but continues to be used under an infrastructure licence. This measure would remove a disincentive to the take-up of infrastructure licences which sees the lives of facilities extended by putting them to use in processing petroleum from other projects. I note, unfortunately, the opposition to this aspect of the bill and I must say that I am disappointed that those opposite will not be supporting the government’s efforts to promote the most effective use of the existing petroleum infrastructure.

The introduction of the infrastructure licence provides industry with the opportunity to continue to utilise existing petroleum infrastructure to process petroleum from other areas. The measure is a necessary change to support the infrastructure licence initiative. Without this measure, there would be a marked disincentive in converting to an infrastructure licence. This is because, under PRRT, operators will remain assessable on the future economic value of the production facility but a deduction for future closing-down costs would be deferred until the infrastructure licence ceases. The amendment therefore addresses what might be described as the mismatch between the treatment of receipts and expenditures when a petroleum facility moves from a production licence to an infrastructure licence. It should also be noted that, in the absence of this measure, more projects would be closed down at the end of a production licence in order to ensure that they were eligible to claim deductions for closing-down expenses at that time. This would obviously have negative implications for development of nearby marginal production fields.

The profitable exploitation of Australia’s petroleum resources is of benefit to the Australian economy as a whole. It goes beyond the industry. Benefits include providing increased competition in Australia’s domestic market, stronger exports, increased employment and the attraction of associated manufacturing industries that utilise petroleum products. It reflects poorly on the opposition and minor parties that they have chosen to
obstruct this reform and demonstrate themselves to be entirely unable to understand the connection between responsible structural reform and Australia’s economic performance. In contrast, the Howard government remains determined to deliver the reforms necessary to continue its robust economy. Accordingly, I can foreshadow that the government will not be supporting the opposition amendments.

I want to say a few words now about the petroleum resource rent tax and partial use. The second amendment to the petroleum resource rent tax will produce more equitable and uniform taxing arrangements where the same facility is used for petroleum sourced from two or more petroleum projects. In these cases, the tax will be extended to include all petroleum activities related to that project in the tax calculations of the operator. Partial use of a PRRT project’s facilities can occur in a number of ways where the facilities are used to process, treat or store petroleum from another PRRT project—for example, where one project buys unprocessed petroleum from another project and then processes it for sale or where a petroleum project charges another a toll or a fee for the use of facilities. Currently, where there is a partial use of petroleum infrastructure, tolling receipts and expenditures may not be taken into account for PRRT purposes. This may discourage partial use arrangements and impact adversely on productivity and the international competitiveness of Australian petroleum projects.

Another difficulty arises where the facilities are intended for use partly in processing petroleum from outside the production licence area. In these cases, the capital cost of facilities used in carrying on a petroleum project is apportioned. However, under the current law, the apportionment does not change even if the relative use changes throughout the life of the project. These amendments will provide an equitable and uniform treatment of partial use situations, whether they are contemplated from start-up or from a later date. The amendments will ensure that the PRRT remains economically efficient and neutral by including all revenues and expenses related to partial use in determining a project’s PRRT liability.

The Labor Party are also proposing to change the date of commencement for a measure in deductible gift recipients listed as a consequence of their opposition to measures in the Taxation Laws Amendment Bill (No. 7) 2003. That measure would specifically list DGRs by way of regulation rather than by the slow and administratively cumbersome amendment of the principal legislation every time. The commencement date is designed to dovetail with the measure in TLAB 7, which itself would apply from 1 July 2003. This will ensure that organisations are added to the list in the appropriate order. This is a matter that the Senate will no doubt come to in more detail during debate on TLAB 7. However, it is necessary to preempt that debate in speaking to this opposition amendment. TLAB 7 will require that specifically listed deductible gift recipients be prescribed by regulation from 1 July 2003.

In order to be a deductible gift recipient, an organisation or fund must either fall within one of the general deductible gift recipient categories set out in the gift provisions of the Income Tax Assessment Act 1997 or be specifically listed under those provisions. Organisations that fall within the general deductible gift provisions will not be affected under current law. Organisations that do not fall under the general categories may achieve deductible gift recipient status by being specifically listed in the gift provisions of the Act. This bill contains a provision to require that specifically listed deductible gift recipients be prescribed by regulation
rather by the legislative amendment. This allows continued scrutiny by the parliament, particularly by the Senate Standing Committee on Regulations and Ordinances—a very fine committee of this place—but will make the process less administratively costly and more timely. For the organisations that benefit from being listed, the process of achieving specific listing will not change—that is, each organisation will still be considered by the government on a case-by-case basis. The government do not support this opposition amendment, and I can foreshadow that we will not support any consequential amendment to TLAB 7 either.

In conclusion, TLAB 3 demonstrates the government’s commitment to ongoing improvements in the tax system by promoting equity, easing compliance costs and introducing structural reforms that will maintain a strong and stable economy. The bill demonstrates the government’s resolve, and I commend this bill to the Senate.

Question agreed to.

Bill read a second time.

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

In Committee

Bill—by leave—taken as a whole.

Senator SHERRY (Tasmania) (7.30 p.m.)—I move opposition amendment (1):

(1) Clause 2, page 2 (table item 3, column 2), omit “29 June 2003”, substitute “The day on which this Act receives the Royal Assent”.

The amendment alters the date of application for the DGR measures from 29 June 2003 to the date of royal assent. Last week the government amended the bill to alter the date of application. As I said in my speech in the second reading debate, the government gave us a reason for this change—to coincide with proposed new arrangements for the listing of DGRs by regulation rather than by legislation. The government’s approach is consistent with the approach taken in the Taxation Laws Amendment Bill (No. 7) 2003, which we will deal with after this piece of legislation.

The Labor Party does not agree with the proposed change because it does not agree with the proposed changes to DGRs in Taxation Laws Amendment Bill (No. 7). As I have indicated, Labor will oppose that measure in Taxation Laws Amendment Bill (No. 7) for the simple reason that listing by regulation will remove the parliament’s capacity to amend what it considers to be an obnoxious condition attached to the listing of an organisation without also striking down the organisation’s deductible gift recipient status. As senators would be aware, regulations must either be accepted in total or rejected in total; they cannot be amended.

A particular trend we see with this government is its attempts to transfer as much as it can out of legislation and into regulation. That denies the Senate greater scrutiny. It does not deny the Senate total scrutiny, but it denies the Senate greater scrutiny. A determination by regulation ensures a less flexible approach than would otherwise occur by legislation. Therefore, I have moved the amendment to change the operative date for the organisations in this schedule back to the date of royal assent.

Question agreed to.

Senator SHERRY (Tasmania) (7.33 p.m.)—by leave—The opposition opposes the bill in the following terms:

(2) Schedule 5, items 2 and 3, page 24 (lines 11 to 18), TO BE OPPOSED.

(3) Schedule 5, item 6, page 24 (line 27) to page 26 (line 11), TO BE OPPOSED.

(4) Schedule 5, item 13, page 27 (lines 18 to 32), TO BE OPPOSED.

(5) Schedule 5, item 20, page 29 (line 1) to page 30 (line 15), TO BE OPPOSED.
These deal with concerns that Labor has about the infrastructure licensing proposal. I outlined those concerns in some detail in my speech in the second reading debate. I would like from the minister, if possible, a response to Labor’s attempts to obtain a more accurate costing of the particular measures that we are considering here in committee.

As I indicated in my speech in the second reading debate, there may be a substantial amount of money involved here. The explanatory memorandum does not indicate the amounts of money via improved concessional treatment in the process that is outlined. When questions were posed to Treasury at the Senate committee hearing, they were not able to assist us in any great detail. They passed the buck to the Australian Taxation Office, who were not there. The minister may be able to inform us this evening in the chamber whether she has received from the tax office any further estimates of more accurate costings in respect of this measure.

Senator COONAN (New South Wales—Minister for Revenue and Assistant Treasurer) (7.35 p.m.)—The revenue issue can be understood in respect of how the infrastructure licence works. The inherent issues are then thrown up which indicate that it is obviously very difficult to estimate revenue. Estimates of the revenue impacts of the potential closing-down costs of infrastructure provided in the explanatory memorandum are estimates of deductions already available under the current law and do not represent the revenue implications associated with the proposed amendments. The infrastructure licence amendments allow for the bringing forward of an already eligible deduction. The deduction obviously can be claimed only to the extent of assessable petroleum resource rent tax receipts received and previous petroleum resource rent tax paid. This means that the available deductions are already naturally capped.

As I have said, the amendment only brings forward an already eligible deduction; that is, the only cost to revenue relating to this amendment is the potential timing cost from allowing the deduction at the time the production licence ceases rather than when the infrastructure licence ceases. It follows that the amendments are unlikely to have any revenue implications over the forward estimates period because there are no projects currently expected to convert from a production licence to an infrastructure licence in this period.

Senator SHERRY (Tasmania) (7.37 p.m.)—We have not progressed any further, unfortunately. It seems to me that if the industry wants this change and there is a gain to industry then there must be some revenue estimates. I note the minister was quite careful when she said, ‘in the forward estimates period’. Effectively, she is saying that there is no cost to revenue over the next four years. I do not know whether that is true or not, but what must have happened is that the Australian Petroleum Production and Exploration Association and/or individual petroleum companies must have spoken to Treasury and/or the tax office to provide details about this particular measure, which they are supporting and which they see as a gain. They want it; there is a gain. They would not be supporting it if there was not a gain. They would not be making the request if there was not a gain to the industry from the proposals in this omnibus tax bill.

I have some respect for Treasury and particularly the tax office, and I am sure they vigorously tested the claims being made by the APPEA and/or individual petroleum companies. I am sure that in that vigorous testing they would wish to identify the potential revenue loss to government. It may just be a timing issue but timing is very important. If there is no cost to revenue over the forward estimates period, the next four years,
on a cash or accrual basis then presumably if there is a gain to industry there must be some cost beyond the forward estimates, and the Labor Party would like to know what that is. If there is no gain to industry, why are we even debating this issue? There must be a change to the timing of revenue. The Labor Party would like to know what that is, even if it is not in the forward estimates for the next four years.

That does not seem to me to be an unreasonable request, and I am guided by my colleague in the other place Mr Cox, who is responsible for those matters. When it comes to these issues he is particularly diligent in his scrutinising of legislation. He was a former adviser in either Tax or Treasury to Mr Walsh, a former finance minister. Whatever one might think about Senator Walsh, he did not let a cent go by. He was particularly inquisitive in his probing of one dollar loss to revenue over any time period. I am not sure Senator Murray was here, but his colleagues would recall the particularly diligent way Senator Walsh went about his job as finance minister.

Senator McGauran—He wrote a book about his failures—he did it all wrong.

Senator SHERRY—Confessions of a failed finance minister. I think he was too harsh on himself. The member in the other place, Mr Cox, who is responsible for these issues, is very diligent and very knowledgeable. He has inside knowledge of the way Treasury and Tax operate. I respect his opinions. I think he has a good point. If the minister is not able to furnish the information, so be it. I have made the point and I am not going to persist. If the information cannot—or will not—be provided by the government then that is it. I will bring my amendments to, hopefully, a successful conclusion.

Senator COONAN (New South Wales—Minister for Revenue and Assistant Treas-

urer) (7.42 p.m.)—First of all, Senator Sherry’s point that if there cannot be some quantification beyond the forward estimates of the cost to revenue then it cannot be very important to industry is a non sequitur. If I may say so, the whole point of the measure is to encourage infrastructure licences because that is a sensible exploitation of already existing infrastructure. I would have thought that that point might not be lost on Mr Cox in the other place if indeed he has the perceptions that Senator Sherry attributes to him.

The amendments, as has been said a little earlier, address the symmetry between the treatment of receipts and expenditures when a petroleum facility moves from a production licence to an infrastructure licence. Obviously, there needs to be some encouragement and some appropriate tax treatment in respect of it. However, I can provide a bit more information—not that it is likely to do much good, because Senator Sherry is obviously not going to be persuaded by anything other than Mr Cox’s misunderstanding of the matter. The closing down costs associated with a project can vary considerably depending upon the size of the project, with revenue impacts ranging from $0.28 million to $56 million per project. As there are a limited number of projects, with varying lives, in operation in Australian waters, conversions from production licences to infrastructure licences are likely to be infrequent. There are currently 36 active production licences in areas subject to petroleum resource rent tax. Estimates of the revenue impacts of closing down costs of infrastructure are as I have just mentioned. It depends of course on the size of the field, but that would be no surprise. There are estimates of deductions available under the current law and they do not represent the revenue implications associated with the proposed amendments.
I want to repeat this to have it very firmly on the record so that at least there is some clear understanding of what this particular amendment is designed to do: it only brings forward an already eligible deduction. That is, the only cost to revenue relating to this amendment is the potential timing cost from allowing the cost at the time the production licence ceases rather than when the infrastructure licence ceases. As we are not aware of any platforms that might operate under an infrastructure licence, it is simply not possible, as we have tried to explain, to identify the revenue impact of the changed timing of already eligible deductions—that is, the timing of the PRRT receipts or refunds. That is about as clear as it could possibly get.

Question negatived.

Bill, as amended, agreed to.

Bill reported with amendments; report adopted.

Third Reading

Senator COONAN (New South Wales—Minister for Revenue and Assistant Treasurer) (7.46 p.m.)—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

TAXATION LAWS AMENDMENT BILL (No. 7) 2003

Second Reading

Debate resumed from 11 September, on motion by Senator Ian Campbell:

That this bill be now read a second time.

Senator SHERRY (Tasmania) (7.47 p.m.)—Taxation Laws Amendment Bill (No.7) 2003 is a general tax bill dealing with 11 sets of issues. Labor will oppose only one measure: the proposal to list by regulation, rather than legislation, organisations to be given status as named deductible gift recipients. I have referred to this in the debate on the taxation laws bill that we have just passed through the Senate with two amendments. One of those amendments was in respect of this matter. I will deal with the less controversial issues first and come back to the deductible gift recipients later.

Schedule 1 refers to Second World War payments. Schedule 1 provides an exemption from income tax and capital gains tax for payments relating to persecution, loss or damage to property or illness and injury resulting from persecution or involvement in resistance during World War II. Those eligible are victims, surviving relatives, or beneficiaries of a victim’s will. The payments may be in the form of income or capital, including compensation or restitution of property. The payments must come from a foreign source, such as a fund set up by a government as a result of a legal settlement, or established by a business or industry. The principle underlying this tax treatment is that the payment is a transfer similar to a legal settlement.

The bill contains an integrity measure to ensure that the payments do not come from an associate, which would allow the exemption to be used as a means to direct otherwise taxable foreign payments to Australian residents. A stricter anti-avoidance test would be for the bill to require the government to gazette the specific foreign funds from which payments would be eligible for exemption. I am not pursuing that because Treasury have advised that it would be difficult for the government to do that in a timely and accurate manner. It is sad to have to contemplate—as the government has had to—that some people might attempt to misuse a measure such as this, but if they do the Taxation Office would have the option of using the general anti-avoidance provisions.

Examples of World War II funds include the Indemnification Commission for the Be-
gium Jewish Community’s Assets, which was established to provide compensation for assets plundered, surrendered or abandoned; the Maror Fund, a Dutch fund established to compensate Jewish victims for persecution suffered or property lost; Compensation for Orphans of Deported Parents, a French fund which makes payments to orphans whose parents were deported from France; Compensation for Victims of Financial Spoliation, a French fund established to compensate victims and their families for property loss resulting from anti-Semitic legislation enforced during the German occupation; the Holocaust Victim Assets Litigation, a legal settlement to resolve Holocaust related claims against Swiss banks; and the International Commission on Holocaust Era Insurance Claims. Each of the funds has its own criteria for determining eligibility for payments. These could include payment for wrong or injury as a result of: persecution on the basis of religion, race, physical or mental disabilities or sexual orientation; slave or forced labour; being refused entry to, or being deported from, a country; the deportation of a child’s parents; and illness or injury resulting from persecution or participation in resistance. Payments in respect of the property could include: property confiscated, stolen, looted, hidden or lost; real estate, including residences, business premises and agricultural land; businesses’ financial assets, including the contents of deposit boxes, precious metals, works of art and cultural property; and personal effects, including furniture and jewellery.

Labor is very pleased to support schedule 1 to ensure there is no tax consequence as a result of these long-overdue payments in respect of the Holocaust. We also note that victims of World War II, and in particular Holocaust victims, are not the only group in Australia who have suffered persecution or loss of assets in circumstances of conflict or the most repugnant breach of human rights. It is a general principle of good public policy that governments afford equitable treatment to people in like circumstances.

The second reading amendment, moved by my colleague Mr Cox in the other place, called on the government to consider legislative changes to extend the tax treatment proposed in this report to payments received by Australian taxpayers from overseas funds set up to compensate for persecution or loss of assets in times other than World War II. In this matter the member for Gellibrand drew attention to the refusal of the Treasurer to afford similar tax treatment to those living in Australia who are in receipt of regular compensation payments from the Chilean government for persecution they were subjected to in that country.

I note that my colleague from New South Wales Senator Stephens, in her contribution on this bill, similarly drew to the attention of the Senate the particular difficulties of persons who suffered persecution from the Chilean government and what they were subjected to in that country. The government has refused to act in this area. The Labor Party attempted to move the second reading amendment in the House of Representatives. That was defeated and regrettably the government is not considering amendments in respect of people who fled persecution in Chile, so we will not be moving an amendment in committee to this particular bill in this area.

Australia Ltd, Alcohol Education and Rehabilitation Foundation Limited and the Constitution Education Fund. Schedule 2 also limits deductions to the Stolen Children’s Support Fund to gifts made before 4 February 2003, when that fund was dissolved. Labor will support schedule 2, as we did on a previous occasion in the House for another list of organisations which are being given DGR status in the Taxation Laws Amendment Bill (No. 8) 2002.

I note, with respect to the government’s proposal to change the listing process for named organisations to one using regulation, that the government left the Taxation Laws Amendment Bill (No. 8) 2002 for a period of nine months and four days after its introduction before bringing it on for debate, even though its legislative program was not always crowded. I think this matter is not going to take an enormous amount of time in debate in this chamber, so we are very surprised and concerned that the government has taken nine months and four days to bring this bill into the Senate. I point out that, despite the government’s much exaggerated claims, it is invariably not the fault of the Labor opposition or indeed the Democrats—who are generally responsible, although we have disagreed on a few little things lately—or the cross-benchers. The government is in charge of the program; it could have set this matter down much earlier than the debate tonight. The government is giving timeliness and administrative simplicity as its reasons for that proposed changes but, as Taxation Laws Amendment Bill (No. 8) 2002 demonstrates, if there is a problem it is very much one of the government’s own making, and we do not accept that as the real reason for the proposed measure.

Schedule 3 provides the capacity for donors of cash to DGRs to spread their deduction at their own discretion over five years, although after making an election to do that they cannot change it. The change will give identical tax treatment to donations of cash as already applies to donations of property. The purposes of this change are for equity and to encourage Australians to be more generous to all types of DGRs, and Labor will support it.

Schedule 4 amends the Crimes (Taxation Offences) Act 1980. The Criminal Code provides uniform interpretation for offence provisions in Commonwealth legislation. It applied to newly enacted offences from 1 January 1997 and to all offences from 15 December 2001. When legislation in the Treasury portfolio was harmonised in 2001, the Crimes (Taxation Offences) Act 1980 was omitted from the project. The explanatory memorandum claims that this was inadvertent. The specific amendments to the Crimes (Taxation Offences) Act provided in schedule 4 are to change references to ‘sales tax’ to ‘old sales tax’—it is a pity we cannot have ‘old GST’ in there, Senator Murray—convert fines into penalty units and replace the term ‘purpose’ with ‘intention’. The use of the term ‘intention’ makes it clear there is an additional fault element of the offence whereas ‘purpose’ could be part of the physical element of result. This change is consistent with the Criminal Code. Labor will support schedule 4.

Schedule 5 provides a transitional arrangement for foreign entities with a large amount of accumulated losses going into consolidation. It will allow a foreign entity to remain outside a consolidated group for a transitional period if it would be adversely affected by restrictions on the rate at which its losses could be recouped in a consolidated group. If a group consolidates, all of the head company’s eligible subsidiaries must be included in the consolidated group. Unused carry-forward losses of consolidating entities may be transferred to the head company provided they satisfy the continuity of owner-
ship and same business tests. Consolidation maintains the existing rule that a foreign loss can only be offset against assessable foreign income of the same class. The rate at which losses can be used by the head company is determined by the joining entity’s available fraction. The available fraction is determined using the joining entity’s market value as a proportion of the market value of the group as a proxy for the proportion of the group’s income that would have been generated by the joining entity. This is intended to ensure that the rate of loss recoupment inside a consolidated group approximates what would have occurred in the absence of consolidation. To contain the cost to revenue of allowing foreign entities to transfer excessive amounts of losses to the head company, schedule 5 will allow the foreign entity to remain outside the group until the losses are recouped, up to a maximum of three years from the time the group consolidates. During the transitional period the foreign entity is not eligible for loss transfer, asset rollover and thin capitalisation grouping concessions provided to non-resident entities. Labor will support schedule 5.

Schedule 6, interaction of the GST with a consolidated regime, is another consolidation measure. It ensures that certain actions of a statutory or contractual nature required for the purposes of consolidation are not treated as taxable supplies. These transactions include the transfer of tax attributes, the ability to claim deductions and offsets and the ability to make elections and declarations as well as obtaining release from obligations. Not all consolidating entities are members of the same GST group, creating difficulties as a consequence of consolidation. The intention is that entities should be afforded similar GST treatment under consolidation as they received in a pre-consolidation environment. I would have to look and see what number amendment this is with respect to the GST.

Senator Murray, we must be touching on 2,000 since that infamous package passed the Senate. Labor will support schedule 6.

Schedule 7, imputation for life insurance companies, provides a new set of rules for the imputation arrangements applying to life insurance companies. Life insurance companies differ from ordinary companies in that some components of their income are treated as if it is the final individual taxing point while other income is treated as being available for distribution to shareholders. Franking credits arise only where income is attributable to shareholders. Because life companies cannot determine the extent to which tax is attributable to shareholders until assessment, which they cannot do until after the end of the financial year, life insurance companies are permitted to make an estimate of the transactions attributable to shareholders with an adjustment to the franking account after assessment. However, they are subject to severe penalties for overestimation. Schedule 7 removes the penalties for overestimation of franking credits and clarifies which franking credits and debits arise from an amended assessment. Schedule 7 also removes the holding period for franking credits arising from receipt of franked dividends. Labor will support schedule 7.

Schedule 8, overseas forces tax offsets, removes the possibility that some Australians serving overseas could simultaneously access both the overseas Defence Force tax exemption and the armed forces tax offset. The exemption and the offset were provided to deal with the circumstances of different types of services and were not intended to apply together to the same personnel at the same time. Labor will support schedule 8.

Schedule 9, rollover for financial service reform transitions, provides an automatic capital gains tax rollover for financial service providers on transition to the FSR, financial
services reform, regime when an existing statutory licence, registration or authority is replaced with an Australian financial services licence, a qualified Australian financial services licence is replaced with an Australian financial services licence and an intangible capital gains tax asset is replaced with another intangible capital gains tax asset. The rollover will defer capital gains tax liability until a CGT event happens to the replacement asset. Labor will support schedule 9.

Schedule 10, foreign hybrids—that is another name for the GST—changes the tax treatment of investments in foreign limited partnerships and other foreign hybrids such as US limited liability companies. The purpose of the tax law in this area is to provide appropriate limitation rules for losses. Australian tax law currently treats hybrids as partnerships. Tax law in the United States treats them as companies. Schedule 10 changes the Australian treatment from partnerships to that of companies. Labor will support this schedule.

Schedule 11 provides technical amendments to eight enactments in the tax and superannuation area to repeal redundant provisions, correct terminology, correct incorrect section references and correct cross-references. Labor will support schedule 11.

I now turn to the single measure in the bill that Labor opposes. Schedule 3, simplifying listed DGRs, provides arrangements for listing organisations by regulation that will be eligible deductible gift recipients—so-called DGRs. This would replace existing arrangements, whereby DGRs are listed in legislation. As I said earlier, the government claims that this is to allow more timely listings and adjustments, but we know the government’s agenda in this area is to remove as much as possible from the scrutiny of parliament. There is a great deal more time, and a much more flexible regime, to amend legislation than there is with respect to regulation. I remind the chamber of an example of the misuse of this regulatory power by the minister in the chamber, Senator Coonan, when she gazetted superannuation’s so-called portability regulations on the very day that the Senate committee was due to hear evidence on the draft regulations. I cannot recall a time when that has occurred in the Senate. Senator Murray may be able to, but I cannot recall it ever happening. The minister and the government displayed utter contempt towards the Senate Select Committee on Superannuation by gazetting regulations, without telling the committee, on the day that the Senate committee was hearing the evidence. They did not even tell poor old Senator Watson, the chair of the committee, that they were gazetting the regulations. He fronted up to the Senate hearings and was told by witnesses, who had somehow found out from the minister. I have never seen anything like it in my time in the Senate. That is an example of the abuse that we have seen in this area in more recent times. Frankly, I am still puzzled as to why that approach was taken on that occasion. Certainly Senator Watson and Senator Cherry, from the Democrats, have expressed that particular abuse in much stronger terms than I have this evening.

Under the terms of this bill, DGR status would take effect from the day immediately after the last day for disallowance of the regulation, which would ensure that there is no revenue effect where parliament does not accept the executive’s view of a particular organisation’s suitability for DGR status. The regulation could specify the date from or period during which deductibility would apply, the purpose to which the donation must be put or other conditions. In determining deductibility retrospectively, the amending regulation would give effect to a public announcement by the Treasurer or a minister 60 days or less before the day on which the
amending regulation was made, with the announcement having been published on the Internet. This bill contemplates explicit use of the Internet as an element of the process of legislation by press release, which is an interesting development apparently now occurring in other areas.

While government has in the past put conditions on the purposes for which deductible gift recipient status has been given, that has been done through legislation. This would all seem unexceptional if it were not for a draft bill the Treasurer has circulated that deals with charities. It contemplates changes that could be used to restrict eligibility for tax exemptions for charitable organisations that enter into public debate. There has been considerable public controversy arising from this draft legislation. A number of charities have argued that the draft legislation, if enacted, would have the effect of gagging their participation in public debate. The Treasurer says that the bill is only intended to codify 400 years of common law on the definition of a charity. (Time expired)

**Senator MURRAY** (Western Australia) (8.07 p.m.)—I rise to speak to the Taxation Laws Amendment Bill (No. 7) 2003 as the Democrats’ taxation spokesperson. This is the second tax bill today. The first one was a meagre 36 pages. Here is another 136 pages of tax legislation trundling through the Senate—a reminder to us all of the continual accumulation of taxation provisions.

**Senator Sherry**—What happened to the simple tax system?

**Senator MURRAY**—I wish I had been able to claim I had contributed to simplicity, but I regret I cannot. Schedule 1 to this bill provides a tax exemption for Australian residents who receive compensation payments from an overseas fund relating to the Second World War. These payments may be made to the victims of persecution or slavery during World War II or their surviving relatives. Remarkably, this is the second tax bill this year that has dealt with this issue. You would expect it to be got right the first time, and the Democrats still find it hard to believe that any payment of this kind would be subject to taxation. But we are pleased that the government will remove any doubt, and the clarification of this legislation will, hopefully, end the issue. We will support the schedule. The fact that, 58 years after World War II ended, we are still talking about compensation indicates the horrors of war. This fact and the constant images of continuing conflict in Iraq, Afghanistan and other places where war is a feature are a reminder to us all that war should be the absolute last resort for conflict resolution and that its costs go on long after the event has ended.

Schedule 2 updates the list of deductible gift recipients—DGRs, as they are known. As always, we will support this measure. We always do, but it brings me to schedule 3, which seeks to simplify the listing of deductible gift recipients. The government considers that this will improve the timeliness of the process, but the Senate can act very quickly to add deductible gift organisations. A tax bill can always have a schedule attached to it or, alternatively, we can have a complete bill that is non-controversial. As I have mentioned earlier today when we discussed TLAB No. 3, the Democrats are committed to the charities sector. I have reviewed the 27 recommendations of the charities inquiry but did not see this particular issue covered in schedule 3 raised in those recommendations. Other recommendations have not been adopted by the government: for instance, the government has failed to respond to a key recommendation of the inquiry to expand the definition of benevolent charity. The independent inquiry said the definition was clearly out of date. It recom
mended a broader category of benevolent charity to provide tax concessions to charities with the dominant purpose to benefit, directly or indirectly, those whose disadvantage prevents them from meeting their needs.

It seems the priorities of the government are off track with respect to this schedule. The Democrats will support the Labor amendments to ensure that the listing of deductible gift recipients will be subject to parliamentary scrutiny. I understand that in the past the process of listing DGR organisations has also been subject to political and other influences, and therefore we are suspicious of any move which will take them away from proper parliamentary scrutiny. The listing of the Evatt Foundation was a trade-off for the listing of the Menzies Foundation and the listing of Amnesty International was a trade-off for the listing of the Centre for Independent Studies. So, despite the Treasurer’s comments that real charities should just do charitable work, a conservative think tank like the Centre for Independent Studies has in the past been given DGR status. This is why we want to keep the process under the full scrutiny of parliament rather than delegate it to some regulatory function. We should recognise that when you start to get a reputation for mendacity you start to lose the benefit of the doubt. We will support the Labor Party amendments.

Schedule 3 also provides the capacity for donors of cash to charities and DGRs to spread their deduction over five years after making an election to do so. The Democrats will support this measure, as it brings the tax treatment of cash donations in line with the treatment of donations of property. Schedule 4 to this bill amends the Crimes (Taxation Offences) Act to correct a technical deficiency and to ensure consistency with the Criminal Code. We support that. Schedule 5 to this bill allows companies with foreign losses to be kept outside the corporate consolidated group for a period of three years. This amendment does not change the fact that foreign losses can only be used to offset foreign gains and is not considered to have any significant revenue impacts. We will support that schedule too. I note for the minister’s benefit that an idea was floated to extend this to five years. We stamped down hard on that and said we would only support three years, so that pretty soon disappeared.

Schedule 6 to this bill applies to ensure that the GST and consolidation laws operate consistently. Obviously, where companies participate in a consolidated group for tax purposes, there has been no value added in any real sense. Accordingly, it makes sense that there should be no GST impact, and companies should not have to incur any compliance costs, so the Democrats will support schedule 6.

Schedule 7 to this bill amends the imputation rules for life insurance companies that applied as a result of changes to the taxing of life companies from 1 July 2000. This is another area of major complexity due to the unusual nature of life insurance and the corporate entities concerned with it, in that it combines the assets of both shareholders and statutory policyholders. It is reasonable that the franking debits and credits that the shareholders receive are based only on their share of the tax payments made. Once again, the financial impact of these amendments is expected to be negligible and, once again, the Democrats support the schedule.

Schedule 8 amends the overseas forces tax offset provision to exclude periods of service that are exempt from tax. It makes sense that if you do not pay tax you do not get a rebate. The Democrats will support the schedule. Schedule 9 provides an automatic tax concession for those in the financial sector that are forced to restructure as a result of the transition to the financial sector reform re-
This is reasonable, assuming that the restructure occurs within the transitional period, and the Democrats will be supporting this schedule.

Schedule 10 changes the current company tax treatment of the United States and the United Kingdom limited partnerships. These foreign hybrids will be treated as partnerships rather than companies. This measure was considered in the Senate Economics Legislation Committee review of the bill. There was a concern that an investment in these foreign hybrids could result in double taxation, primarily as a result of the foreign investment fund and controlled foreign country regimes. This could result in effective tax rates of up to 60 per cent or 71 per cent. Once again in this regard, we place some confidence and trust in Treasury officials, who protect the revenue by ensuring that opportunities for tax avoidance are kept to a minimum, that that trust is reflected in the design of the legislation.

As an aside, when we look at the revenue collections from companies, for which the nominal tax rate was reduced, we note that the real tax rate for companies has increased as tax collection has increased, and that is a good reflection on good policy. Nevertheless, as I previously mentioned, there are some very clever international tax lawyers who can exploit the different treatment of items of income and expenditure, capital and revenue between countries to obtain favourable outcomes. Just because you are a lawyer does not mean to say that you are moral, as we discovered recently with those barristers who had not put in a tax return for 20 years, even though they were working for the Taxation Office. It is quite extraordinary. We have to be careful of people claiming as a result of their education a particular integrity or virtue. We will continue to question and scrutinise the Taxation Office and the Treasury in Senate estimates and other hearings to ensure that tax avoidance is being kept to a minimum. On the examination we have made of them to date, they are certainly trying hard to reduce the level of tax avoidance. Schedule 11 provides technical amendments to eight sections in the tax and superannuation area to repeal redundant provisions, correct terminology, section references and cross-references. So we will support that schedule too.

In conclusion, while talking about tax generally we must remember that tax as a share of GDP is the government’s share of the wealth that has been generated by the Australian economy. As any economics student will know, the government and the Reserve Bank have a responsibility to stabilise any boom-bust business or asset cycle that can occur when market forces are not properly inhibited or not properly regulated. If you can stabilise the economy, tax revenues will also be stable and you can fund pensions, hospitals, schools, the defence forces and all the other items that the Australian public expect the government to provide. Stability in the economy also means stability within sectors of the economy. When the rural sector suffers from the worst drought in 100 years it is the government’s responsibility to give it a helping hand, and the Democrats agree that this is a sensible government intervention.

Equally, we know that the housing sector has been booming for several years. We know that this is unsustainable. Booms are dangerous for stable economies. The housing market is booming because housing prices rose nine per cent per annum in the five years to July 2002. They increased by 17 per cent during 2001-02 and they have increased by a greater rate during 2002-03, primarily in Sydney, Melbourne and Brisbane. This has fuelled housing lending and a general increase in debt levels. The Reserve Bank has noted that lending for investment housing
has expanded at an annualised rate of 34 per cent. But, despite the housing boom and increasing debt levels, the most recent GDP figures for the June quarter indicated that the economy grew at 0.1 per cent. It almost stalled. Normally, this would mean that interest rates might come down or should come down.

However, commentators are instead talking about an interest rate increase later this year. Frankly, that is bizarre. It does indicate that for every winner there will be a loser. The government need to acknowledge that they have encouraged the boom. Their policies include: a first home owners grant costing $4 billion, which has never been means tested; negative gearing, costing over $1 billion a year on the housing front alone; and capital gains tax concessions. Capital gains tax was cut in half and that only really helps those high-income earners with investment properties and share portfolios. The Democrats did not support that cut at the time, but the Labor Party supported the coalition’s policy and the result was a $2 billion a year tax cut for high-income earners.

The consequence of the government’s policies are eloquently spelt out in the New South Wales Farmers Association newsletter, The primary report. It noted that the housing boom impacts on farmers in two ways: firstly, Australian farmers are paying, on average, $6,700 a year more in interest payments than their United States counterparts; secondly, a one per cent increase in the Australian dollar against the United States dollar results in a reduction in the farmer’s income by $1,230. So the recent 10 per cent increase in the value of the Australian dollar costs the Australian farmer $12,300. If it is reasonable to assume that the housing boom has helped increase the value of the Australian dollar and it is responsible for Australian interest rates being higher than they are in the United States, it is costing the average farmer around $20,000 a year. It shows that for every winner there is a loser. For every ‘hot auction’ that the commercial TV stations love showing, Australian farmers are losing income. The New South Wales Farmers Association concluded its report by saying:

Discontinuing the First Home Owners’ Grant, limiting the Capital Gains Tax exemption…and restricting …negative gearing …are all options which in isolation or in combination would dampen the attractiveness of investment in housing, without also disadvantaging the rest of the economy. These decisions would require a degree of political courage, but in the longer term would level the investment playing field and ensure more balanced investment decision-making, rather than further encouraging Australians to over-invest in real estate.

The Democrats could not agree more. In fact, it is what we have been telling the government all year and for years before that. We briefly thought that the comments of the shadow Treasurer, Mr Mark Latham, gave some hope that there may be sensible tax policy review in this respect on behalf of the Labor Party, but we were soon very disappointed. So only the Australian Democrats are proposing a reconsideration of those very issues that the New South Wales Farmers Association and other commentators are raising. Sensible changes on this front could save the government several billion dollars and contribute to a more balanced economy. If this occurred, the government might have more room to move on health and education, without necessarily having to impose some of the very severe penalties they are looking at—and, who knows, they might even be able to provide some significant tax cuts to lower- and middle-income earners, which brings us back to the purpose of tax bills, which is to raise revenues. With those concluding remarks, I would urge the government not to take quite such a fearful approach to the issue of negative gearing but to show some courage and review it.
Senator WEBBER (Western Australia) (8.22 p.m.)—I rise to speak on Taxation Laws Amendment Bill (No. 7) 2003. This bill has 11 schedules covering a wide range of changes to various taxation laws—everything from ‘Overseas forces tax offsets’ in schedule 8 to transitional arrangements of foreign loss makers in consolidation in schedule 5. However, I intend to concentrate my remarks on schedule 3—simplifying listing deductible gift recipients—with some brief comments on schedule 1, ‘Second World War payments’.

As a member of the Senate Economics Legislation Committee I co-signed the minority report on Taxation Laws Amendment Bill (No. 7) 2003. There was a minority report for the simple reason that the ALP disagrees with the government’s approach towards schedule 3. Essentially, the minority report recommends that the Senate not agree with that part of schedule 3 that changes the existing process of amending legislation to allow for the registration of deductible gift recipients in favour of doing so solely by regulation.

Schedule 3 is in two main parts. One relates to the ability of donors of cash to spread the tax deduction, at their own discretion, over five years. The ALP supports that part of schedule 3. Essentially this is about ensuring that identical tax treatment is provided whether an individual donates cash or property. However, Labor does not support the other part of schedule 3, relating to listing by regulation organisations that will be eligible as deductible gift recipients, or DGRs.

Labor’s concerns are the same as those which have been circulating amongst the charity and community organisations. There has been a diverse range of individuals and organisations that have made comments about the Commonwealth government’s approach towards the treatment of charities over recent times. Essentially, the government has decided, in other legislation, to codify 400 years of common law. As a result, many charities have been expressing concern that this government—or indeed any future government—may utilise the law to restrict or deny their right to participate in public debate. Another way that this has been put is that codifying the common law will effectively silence these groups. After all, there are not too many people who will bite the hand that feeds them. This situation has not been helped by public statements by government ministers that legitimate charities have nothing at all to worry about. No definition of ‘legitimate’ has been offered so far in this debate. The obvious question is: why does the government need to codify 400 years of common law? Four hundred years has provided us collectively with a definition that seems to work.

I believe that it is worth outlining again the current method by which an organisation seeks registration. Currently there are two processes by which an organisation becomes eligible to receive DGR status. The first method is to use one of the general categories that are set out in the Income Tax Assessment Act 1997. The organisation applies to the Commissioner of Taxation, who assesses that application. If the application is successful then the organisation is endorsed as a deductible gift recipient. From evidence that was presented to the Senate Economics Legislation Committee, there are currently some 18,000 organisations that have been endorsed as DGRs.

The other method is for an organisation to be included by name in the legislation itself. Currently, the committee was told, there are some 100 specifically named organisations in that legislation. This of course has meant that the legislation is amended on each occasion that an organisation or organisations apply to the government to be included.
Even at the present time, it is possible for the government to set conditions in legislation. These conditions most often go to time periods or relate to specific campaigns.

The government is now proposing to do this by regulation rather than by amendment to the legislation itself. The conditions that can now be put in the regulations could include the following: the date from which the status applies, the period during which the deductibility will apply, the purpose to which the donation must be put, conditions relating to the use of the donation and/or reporting arrangements in relation to the use of the gift.

The publicly stated reason for these changes is that the government believes that this process will be more effective and efficient. Evidence given at the economics committee’s public hearings outlined that the current process involves an organisation writing to the government to request inclusion in the legislation. The government then considers that application, generally seeks the views of the Commissioner of Taxation and then seeks to amend the legislation. From what we were led to believe, this process would essentially remain the same except that the government would now make a new regulation rather than seek to amend the legislation. Of course, in all of this, the government maintains that it will behave in an unchanged manner.

Currently there can be conditions attached to the registration of an organisation named in the act, typically relating to time durations. The concern about this proposed change is that the government could, by going through the regulation-only process, place more stringent requirements, or indeed restrictions, on an organisation seeking status as a deductible gift recipient. As the situation currently stands, the government can attempt to put stringent conditions on an organisation seeking the status, and the Senate can simply amend that condition through the legislation. However, in the changes proposed by the government, in order to reject any particularly harsh conditions placed on the registration of an individual organisation the Senate would have to disallow the entire regulation.

If we go down this path then we are giving up the ability to scrutinise and review any conditions placed by government. The Senate would give up the ability to amend them. The only option left open to the Senate would be to reject the entire regulation, and therefore the organisation would be denied access to deductible gift recipient status—along with the registration of any other organisation that may be listed in the same regulation. Of course, the government would have us believe that they would never do this. This government welcome open and frank discussion and disagreement with policies and programs. Any and all organisations can say what they like about the government, and this government would never ever do anything about it. Never ever would this government—or any future government, for that matter—go down that path. Never ever would they seek to limit the rights of an organisation to speak out on any issue. There would not be processes that sought to limit or restrict research or advocacy projects, for example. In my view, if you believe that, you will believe almost anything.

It is too easy to say that regulation versus amendment to legislation is just about effectiveness and efficiency. Has the government demonstrated that the current process is inefficient or ineffective? The Senate has demonstrated time and time again that non-controversial legislation is dealt with efficiently and effectively. What the Senate has also demonstrated is that when government—any government—attempts to impose stringent and unreasonable conditions or legislation, that attempt will be subject to rigor-
ous review. In my view, we must think carefully before giving away this right to scrutiny. Currently the safeguards are there. No government could pretend that it would be in a position to put unreasonable conditions on an organisation seeking DGR: the Senate would amend those conditions. What this piece of legislation does is remove that safeguard. Let us not fall prey to the ‘efficiency and effectiveness’ arguments. Let us collectively work to ensure that the legislative safeguards that currently exist are actually maintained. The important thing for us to remember is that Labor’s amendments will ensure that an organisation’s right to be granted DGR is not subject to unreasonable government restriction. For that reason, I commend Labor’s amendments to the Senate.

The other matter I want to touch on briefly is schedule 1. As I understand the purpose of this schedule, it is to amend the Income Tax Assessment Act 1936 and the Income Tax Assessment Act 1997 to extend the current income tax and capital gains tax exemptions for certain Second World War payments to payments relating to persecution suffered or property lost during the Second World War. Essentially, when a person receives a payment that is recognised as acknowledging their personal or property loss from an overseas source, that payment is exempt from income tax or capital gains tax.

Some of these payments are listed in the explanatory memorandum and include: Indemnification Commission for the Belgian Jewish Community’s Assets, a Belgian fund established to compensate Jewish victims for assets plundered, surrendered or abandoned during the Second World War; the Maror Fund, a Dutch fund established to compensate Jewish victims for persecution suffered or property lost during the Second World War; Compensation for Orphans of Deported Parents, a French fund which makes payments to orphans whose parents were deported from France during the Second World War; Compensation of Victims of Financial Spoliation, a French fund established to compensate victims and their families for property loss resulting from anti-Semitic legislation in force during the occupation; Holocaust Victim Assets Litigation (Swiss Banks), a legal settlement intended to resolve Holocaust related bank claims; and International Commission on Holocaust Era Insurance Claims—ICHEIC—a commission established to resolve Holocaust related insurance claims.

It is clear that individuals that are entitled to these payments have to meet the criteria laid down by the relevant organisation. I am sure that none of us in the Senate would want to class any of these payments as income. No Australian would want to see these kinds of payments taxed. However, the one concern I do have is whether we should be restricting this to just the Second World War. Most of the funds in the explanatory memorandum have more to do with the Nazi government’s treatment of Jewish people, which is not strictly a consequence of the Second World War but has more to do with the Nazis’ view and treatment of minorities. What I am concerned about is whether this tax treatment—these exemptions—should be broader than they are.

If anyone residing in Australia receives a payment because of compensation for wrongs done to them in another country, should we treat it as income? If we can adopt this approach in relation to the Second World War, should it not be adopted more broadly? If the principle is accepted for one case, should the Senate not accept it for all cases? These questions I urge the Senate to consider.

Senator STEPHENS (New South Wales) (8.35 p.m.)—I too wish to make some re-
marks in relation to Taxation Laws Amendment Bill (No. 7) 2003. While Senator Sherry has provided Labor’s response to the range of measures incorporated in this bill and Senator Webber has focused on Labor’s concerns about schedule 3 and also made some remarks about schedule 1, I would like to confine my remarks to schedule 1 and the concerns I have about it. The current provisions of schedule 1, as we have heard tonight, relate exclusively to victims of the Holocaust, who are indeed rightly compensated for the enormous loss of life and the inhumane suffering in concentration camps, as well as for the seizure of their property. However, it is important to note that victims of World War II, and in particular the Holocaust victims—and those victims that Senator Webber mentioned—are not the only group in Australia who have suffered persecution or loss of assets in circumstances of conflict or the most repugnant breaches of human rights.

As Senator Sherry remarked this evening, it is a general principle of good public policy that governments afford equitable treatment to people in like circumstances. Senator Vanstone observed when discussing this matter on 20 June 2001:

A good key to policy making is ensuring that there is consistency across the community in the treatment of them for any proposed law.

She also said:

We just want to make sure that this compensation payment is treated in the same way as others ...

This is the very principle that the member for Kingston had in mind when he moved an amendment to the bill on 15 September this year. The amendment referred to situations similar to those of Holocaust victims and compensatory payments of a similar nature in Uruguay and Chile. It called on the government to consider legislative changes to extend the tax treatment proposed in this bill to payments received by Australian taxpayers from overseas funds set up to compensate for persecution or loss of assets in times other than World War II.

When the report of the Joint Standing Committee on Treaties was tabled on 20 August this year I raised the issue of the people from Chile who received pensions of mercy as reparation for human rights abuse or political violence suffered in Chile between 11 September 1973 and 10 March 1990. It has been appropriately decided that these payments are not to be treated as income for the purposes of social security income tests and means tests. As I said then, this came after a long period of advocacy by the Australian Chilean communities in Melbourne, Sydney and Canberra and by the federal member for Gellibrand, now the shadow minister for population and immigration, who first raised this issue in the parliament just two years ago.

These pensions of mercy amount to less than $1,000 per year for a fixed group of around 400 people. This is a trifling amount in the larger scheme of things and a small gesture of compassion to people who suffered during that period of Chilean history. We know there is a precedent for this exemption—an exemption exists in law for payments by several countries to people who were victims of the Holocaust in Europe. In a letter dated 20 March this year to Ms Valenzuela, the President of the Chilean Committee for the Politically Exonerated People and Relatives of Disappeared Persons in Victoria, the Treasurer advised:

Some pensions received by Australian residents from foreign compensation schemes are exempt from tax. However, these exemptions are limited to pensions relating to National Socialist persecution, or to persecution by forces of an enemy of the Commonwealth or resistance against these forces during the Second World War.
It would be difficult to provide an exemption to Chilean pensions of mercy and not provide such an exemption more broadly to other foreign compensation schemes that may be payable to Australian residents now, or in the future.

As I said, this exemption applies to a fixed group of people—some 400 people who suffered under the Pinochet regime. Why should they not receive equitable treatment? Surely in dealing with this legislation we should afford these survivors who have found refuge in Australia the same compassion and concessions as survivors of the Holocaust. They should certainly not be forced to surrender part of their compensation to the federal government in the form of taxes.

One such victim is Ms Norma Valenzuela of Melbourne, who struggles to survive on an income of less than $200 per week. She came as a young nurse from Chile when in 1972 she was severely beaten and threatened with internment. She was fortunate to escape this fate and begin a new life in Australia in 1974. She is one of the people touched by this whole issue. She has lost $50 per fortnight because the small pension of mercy she receives as reparation for her sufferings in Chile is subject to taxation by the Australian government. This is the impact of the decision by the government not to accept the amendment proposed by the member for Kingston.

In 1973 the Uruguayan military coup resulted in some 150,000 people being detained. Many were tortured and murdered. Many more lost their jobs and were prevented from working under the new regime. Both Chile and Uruguay have instigated payments of compensation to residents of their nation around the world. The diplomatic representatives of both countries are to be commended for their efforts to remove the anomaly in the cause of their nationals in this country. In May 2001 Minister Vanstone said:

You will be interested to know, however, that the Australian Government has asked for further information about the Chilean government payments. The income test treatment of these payments will receive serious attention when this information is available.

Later that year, in a letter to the member for Reid, dated 17 September 2001, Senator Vanstone wrote:

The information is most useful. It has given us a sufficient understanding of the payments to approach the Uruguay authorities, through the Ambassador of Uruguay, to obtain the further material necessary for a full consideration of the social security treatment of the pensions.

When the material, including the relevant Uruguayan legislation, is received, consideration can be given to exempting the Uruguayan pensions from the income test. Consideration will be given at the same time to similar pensions paid by the government of Chile.

The government has had plenty of time to give ‘serious consideration’ to providing exemption from income tax and capital gains tax for payments made under these arrangements.

The Ambassador of Chile, Cristobal Valdes, wrote personally to Minister Vanstone in July 2001 to indicate his interest and also his belief that the practice in Australia was erroneous. He noted:

These Pensions of Mercy without Contribution, as its name implies, are not taxed in Chile, nor are they affected by any reductions of any kind since it deals with a compensation for damages and detriments received.

He concluded his letter to Minister Vanstone by asking her to once again reconsider the situation affecting Chilean citizens or citizens of Chilean origin who are receiving pensions of mercy without contribution. The Chilean Ambassador noted that in December 2000 there were only 3,500 people worldwide receiving these pensions of mercy—and, as I said, there are only 400 people in Australia. This matter has been in the gov-
ernment’s hands since at least 2001. There were indications that some serious considera-
tion was being given to rectifying the situa-
tion.

It is a sad fact that systematic persecution, torture, detention and death did not disappear with the end of World War II. We now know the extent of the brutality of the regimes in Chile and Uruguay, where large numbers of people were detained, banned from work and incarcerated for months on end. Their children were adopted into military families, often unknown to the parents and the children themselves. Surely victims of systematic persecution of such monumental proportions should be treated in a consistent man-
ner. The Deputy Consul-General of Ger-
many, Dr Christian Brecht, in February 2001 explained that parts of the payments from Germany were ‘for damages to the ad-
vancement in careers or wealth development, as well as certain hardship cases’. This indicates that there is a direct connection be-
tween the reasons for some of the payments to victims of Germany and the reasons for those to the victims of Chile and Uruguay. There should, therefore, be an extension of this principle to Australia’s position on these payments. It is extremely disappointing that the government has so far failed the Chilean community in Australia and denied them the equitable treatment in this policy decision making that they so justly deserve.

Senator COONAN (New South Wales—
Minister for Revenue and Assistant Treas-
urer) (8.46 p.m.)—The Taxation Laws
Amendment Bill (No. 7) 2003 makes
amendments to the income tax law and other laws to give effect to several taxation meas-
ures. Previous speakers have gone through the schedules in some details. They are not opposed but for one, about which I will have something to say in a moment. However, I do want to put on the record the government’s view of the various schedules. Under current income tax laws, schedule 1 to the bill will provide tax exemption for Australian residents who receive compensation pay-
ments for an overseas fund relating to the Second World War, as Senator Stephens has just been talking about. Under current in-
come tax law, some of these payments are exempt from tax but others are taxable. This measure ensures that payments received by Australian residents from foreign funds in connection with persecution suffered, or property lost, during the Second World War are tax free. Schedule 2 to the bill, as was mentioned earlier, updates the lists of spe-
cifically listed deductible gift recipients in the Income Tax Assessment Act 1997. It adds to these lists new recipients that have been announced since October 2002. Deductible gift recipient status will assist these organisa-
tions to attract public support for their activi-
ties.

Schedule 3 is the problematic schedule. It simplifies the listing in the tax laws of these specifically listed deductible gift recipients. It allows any new specifically listed deducti-
ble gift recipients to be prescribed in regula-
tions. It also provides for the transfer of all existing specifically listed deductible gift recipients from the Income Tax Assessment Act 1997 to the regulations. I will come back to this.

Simplification is part of the government’s response to the report of the inquiry into the definition of charities and related organisa-
tions. It will allow continued scrutiny by the parliament but will make legislative amend-
ments concerning specifically listed deducti-
ble gift recipients less administratively costly and more timely. This measure also allows deductions for cash donations to deductible gift recipients to be spread over a period of up to five years. This will ensure that cash and property gifts are treated similarly, and it will make it more attractive for taxpayers to...
make donations to deductible gift recipients earlier.

Schedule 4 will amend the Crimes (Taxation Offences) Act 1980 to correct a technical efficiency and to include Criminal Code harmonisation amendments to clarify interpretations of offences under the Criminal Code. Schedule 5 introduces a measure that will allow certain entities with foreign losses to be excluded from a consolidated group on a transitional basis, notwithstanding that they are wholly owned by the group’s head company. Entities will have up to three years to recoup their foreign losses prior to joining the group rather than being subject to consolidation rules which may impact harshly in some instances.

Schedule 6 will make amendments to ensure that the goods and services tax interacts appropriately with the consolidation regime. In particular, the amendments will provide that certain supplies made as a consequence of the statutory operation of the consolidation law, or as a result of agreements that are entered into because of consolidation, will not be taxable supplies. These changes will ensure that entities are afforded similar goods and services tax treatment under the consolidation regime as the treatment they received in the pre-consolidation environment.

Schedule 7 amends the Income Tax Assessment Act 1997 to include imputation rules for life insurance companies replacing the current rules set out in the Income Tax Assessment Act 1936. The amendments form part of the ongoing implementation of the government’s reform of business taxation in respect of imputation. Schedule 8 amends the overseas forces tax offset provisions of the Income Tax Assessment Act 1936 to exclude periods of service for which the more generous income tax exemption for foreign employment income is already available.

Schedule 9 amends the law to provide an automatic capital gains tax rollover for financial service providers on transition to the new financial sector reform regime. The measure will encourage financial service providers to move to the new regime by removing potential tax impediments.

Schedule 10 changes tax laws so that a foreign limited partnership or a US limited liability company will be treated as a partnership rather than as a company. This will alleviate unintended and inappropriate outcomes from the current treatment especially under the international tax rules. In order to prevent investors with limited liability obtaining unlimited access to tax losses relating to these entities, the government has introduced a limit on the losses that may be claimed. The limit is based upon the amount invested in the foreign entity by the investor.

The new rules will generally apply from the 2003-04 income year. In addition, changes are being made to the way in which these foreign entities have to be treated. For some past income years under the international tax rules, they will remove considerable uncertainty surrounding these years and lead to fairer results. The new rules will provide a better alignment of Australian and foreign tax rules for Australians operating offshore. Lastly, schedule 11 to the bill makes a number of technical amendments to the Income Tax Assessment Act 1936, the Income Tax Assessment Act 1997 and other tax related legislation.

That brings me to the amendment. The government proposed simplifying the deductible gift recipients by moving the list into regulations to assist in both a timely and an administrative sense those who would otherwise qualify to be specifically listed. Under the current law, organisations that do not fall under the general categories may achieve deductible gift recipient status by
being specifically listed in the gift provisions of the act. The bill contains a provision to require that specifically listed deductible gift recipients be prescribed by regulation to avoid having to have a legislative amendment every time there is someone who qualifies. This allows continued scrutiny by the parliament, particularly by the Senate Standing Committee on Regulations and Ordinances, but will make the process less administratively costly for those who are going through this process and much more timely for the DGRs. For the organisations that benefit from being listed, the process of achieving specific listing will not change—that is, each organisation will still be considered by the government on a case-by-case basis.

There seems to be some confusion or indeed muddled thinking about the interaction of DGR with the charities review and the government’s response. Endorsement as a deductible gift recipient involves a separate process from endorsement as a charity. An organisation’s deductible gift recipient status is not connected to its charitable status. Deductible gift recipient status will not be affected by the Charities Bill, which will define charities and a charitable purpose. I therefore must say that I find it disappointing that the Democrats in particular should be joining the Labor Party to oppose this measure. I looked back on the report and noted that the matter was covered in some detail during hearings of the Senate Economics Legislation Committee and that committee members were given the opportunity to question Treasury officials on this aspect of the bill. Senator Murray said:

No. I will just make a remark. I did not refer the bill, and I think it is a genuine omnibus bill, a technical bill and consequential to legislation we passed before. I do not have any problems with it as a batch of legislation.

I rather think that Senator Murray might well see the merits of this measure but that he has decided, for his own reasons, not to support it. It makes it difficult procedurally and more cumbersome for the very organisations that should be helped and that we here should seek to help.

Further, in my summing up speech, I want to make a few other comments about the proposed amendment. I am very glad that both Senator Sherry and Senator Murray are in the chamber. Senator Sherry talked earlier tonight about his great regard for Mr Cox’s alleged abilities on tax policy and about his vast Treasury experience and profound wisdom. Frankly, if he was the proponent of this amendment, I am distinctly underwhelmed by his abilities. It shows conclusively that Labor needs to go back to tax law 1, does not have a clue on tax and should not be leading Senator Murray astray. Whilst I know this will—or should—cause acute embarrassment for Labor and the Democrats, I am bound to point out that the amendments moved by the opposition in relation to schedule 3 of the bill show a breathtaking lack of understanding of the very provisions that are being considered. The amendment, as drafted, would effectively remove all currently specifically listed deductible gift recipients from the legislation.

Senator Sherry was previously endorsing and lauding the role of the charity sector, but the amendment he is now proposing will certainly decimate it. I wonder what the charitable sector—if, indeed, it is listening—would have to say about the proposal to remove the tax status of current deductible gift recipients. The opposition amendment does not address the items of TLAB 7 that repeal the current specific list of DGRs, and the amendment would leave those who are currently listed out in the cold. Although I have had to do this on the run, I think what I am about to say is correct. Paragraphs 2.33 and
2.34 of the explanatory memorandum to the bill explain that, as a consequence of moving the list to the regulations, the current list in the law is not required. Therefore, items 14, 16, 19, 20, 23, 25, 27, 29, 30, 32, 34, 37, 40, 42, 44 and 46 remove from the law references to the individual DGR entities. As I have just mentioned, the amendment will effectively remove all currently specifically listed DGRs from the legislation. Labor must be proud of this amendment! The current DGRs will be out in the cold. I can only ask rhetorically: is this what Labor really wants? (Quorum formed)

Debate (on motion by Senator Coonan) adjourned.

ACIS ADMINISTRATION AMENDMENT BILL 2003
CUSTOMS TARIFF AMENDMENT (ACIS) BILL 2003

Second Reading

Debate resumed from 9 September, on motion by Senator Ian Campbell:

That these bills be now read a second time.

Senator CARR (Victoria) (9.01 p.m.)—The introduction of the ACIS Administration Amendment Bill 2003 and the associated Customs Tariff Amendment (ACIS) Bill 2003, which we are discussing cognately, together mark a further stage in over a decade of review and restructuring of industry policy in Australia. It is an industry that has undergone a great amount of change—sometimes very painful change. We now have to ensure that any further change is in fact smart change. We must ensure that support for the industry goes towards increasing investment in innovation and R&D, leads to continued export success, lifts the competitiveness of the component sector, improves our skills base and creates jobs for the future.

I want to say at the outset that I do not think this is an ideal package of assistance measures for the automotive industry. We find ourselves in what appears to be a very awkward compromise. It is a compromise between an industry minister, who is fighting for the automotive industry to be on a footing that ensures continued growth and innovation, and a Prime Minister and a Treasurer who seem to support dry economics, which opposes an interventionist industry policy. Notwithstanding Labor’s reservations which are highlighted by our second reading amendment, which I will subsequently move, I must say that Labor will be supporting this package.

I am proud to be able to say that Labor’s automotive plan from the 1980s has led to a situation where the industry itself has been transformed. The industry is now far more competitive and export oriented. The automotive industry in this country—right across the value chain from research to component designers, to component manufacturers, to the large car companies—should be very proud of what has been achieved. The Australian automotive industry has grown steadily over a decade. This growth has been predicated on effective partnerships within the industry, both between manufacturers and suppliers and, to a large measure, manufacturing owners and the unions.

As a consequence, the Australian automotive industry has been a tremendous success. The figures produced recently highlight the record numbers of motor vehicles that are being produced in this country. This has facilitated strong growth in exports of assembled vehicles and components, which have increased from less than $400 million in the early 1980s to almost $5 billion per annum last year. The exports of assembled vehicles now account for more than 30 per cent of domestic production compared with 10 per cent a decade ago. Productivity has improved sharply and so has quality.
The automotive industry is one of Australia’s largest manufacturing industries. It accounts for around six per cent of value added and employment in the manufacturing sector. In South Australia and Victoria, the industry’s significance to the local economies cannot be underestimated. In South Australia, for example, it accounts for around 14 per cent of manufacturing value added and employs over 12,000 people. We cannot underestimate the spillover effects of this industry into the wider economy. We only have to look at the types of skills necessary for the industry to grow and prosper. The industry requires a sophisticated skill set that includes advanced design and graphics through to engineering, including virtual engineering, electronics and tooling.

Labor believes the automotive industry is at the core of Australia’s future as a knowledge nation. It relies upon a skilled workforce, strong upstream and downstream linkages and the prospect of doubling its exports by 2010. This is an industry that represents the future of manufacturing in this country. But it is also a global industry with high levels of excess capacity and significant levels of global support and intervention from governments in other countries. There are also global technological developments that will impact on Australia’s automotive industry. It does not exist within a vacuum: it has to be seen in the international context. Australia’s automotive industry will have to keep pace with that change. There is already increasing use of light metals, and advances are being made every day into fuel cell technology that could one day replace the petrol or the diesel engine. We have to continue to meet global standards and trends to win export contracts and to create the jobs of the future. The industry must continue to invest in research and development.

Labor’s record in government of stimulating change to the Australian car industry is there for all to see. Over the last few years, we have continued to press for a balanced package of assistance measures to ensure that the industry remains strong and that it has certainty for the future. The recent Productivity Commission review of the post-2005 assistance arrangements for the automotive industry was brought forward only after sustained pressure from Labor and the industry. We now have two bills before us that seek to give the industry and workers that certainty. Labor’s export facilitation scheme and its successor ACIS have driven the transformation of the automotive industry. Labor have always supported the continuation of ACIS through to 2015 and have called for a program that has a greater emphasis on innovation, research and development.

Rewarding automotive companies for investment in R&D sends a strong signal for further change in the industry. Increased private sector investment in R&D in creating a culture of innovation is one of the greatest policy challenges we now all face. In my judgment, the government is failing to meet its obligations in this challenge. Industry policy offers one of the best tools to achieve this objective, and yet we see within the government a real reluctance to actually pursue a serious intervention policy in regard to the manufacturing sector. The Australian automotive industry is investing significantly in R&D, and its links to the research base through the cooperative research centres are excellent. I would like to see these types of skills and networks replicated in other industry sectors. Labor has called for a reweighting of the post-2005 ACIS to give greater rewards to R&D. While the bill before us today does not, in my judgment, go far enough, it does at least establish the $150 million R&D fund.

Labor will be supporting the ACIS Administration Amendment Bill 2003 and is
pleased that the bill locks in a 10-year assistance program for the industry. We are, however, disappointed that the government has released very little information about the R&D fund when we need it, which is now. We have seen far too little attention paid to encouragement of vehicle producers to invest in high end R&D activities. Labor looks forward to reviewing the guidelines that are currently being developed for this fund. We must support projects that will position the Australian automotive industry to best capture trends in the overseas market to ensure the next step in productivity. Labor welcomes the automotive assistance package. We believe it has some way to go in increasing investment in innovation and R&D, in increasing exports and in lifting the competitiveness of the components sector. We also need to take further steps in improving our skills base to create the jobs of the future. One of the awkward compromises that have been reached in this package highlights that there has been some difficulty in achieving all of these objectives.

The ACIS Administration Amendment Bill extends the scheme until 2015, costing $4.2 billion in two five-year periods. This consists of assistance capped at $2 billion for the period 2006 to 2010 inclusive, equivalent to the amount of capped assistance provided in the current five-year program, and a further amount capped at $1 billion for the second period, 2011 to 2015. The amount of capped assistance available under ACIS will therefore be halved from 2011 to 2015, and this is the thrust of the legislation we have before us tonight. The remainder is uncapped ACIS assistance estimated at $1.2 billion.

I think we all acknowledge that the scaling down of assistance to the automotive industry is inevitable. What we are doing here, however, is legislating to scale down assistance at the same time as we are legislating to again cut tariffs. We are legislating to cut tariffs and assistance before we have seen the effects of the cuts to tariffs from 15 per cent to 10 per cent that are due to come into effect on 1 January 2005. This makes this an awkward piece of policy.

The other bill before us today is the Customs Tariff Amendment (ACIS) Bill 2003. While Labor has been calling on the government to deliver certainty to the industry, Labor believes the government could have done better with aspects of this assistance package. This bill legislates a further reduction in automotive tariffs from 1 January 2010 on cars and components from 10 per cent to five per cent. The bill also extends the same cut in ad valorem tariff rates to second-hand vehicles, although these vehicles will still be subject to an additional duty of $12,000 per vehicle, as is currently the case.

While it can be said that the industry and workers are entitled to know where the government stands, there has to be some time to make the necessary adjustments to these sorts of changes. Essentially the problem is that the government has promised the industry a further review in 2008 to determine if these changes are warranted. It does seem to be a situation where the cart has been placed before the horse. Why not wait and analyse the outcomes of that review before legislating further reductions?

The industry is facing further reductions in tariffs in 2005 and we do not know what the impact of those reductions will be, yet we are legislating for that to occur. I found it interesting that the government was not prepared to legislate for the review. We are relying upon the government’s assurance that the review will take place. I have sought to secure agreement with the government to an amendment to legislate for the review. That proposition was rejected by the government. It makes me wonder to what extent the commitment is there.
Let me be clear: Labor will be supporting a further review. Labor believes this review should have been completed before the bill forced the legislative changes in future tariffs. I do not believe the current customs tariff amendment bill is good policy because the industry could be placed in a difficult situation in 2010. It is not good policy because we are legislating for more tariff reductions before we analyse the effects of those tariff reductions that are already moving through the system. It is not good policy to encourage this sort of program way ahead of the necessary reviews that are being undertaken.

I do not see the same level of opportunities being taken by our various competitor countries to remove or reduce barriers in the automotive industry. The Productivity Commission has found that considerable barriers still exist to trade and that those barriers are not being reduced—yet we are depriving ourselves of the opportunity to use the question of tariff reduction as a means of negotiating with our trading partners. It also strikes me that if non-tariff barriers—such as import licensing and non-government trade barriers, like the Japanese vehicle distribution system—were in place we would have no means of entering into those discussions because, by adopting this policy, we would have effectively tied the country’s hands in advance.

While the government are effectively locking in the industry behind this bill—and they have done very well in that political exercise; one has to give credit where it is due—we all understand that the industry wants access to the additional support that is provided by this legislation. The industry is placed in situation where it is required to support the somewhat draconian measures that are implemented along with that support. That will not change the Labor Party’s view on these matters. The impact of the 2005 tariff reductions has yet to be demonstrated as having a substantial benefit. The future impact of the 2010 reductions, particularly their social and economic impact, remains unknown and it strikes me that in those circumstances we are moving a little ahead of ourselves.

Labor will be continuing to fight to ensure that industry assistance is soundly based in terms of the criteria I have outlined in remarks earlier tonight. We emphasise our determination to see that industry assistance is research and development intensive and export oriented. We must ensure that the skills base of the industry is protected. I move the second reading amendment standing in my name:

At the end of the motion, add:

“but the Productivity Commission Inquiry into the industry last year demonstrated that there was little or no justification provided by the Government for reducing the tariff levels in the industry from 10 per cent to 5 per cent in January 2010. As a result, the Senate is of the view that:

(a) any decision to make further reductions in industry tariffs post-2009 should be determined by the review process into the industry that is to be undertaken in financial year 2007-08;

(b) the automotive industry is at the core of Australia’s future as a knowledge nation, with high levels of research and development, a skilled workforce, strong upstream and downstream linkages, exports of $5 billion and the prospects of doubling that by 2010 this is an industry that represents the future of manufacturing in this country; and

(c) as the automotive industry is also a global industry, with high levels of excess capacity and significant levels of global support and intervention from government in other nations, it is appropriate that decisions on the industry’s future
The automotive industry plays a vital role in the Australian manufacturing sector, employing more than 50,000 people. It has a turnover of around $17 billion per year. The industry has been transformed over the last decade from what was a highly protected industry, with tariffs around 55 per cent and very low levels of export, to an efficient, profitable industry that now exports more than 30 per cent of its production—worth around $5 billion. Australian built vehicles are currently being built to cope with a range of conditions that make them suitable for export to virtually every continent and our workers are acknowledged as being capable of producing cars with exceptional build quality and value for money. There is no denying that the build quality of Australian vehicles has improved considerably in the past few years and that we are capable of manufacturing some truly world-class vehicles that offer exceptional value for money.

The government has successfully brokered a deal with the automotive industry to reduce its tariff protection levels to five per cent by 2015. The compromise which is reflected in these bills extends a generous scheme of government financial assistance to the industry to help it manage the transition to reduced tariffs. It is not enough, however, for the government to simply sign off on this deal and then forget about it, giving the industry a 10-year deadline and then leaving it to its own devices for those 10 years. A significant amount of public funding is involved in this scheme and it is a fundamental, basic principle of government accountability that this money is managed properly. A system of monitoring and reviewing is in place to ensure that the scheme is working effectively and that public funds are being spent properly. The Productivity Commission review of automotive assistance, which reported in August 2002, provided an important source of information and analysis about the nature and structure of the industry, and its strengths and potential challenges, and recommended how best to maximise the opportunities for passenger vehicle and component manufacturers in the future. It will also provide an important opportunity for the industry to be consulted, to get involved in the review and reform process, to make its views known, to have its concerns taken into account, and to make recommendations about the best way to handle the transition period.

It is vital, therefore, that there are further reviews to gauge the efficacy of the extended scheme and to assess the impact of further tariff reductions on the industry. The government has committed publicly to conducting a further review in 2008 before the next round of tariff reductions but has resisted going so far as to cement this commitment in the legislation. The Democrats understand that there are various reasons for doing so but we wish to emphasise our support for a concrete commitment to conducting the review in 2007-08. For this reason we are happy to support the second reading amendment that has been proposed by the ALP.

On a more ongoing basis, however, it is also important that the scheme is comprehensively monitored as it progresses. Data about every aspect of the scheme must be collected and must be made public so that ongoing monitoring of its efficacy can be made possible. We would like to see the list of details of participants in the scheme—in
terms of who is receiving the money, how much, and for what purpose—reported and made publicly available by the relevant department on a regular basis. This will enable a picture to be built up of how the scheme is distributed, what impact it is having on the industry and the potential refinements to the scheme that should be considered to improve the return on investment of public money.

The Democrats also welcome the inclusion in the package of the $150 million earmarked specifically for research and development. We have been informed that the details of how this money is to be allocated are still to be determined and will be spelt out further in regulations in the near future. The R&D component of the ACIS scheme will need to have clearly defined parameters in terms of eligibility criteria, approved activities and so on. The government has said that it is continuing to negotiate the details of these grants and that we will know how the scheme will operate before the end of the year. Apparently, the idea is that the parameters for the R&D allocation will be defined broadly so as not to preclude new and innovative approaches to research in automotive technology and to avoid forcing Australian manufacturers to duplicate the work being done by their parent companies overseas. On that matter, in giving evidence to the Senate Economics Legislation Committee, Mr Peter Sturrock from the Federal Chamber of Automotive Industries had the following to say about the R&D aspect of these changes to the ACIS scheme:

The purpose of the $150 million R&D figure within the ACIS scheme for the four vehicle manufacturers was to encourage very high-level and innovative R&D research in technology and development. It was to be beyond, if you like, ‘business as usual’—our normal business and model development. It was to encourage the very essence of high-level R&D innovation in automotive design and technology—again, essential elements to take us to the higher plateau to be world competitive and to be able to take our technology developments to other parts of the world through our products.

The Democrats are particularly concerned with the importance of addressing key questions about environmental sustainability. In my view, there is an urgent need for further development of clean, green automotive technology. We understand that, given the nature and size of the Australian industry, there is a limited market for high-end niche products at a premium price. However, this is where the energies in research and development must be focused to create environmentally friendly technologies that will be available at more reasonable prices. It is imperative that this happen and the car industry must recognise that this must be the future. We cannot continue to engage in unsustainable levels of greenhouse gas emissions and reliance on unrenewable energy sources.

As I mentioned in my speech on the second reading when the ACIS scheme was originally introduced in 1999, there needs to be a change in focus on product development in the automotive industry. It is more important, I think, to emphasise development and production of vehicles that provide the sort of performance consumers actually need rather than having the motoring press herald the arrival of 250 or 300 kilowatt supercars that the average motorist will never fully utilise legally. From the Democrats’ perspective, car manufacturers are sitting on the answer to fuel efficiency and it is to be hoped that fuel cell powered, hydrogen powered and other alternatively powered vehicles will be developed, built and exported from Australia around the world. The Australian industry should be leading the way in the development of such vehicles. There is no doubt that if clean, green cars can be built and sold at the right price, people will choose to buy and drive them. It is also to be hoped that this legislation will aid in the birth of
such new age cars and componentry as part of the Australian manufacturing industry.

Research energy needs to be focused on the development, manufacture and marketing of low-emission vehicles and zero-emission vehicles; incorporating the use of alternative, cleaner fuels in vehicle design; incorporating renewable materials in automobile production; and developing more cost-effective, safe, lightweight materials aimed at improving fuel efficiency. We have already seen Australian technology showcased in international exhibitions of our capabilities, including the developments in hybrid petrol-electric vehicles that give comparable performance to a conventionally powered car while using half the amount of fuel. Examples of such vehicles are the Toyota Prius and the Holden ECOmmodore. The Prius is available to Australian buyers, albeit at a premium price and only fully imported, and the ECOmmodore has prototype status only and will not be developed for the domestic market, despite the fact that Holden has invested considerable amounts of time and money promoting its prototype with significant fanfare.

In his evidence before the Senate committee, Mr Sturrock also discussed this issue, explaining that hybrid technology has limited potential in Australia due to the premium price for these technologies and the limited volume of the Australian market. He also explained that the present research in the new technology is carried out primarily in the head offices of the major manufacturers overseas. The Australian Democrats believe that the Australian automotive industry should itself be investing in research into new, environmentally friendly technologies and leading the way in terms of making these products more accessible to the consumer. This should form part of the view taken by the industry in considering its medium- to long-term strategic planning objectives. The Productivity Commission report also noted that, while preferential tariff or tax preferences for these types of products are aimed at achieving better environmental outcomes, they should also provide a signal to the industry about the sorts of vehicles they should be producing in the future. It is simply about making sure the focus is changing. However, it is not entirely the responsibility of the industry.

On one hand the industry is receiving a very generous allocation of budgetary assistance through this scheme. In fact, the Productivity Commission reported that in the 2000-01 financial year the auto manufacturing industry received just under $640 million in budgetary assistance from the government—more than three times that received by any other sector. We understand the purpose of the ACIS scheme and, as we have indicated, we will support its continuation; however, there is a certain amount of public responsibility that comes with the receipt of public funding and we have an opportunity now to reduce greenhouse gas emissions by requiring manufacturers to produce more fuel efficient vehicles. On the other hand, the industry cannot do it alone. Industry assistance schemes are not enough in and of themselves to provide the incentive for car manufacturers to produce and market fuel efficient vehicles.

Leadership on the part of the government is also required to overcome the reluctance on the part of consumers to purchase new technologies. Hybrids and hydrogen fuel cell cars are in competition with auto technology that is more sophisticated and reliable than ever. Tax incentives currently encourage employees to drive rather than take public transport. Perhaps tax incentives should not only switch to public transport but also encourage the take-up of environmentally friendlier vehicles. The government has a range of options at its disposal to encourage
the take-up of cleaner automotive technology, for example reforming the fringe benefits tax concessions on private vehicles or introducing a requirement that the thousands of cars acquired annually as part of the Commonwealth fleet comprise environmentally friendly vehicles as opposed to conventional large sedans and wagons.

In conclusion, the Democrats believe that the $150 million that is earmarked for research and development under the proposed changes to the ACIS scheme should be directed as far as possible into potential new technologies that will enhance the environmental friendliness of Australian cars. We urge the government to take this into account when drafting the regulations that spell out the parameters of the research scheme and to make a special point of emphasising projects for favouring those applicants who are developing these types of new products.

To this end I propose a second reading amendment, which I believe has been circulated in the chamber. I will talk about that very briefly. Essentially, we seek to introduce amendments in a serious way that go to the heart of the future of the automotive industry in this country. We do not see them as frivolous or as token propositions. There is a vital and immediate need for further investment in research into environmentally friendly technologies. We urge the government to make this need the focus of allocated research and development spending under the ACIS scheme. In particular, I want to talk about the industry not being left behind, and this is what the proposed amendment seeks to do. While we understand that the Australian industry is small and cannot support vast amounts of high-end research all on its own, this does not prevent investment in the development of niche products or improvements in the efficiency of key componentry to develop new areas of competitive advantage for ourselves in exporting components around the world. Examples of these are things like the hybrid cars in the United States and Japan where General Motors Corporation announced on 6 January that it will offer hybrid electric versions of at least seven vehicle models within the next five years and could sell as many as a million hybrid vehicles per year by 2007. GM will offer three types of hybrid electric configurations in up to a dozen vehicle models.

Honda has introduced the Civic Hybrid, which is Honda’s best-selling small sedan with added hybrid features. A little less performance pays off in superior fuel economy. The US Environment Protection Agency rates the Civic Hybrid as achieving 74 kilometres per US gallon, or 3.78 litres, in city traffic, and 82 kilometres per gallon on the highway, which makes it the most fuel efficient five-passenger sedan sold in the United States. That effectively translates to 5.5 litres per 100 kilometres.

On the issue of biofuel, the European parliament has adopted an action plan that outlines a strategy to achieve by 2020 a 20 per cent substitution of diesel and gasoline fuels with alternative fuels in the road transport sector in the current 15 member states of the European Union. The plan focuses on three options that have the potential to achieve individually more than five per cent of total transport fuel consumption over the next 20 years: biofuels, which are already available; natural gas in the medium term; and hydrogen fuel cells in the long term. More recently in the United States, the US President, George Bush, has been getting in on the act and has realised that it is important to make real commitments in pushing this type of reform. Earlier this year the Bush administration announced that, within a few years, it was ending a program aimed at developing high mileage family sedans and instead will fund research on hydrogen fuel technology. In his State of the Union address on 28 Janu-
ary this year, Mr Bush announced an allocation of $1.2 billion in research funding for the development of clean, hydrogen powered automobiles fuelled by the energy created by the chemical reaction between hydrogen and oxygen. President Bush stated:

...with a new national commitment, [America’s] scientists and engineers will overcome obstacles to taking these cars from the laboratory to the showroom.

So it seems to me that we do have an opportunity. Within 10 years of the ACIS scheme, there will be a need to seriously address the issue of the long-term future viability of automotive manufacturing. The current focus is unsustainable in the long term, and we do not want to fall behind the rest of the world in producing new breeds of clean, green automotive technology. It is also vitally important and ultimately in the best interests of the industry that we turn our research and development focus squarely towards a greener future.

The final thing I want to say is that we see these things not as folly in policy but as an opportunity for the government to recognise that it can steer research and development in the automotive industry by recognising what the future holds. It is not about finding alternative strategies beyond those that are already there; it is about having strategies in place that complement what industry is doing by value adding to what has already been done as an incentive to do better, particular on clean, green and efficient image. It is in their interests to do so. Madam Acting Deputy President, I seek your advice as to when to move the second reading amendment.

The ACTING DEPUTY PRESIDENT (Senator McLucas)—Senator Ridgeway, as you are aware, there is already a second reading amendment before the chair. I will take it that you are foreshadowing your amendment, which will be dealt with after the amendment that is already before the chair.

Senator GEORGE CAMPBELL (New South Wales) (9.35 p.m.)—In order to expedite the handling of the ACIS Administration Amendment Bill 2003 and the Customs Tariff Amendment (ACIS) Bill 2003, I am happy to incorporate my remarks in Hansard with the leave of the government.

Leave granted.

The speech read as follows—

The ACIS Administration Amendment Bill 2003 provides assistance to the automotive industry amounting to $4.2 billion by extending the Automotive Competitiveness and Investment Scheme arrangements to the year 2015. It provides welcome certainty for the industry, which is one of the success stories of Australian manufacturing. Labor supports this bill with some amendments. This bill legislates a policy process that began under the last Labor Government and was one of the great success stories of Australian manufacturing.

Labor was able to put in place a raft of policies that transformed the auto industry. These policies were successful for many reasons, one of the most significant was the trilateral approach taken by the Labor government. Unlike this government, the ALP consulted with all the stakeholders, business and unions, about the best way to modernise the industry. We were never stuck in the class war blinkers that this government suffers from.

Nevertheless with the election of the present government in 1996, some of the features of the industry plan were maintained. The export facilitation program was replaced by this particular scheme, the Automotive Competitiveness and Investment Scheme. They have remained in place up to the period of 1 January 2005 and this legislation extends them from 2005 right through to 2015, providing a decade of certainty for the industry. It is true that the funding for ACIS phases down over that period but in very predictable ways and in ways that have been accepted by the industry and also by employee representatives in the industry.
The continuation of this policy process was a result of the recommendations of the Productivity Commission report into the Australian automotive industry. This report had some good aspects and some bad ones.

I think the move to give greater emphasis to R&D, training and investment is very good. If the auto industry is to compete in the international arena, it must be innovative and utilise a highly skilled workforce.

Labor does have concerns about the other aspect of the arrangements that will apply post-2005— that is, the tariff regime that is proposed in the Customs Tariff Amendment ACIS Bill. The Productivity Commission report involves some modelling that was commissioned from Econtech and the Centre of Policy Studies at Monash University. There were two different models but they basically produced the same conclusion—that is, there were not any significant net national benefits from tariff reductions post-2005. Tariffs will fall from 15 per cent to 10 per cent in 2005. However, let me emphasise this, the Productivity Commission was not able to show significant benefits to Australia if tariffs were further reduced from 10 per cent to 5 per cent. Despite this, the government has gone ahead with the plan to reduce tariffs to five per cent in 2010.

The Labor Party has argued in our representations to the Productivity Commission that the economic modelling has not justified those ongoing tariff reductions, and hence, a further review was necessary. The government has picked up that suggestion and has, committed to it by conducting a further review in 2007-08.

However, there is no guarantee that the government will listen to the review.

To necessitate this, Labor is moving an amendment:

"At the end of the motion, add:

However, as the opposition indicated in reviewing the outcomes of the Productivity Commission inquiry into the industry last year, there was little or no justification provided by the government for reducing the tariff levels in the industry from 10 per cent to five per cent in January 2010. As a result, the Senate is of the view that:

(a) any decision to make further reductions in industry tariffs post 2009 should be determined by the review process into the industry that is to be undertaken in the financial year 2007-08;

(b) the automotive industry is at the core of Australia's future as a knowledge nation with high levels of research and development, a skilled workforce, strong upstream and downstream linkages, exports of $5 billion and the prospects of doubling that by 2010 this is an industry that represents the future of manufacturing in this country; and

(c) as the automotive industry is also a global industry with high levels of excess capacity and significant levels of global support and intervention from government in other nations, it is appropriate that decisions on the industry's future post 2009 are determined following the review in 2007-08.

This is a good amendment; it will ensure that any tariff reductions will be determined by the review. Without that we have a commitment by the government to reduce tariffs in 2010 with no supporting evidence.

This is disgraceful. The Productivity Commission has been the main ideological driver of tariff reductions since 1996. Yet even it can't justify further reductions. You would think that would be enough for the government to say hold on, there is no need to reduce tariffs because it won't help Australia, it will only hurt autoworkers. But no, the government just goes ahead and plans to reduce tariffs.

This demonstrates the underlying problem with this government's approach to industry policy. They just don't understand industry, and the best ways to build Australia's competitive advantage.

The ACIS program has been broadly successful, yet this government can't even manage this program properly. The Australian National Audit Office found that over 100 million dollars in inappropriate claims had been made under the ACIS scheme.

The ANAO also found that officers undertaking the audits were not formerly authorised to audit under the act, nor were they issued with identity cards as required. This government cannot even
maintain this program efficiently, let alone construct a long-term strategy for industrial development.

And why not? Because, the government is scared of industry policy; they may introduce some policy initiatives, but it is always ad hoc and often contradictory, representing policy formulation on the run that is usually aimed at helping their mates or brothers.

The move towards knowledge intensive industries is stalled under the Howard government. The Coalition Government’s contradictory policies have failed. In 1997 we got “Investing for Growth” and its trail of broken promises, now “Backing Australia’s Ability” is looking shallow. From the beginning, this program was about public relations rather than public initiatives. The funding is massively back-ended. At the end of the 2nd year of the 5-year program, just under 20 per cent of the 3 billion dollars had been spent. The R&D Start fund was so badly mismanaged that the money for 2002 ran out in January, leaving a huge number of companies high and dry.

This demonstrates the Government’s real commitment to industry. Australia has dropped to 11th out of 15 OECD countries surveyed on the ratio of Business Expenditure on Research and Development (BERD) to GDP. Australia’s BERD is just a third of Finland and the United States.

This government has failed industry; it has concentrated on rewarding the government’s mates rather than providing jobs.

This government has failed to attract investment into the country.

Under Labor, Australia experienced a Foreign Direct Investment (FDI) annual growth rate of 13.2%, ranking us 22nd in the world.

Now, after years of Coalition neglect, Australia’s FDI growth rate has slumped to 0.3% per annum, resulting in Australia slipping 66 places to an abysmal 88th out of 140 in global investment attraction.

The evidence is clear. The Howard government has been unable to attract investment into the sector and has failed to support growth in manufacturing exports.

The failure of the Gladstone Magnesium plant is an example of this.

The Strategic Investment Coordinator process has failed. We know the Howard Government has distributed more than $650 million to companies under this process.

The Strategic Investment Coordinator, Mr Fergus Ryan, left the post last year and has not been replaced. But the process remains.

Now the middleman is gone, corporations are free to lobby the PM and his Ministers directly for taxpayer contributions to their favoured projects.

Even the Productivity Commission has been critical of the Strategic Investment Coordinator process.

The only information the Government releases on Strategic Investment incentives comes from Ministerial press releases and a few lines in the Industry Department’s annual report and portfolio budget statement. There needs to be a more comprehensive reporting process with an annual report to Parliament on the incentives, their progress and outcomes.

Handing out taxpayers’ dollars may lead to donations to the Liberal Party through contrivances such as the Greenfields Foundation, the Cormack Foundation and the Free Enterprise Foundation—thereby avoiding the public disclosure laws for political donations.

Labor is concerned that the Howard Government uses industry policy to gain or maintain support from corporate mates at the big end of town.

This is part of a wider malaise created by this ideologically obsessed government.

This ideological agenda is most evident in their approach to industrial relations.

During the Productivity Commission review, the Minister for Employment and Workplace Relations publicly stated time and time again—and also privately made strong representations to the automotive industry—that the industry was not doing enough in terms of muscling up to the automotive industry unions.

I remember the magic 1 million dollar fund that was going to be used to destroy the militant unions. I wonder what happened to it.
Minister Abbott prophesied that there would be rampant industrial disputation in this industry as part of Campaign 2003.

The minister was saying that there were going to be industrial anarchy because Australia is afflicted with militant unions that are not interested in outcomes. The minister was more interested in attacking the AMWU than improving industrial relations.

Of course, the minister would be disappointed that his prophecy has not come to bear. In the bargaining round, there were around 500 individual enterprise bargains directly in the automotive industry, and there were more than 1,100 in those industries that could be regarded as being associated with providing input into the automotive industry and the component manufacturers.

So there were upwards of 1,100 enterprise bargains and virtually no industrial disputation. In enterprise bargaining, trade unions have a right to put forcefully the case for advancing the interests of the employees in the workplace. That is precisely what the trade unions did. They went into serious negotiation with the caretakers and the component manufacturers, and the minister for workplace relations is disappointed that his prophecy of rampant disputation has not become fact.

The unions delivering real improvements for workers, while the companies have maintained their competitive advantage. Do we hear anything from the government on these success?

Of course not. This government is only interested in tilting at IR windmills than improving the industrial relations climate.

And this is why this government us not adequately supporting a management—union roundtable to discuss the industrial relations environment in the auto industry. This roundtable could be part of a process to improve employee-employer relations. However, the government is not pulling its weight.

Is this because the Coalition is more interested in dividing Australians, than uniting them.

More interested in scoring cheap political points than providing real solutions.

More interested in distraction than creation.

Despite this, Labor supports this bill, which provides much need certainty to an industry that can continue to compete and succeed in the international market.

**Senator MINCHIN** (South Australia—Minister for Finance and Administration) (9.36 p.m.)—I thank opposition senators and the Democrats for their cooperation in ensuring that we do complete the ACIS Administration Amendment Bill 2003 and the Customs Tariff Amendment (ACIS) Bill 2003 tonight. I think Australia’s great car industry will be very grateful to us if this very important piece of legislation does effectively become law tonight, because this does give the industry a decade of policy certainty, which is something I am sure we all want for this industry. I will not labour my remarks in the time available and, again, I do thank the opposition and the Democrats for their comments on our legislation expressed in the form of second reading amendments rather than amendments to the legislation itself. That properly recognises the fact that the industry itself supports this package quite strongly. It understands that the government is presenting a balanced package, a package that presents industry with the biggest industry assistance ever in Australia’s history—$4.2 billion over the next 10 years, together with properly signalled and graduated reductions in tariffs over the course of the next decade. It is an intricate balance and one the industry accepts.

I would like to comment briefly on the two areas dealt with in the second reading amendments. The first relates to whether or not you legislate the five per cent tariff reduction in 2010 before or after a review. The government is strongly of the view, and it is supported by the industry, that we ought to legislate the drop to five per cent in 2010 to the level of tariff that every other manufacturing industry, bar TCF, in this country already has and has had some time. That is an
appropriate target for the car industry, given the very substantial assistance provided to the industry to meet that objective.

I felt very strongly—and I am happy to say I argued very strongly in cabinet—that we ought to make sure that there is a review in 2008 to ensure that the legislated review continues to be appropriate. I felt that we ought to have a raincheck in 2008—to see what is happening internationally and to see what progress our car industry has made—to ensure that the legislated reduction to take place in 2010 continues to be appropriate. While I remain a member of this government, and while we remain in government, I am absolutely and utterly committed to ensuring we do conduct that review. It is very important too, of course, to my state of South Australia, and I think others would recognise that I am a strong supporter of this industry. I am very strongly committed to that review, and I am glad that the government shares my enthusiasm for it. It should be in the context of the legislated drop. It is critical for the car industry to understand that that drop is almost certainly going to happen and that they plan accordingly on the back of the very substantial assistance we are providing for it to make that adjustment.

The Democrats have proposed a second reading amendment relating to the R&D fund. Again, I welcome the support for the $150 million R&D fund that we have established, but the Democrat amendment specifically indicates a preference for projects that relate to environmental technologies. Having had three years as industry minister, I am not a fan of governments trying to legislate for particular types of R&D. I think R&D projects that are supported by government should be assessed on their merits. They should be ones that ensure the maximum delivery of efficiency and effectiveness for the industry across the board. Others might well say: ‘Listen, if we are going to fiddle with the R&D and indicate preferences, what about safety? Surely, peoples lives are more important than anything. Shouldn’t we be legislating so that R&D projects that are focused on the safety of human beings have a priority?’ I think it unwise for the parliament to try to legislate a preference of that kind.

Nevertheless, I would certainly hope that R&D projects with a focus on environmental initiatives to ensure the increasing fuel efficiency of automobiles and to ensure the increasing application of light metals—for example, magnesium—are incorporated into car manufacturing. I am sure that, in the course of this R&D program, environmental projects will score and receive assistance. Equally, I would like to see projects focused on the safety of human beings in automobiles receive R&D support, as I am sure they will. We take careful note of what the Democrats have said. As I say, I am sure that R&D projects that focus on the environment will get support through this program, but I think it is unwise to specifically legislate in the bill for that end.

On behalf of the government I again congratulate the other parties for their support. I think they recognise that this is a critical piece of legislation for this great industry. The industry will welcome its passage tonight, and I thank the Senate for ensuring we can deliver it tonight, because of just how important this bill is to this industry. We note the second reading amendments. While we will not support them, we are not proposing to divide on them. We will certainly have their intent in mind as we develop this great industry for Australia.

The ACTING DEPUTY PRESIDENT (Senator McLucas)—I remind honourable senators that, under a sessional order agreed to on 20 June 2002, after the second reading I shall call the minister to move a third read-
ing unless any senator requires that the bill be considered in Committee of the Whole.

Senator Brown—I do so require. I have circulated to all parties an amendment. I do not have that amendment yet available in my hand, but it is an important amendment and I would want to debate that in the committee. I am prepared, if we go into committee, to begin the debate and to outline that amendment, although I do not have the precise words with me at the moment.

The ACTING DEPUTY PRESIDENT—When we get to an appropriate point in the committee, we will get you to move that amendment. The question is that Senator Carr’s amendment be agreed to.

Question agreed to.

Senator RIDGEWAY (New South Wales) (9.43 p.m.)—On behalf of the Australian Democrats, I move the second reading amendment on sheet 3098:

At the end of the motion, add:

“(b) projects which establish targets for reaching the above stated aims.”

Question agreed to.

Bills read a second time.

In Committee

ACIS ADMINISTRATION AMENDMENT BILL 2003

Bill—by leave—taken as a whole.

Senator BROWN (Tasmania) (9.44 p.m.)—I will be moving an amendment which will draw into line the tariff duty of 15 per cent on ordinary passenger vehicles with the tariff duty of five per cent which currently applies to off-road vehicles—or sports utility vehicles, as they are referred to in the United States. This matter has been debated before, but it is a debate that is now raging in the United States community and it is one that is rapidly gaining acknowledgment by the Australian community as being an unfair system, which gives a 10 per cent tariff break to off-road vehicles compared to ordinary passenger vehicles. Last year, over 20 per cent of passenger vehicles sold in Australia were off-road vehicles. These are, by and large, gas guzzlers. They have a very big impact on the environment compared to ordinary passenger cars. There is a debate about their safety. While they may feel safer for those people aboard, there have been recent reports from the United States of the increased rollover capability and, more importantly, the danger that they present to both pedestrians and people in other motor vehicles.

Their impact on the environment is indisputably greater than that of ordinary passenger vehicles. Figures that I have been reading tonight point to a fuel consumption by the so-called off-road vehicles nearly double that of the average passenger car. At the moment off-road vehicles are being prodigiously ad-
advertised by all the major car manufacturers. But the inequality in the tax that remains under this legislation is completely inexplainable. It just defies explanation. Maybe the minister would like to give me an outline of why the government thinks that this inequality should be maintained—that is, a 15 per cent tax on ordinary passenger vehicles but a five per cent tax on these off-road vehicles.

Senator MINCHIN (South Australia—Minister for Finance and Administration) (9.47 p.m.)—The government’s objective is to have all vehicle tariffs at five per cent. It is true that four-wheel drives are currently at four per cent; our objective is to have all of them at five per cent by 2010, and that will be the case under this bill. There have been calls in the past for the four-wheel drive tariff to be increased. The history is that the tariff was there to protect Australian manufacturing, and to give it a leg-up against imports. The fact is that we have not produced four-wheel drives in this country and that is why the tariff was different. The tariff was there to protect Australian passenger cars made by Australian based companies, and they were essentially passenger cars. Only very latterly have Australian manufacturers started to produce four-wheel drives, and they are doing it knowing that the tariff is five per cent on four-wheel drives. There was no basis for either the tariff on four-wheel drives being anything other than the five per cent or demanding that Australians who wanted to drive four-wheel drives pay more than a five per cent tax. Given that the whole basis of a tariff system is to protect the Australian industry, there were no four-wheel drives being made in Australia, so what were you protecting them from? That is the whole point of the difference in the tariffs.

I am delighted that Australian car manufacturers are starting to manufacture four-wheel drives, but they are doing so on the basis of clear government policy that we want all the tariffs ultimately to be five per cent. We are not about to ramp up the four-wheel drive tariff for a few years and then bring it back down to five per cent when they are all at five per cent in 2010.

Senator BROWN (Tasmania) (9.49 p.m.)—My amendment will be aimed at doing that. I said a little earlier that over 20 per cent of passenger vehicles sold in the last year were four-wheel drives. The minister said that most of them were imported. The very point I am making is that they are putting out of business the manufacture of the very cars that the minister wants to protect by keeping the tariff wall around Australia. That is totally illogical; it makes no sense. It is just a crazy argument. I would be very pleased if the minister could present the figures for the import of these vehicles and the impact they are having on the local car market when this debate resumes tomorrow.

Progress reported.

ADJOURNMENT

The DEPUTY PRESIDENT—Order! I propose the question:

That the Senate do now adjourn.

Toowoomba Hospice

Drugs

Senator SANTORO (Queensland) (9.50 p.m.)—The great community spirit of Australians has recently been demonstrated in fine form in the city of Toowoomba in my state of Queensland. Toowoomba has always been a special place, a community that takes immense pride in its civic achievements. Next to Canberra, it is Australia’s biggest inland city. It enjoys a bracing climate, and this may well be why it was chosen long ago as a retirement place by the graziers and other farming dynasties who populated Queensland’s arid and heated west. The city is well favoured in the services that it offers its residents and people travelling through
Toowoomba or staying awhile. It has an energetic and forward-focused city council. It has some of the finest European, North American and North Asian deciduous trees found anywhere in Australia, including in our national capital. Both are garden cities and in this way Toowoomba shares something else with Canberra. This month, 600 metres up on the spectacular edge of the Great Dividing Range in south-east Queensland, Toowoomba celebrates its annual Carnival of Flowers.

Tonight, however, I do not want to talk about any of these things. I want to talk instead about the opening in July of the Toowoomba Hospice. The hospice, which is run by St Vincent’s, is truly a story of local grit and determination triumphing for local people. It deserves a mention in our country’s forum—the parliament—because it demonstrates what a wonderful country we live in and how much can be achieved by people who formulate a plan and execute it without diversion. It is a dream fulfilled. Indeed, community support for the Toowoomba Hospice project has been overwhelming.

With so many organisations, companies—and individuals; ordinary people—helping in so many ways, it simply is not possible to thank everyone individually. There are some people, however, whom I would like to mention—in particular, Mrs Judith Barker, a community stalwart of Toowoomba whose energy and vision is as spectacular as the city in which she lives. Mrs Barker is a great supporter of the hospice project and in fact brought it to my attention in the first place. She epitomises the spirit of the Toowoomba community. She is one of those tireless workers for good causes for whom no task is too hard, nor any road to victory too long. I should add at this point that she is also a member of the Liberal Party’s Toowoomba North branch—and I mention that now so that it, too, can be on the record.

Party politics, of course, has nothing to do with a project that is designed to enhance the civic, social and health infrastructure of a city. In that regard, I acknowledge tonight the financial commitment of the Queensland government to the hospice project. It allocated $100,000 in start-up funding and has committed $300,000 a year for the next two years. The project has also been helped to fruition by the sterling efforts of the former Queensland opposition leader—and before that, health minister—Mike Horan, who represents Toowoomba South in the state parliament for the National Party. He has been ably backed in his endeavours by two other local state MPs who were elected in 2001—Stuart Copeland, the National Party member for Cunningham, and Kerry Shine, the Labor member for Toowoomba North—and they have all been assisted by the strong presence of the Toowoomba City Council under energetic Mayor Dianne Thorley.

The hospice solution is all about community respect for the sacredness of life. The six-bed facility in Toowoomba is dedicated to providing care for people with terminal illness. Hospice chairman Graham Barron led a great community endeavour that linked schools, churches, service clubs, community groups, businesses, local hospitals and individuals in a fundraising campaign that raised more than $1 million. When the hospice officially opened he said, ‘It has been five and a half years of hard work but it has all been worth while’. I am sure there is no one who would argue against that proposition. It was a truly local effort in another way, too. The $1.2 million complex was built debt-free, with all the money being spent locally apart from $10,000 on specialised equipment.

Toowoomba Hospice Association founder Sister Frances Flint notes that because the
hospice is a community project it belongs to everyone in Toowoomba and the surrounding areas. The corollary to that, of course, is that everyone must work to make sure the hospice works. Sister Flint said, on the occasion of the opening, that everyone needs models and mentors. That is a message of natural leadership from a natural leader. Sister Flint deserves indeed to be saluted. I believe it is worth quoting here what she said about the process and how it applies to the new Toowoomba Hospice. She said this:

Having completed the building and setting up of the facility it is now the turn of others to see that what has been begun is continued with the same dedication, generosity and hard work of those who have worked tirelessly over the past seven years, and particularly over the past five ...

From our first beginnings we have had the support of the Ipswich Hospice and all those involved with it; from their late founder Hilda des Artes to the great team of staff and volunteers. Let us too be ready to support and encourage other places and communities in this great work of compassion and unconditional love, the care of the terminally ill.

In those few lines, Mr President, rest true Christian faith and generosity and generous human charity. Caring for our sick and frail is the human activity that brings us, indeed, closest to God. Those who do this—for a living or as unpaid labour—deserve a special place in our prayers.

Toowoomba Hospice is now a reality, and we are all the beneficiaries of that because we know that fellow Australians in Toowoomba now have access to hospice care if ever they should need it. Now the hospice must evolve into an entity that provides services that continually evolve and expand to clients and their families. As chairman Graham Barron said on opening day, now we need people to create the network and infrastructure that will make it real.

By opening day two crucial roles had been filled, with the appointment of Mr Mark Munro to the position of manager—administration, fundraising and volunteers—and of Mrs Karen Brosnan to the position of director of care services. At that stage, six staff members were to be appointed. They will rely on the backup support of 62 volunteers who have already been trained and another 40 who will be needed to fulfil the hospice business plan.

Mr President, I return briefly to the point with which I opened this speech: the great community spirit of Australians has been demonstrated, in fine form, in Toowoomba in my state of Queensland. We are all the richer for that. Congratulations to everyone involved.

I want to turn now to another great initiative within the community of Toowoomba. As most of us know—on both sides of the chamber—a strong focus on family and children can help limit the damage illegal drugs do to Australian society. That is why projects such as the innovative home visitation project being run by DRUG-ARM in Toowoomba in Queensland are so valuable. De-institutionalising responses to behavioural and other community problems can be a great step down the road to eliminating them or at least making sure they remain under control. The project in Toowoomba emphasises in-home counselling because this keeps what might otherwise be a disturbing event in a young person’s life within familiar walls. It emphasises parental and family engagement in the process for the same reason: so that counselling is not invasive, so that it takes place again in familiar surroundings, and so that the natural parental loving care generally found at home is an integral part of the process.

It was my privilege recently to represent the Minister for Family and Community Ser-
vices at the launch of the project. It is a project that is being funded by Minister Vanstone’s department and it is aimed at strengthening the health and wellbeing of Toowoomba families by targeting and assisting both ‘at risk’ families and families with young children. That is what is particularly attractive about this program—the focus on family and children. This focus meshes well with the principle of de-institutionalising counselling and with the community backup and involvement, along with volunteer support that always goes a long way towards making any project a success. We cannot let the scourge of illegal drugs win the battle for our children. DRUG-ARM is a leading element of the essential counterattack and deserves all the support it can get.

The family as an institution is under threat in our society, as it is around the world in other Western societies. It is not under a terminal threat. Those who assert that it is speak either for some marginal agenda or without deep knowledge of the fundamental strength of the family in our and others’ societies. But it is at risk and, of course, as all societies change, so do elements of those societies. Change is inevitable. Social breakdown should not be and indeed is not.

The executive director of DRUG-ARM is Mr Dennis Young. He is a tireless campaigner against illicit drugs. He has a high reputation—and it is well deserved—for the energy and commitment he has always brought to the task. The home visitation program builds on and uses existing DRUG-ARM services in Toowoomba. ‘At risk’ families will be assessed and referred primarily from a number of existing family support programs and services, but also from other professional and community based services. Project staff and volunteers will care for and support families in the comfort and privacy of their own homes and will work with the family to identify risk factors for each of the family members. They will then work with the families over a period of time and develop strategies to strengthen the protective factors in both the family and their local community, thereby reducing the risk of further dysfunction or family breakdown.

It is a new program in Toowoomba and, as such, has also benefited from the strong civic focus of the city’s community and the support of the highly proactive city council. Commonwealth funding of around $211,000 has been provided for two years. The program is being coordinated by Jasmine Siggs of DRUG-ARM, who is supported by Jenny Smith in an administrative role. This is indeed a commendable effort by all concerned and something in which I intend to continue to take a close interest.

Lindh, Ms Anna

Senator STEPHENS (New South Wales) (10.00 p.m.)—This evening I rise to place on the public record my respect and the respect of the Australian parliament for the late Swedish foreign minister, Anna Lindh. As we know, Anna died last week, as a result of stab wounds, at the young age of 46. Anna Lindh was a remarkable woman. She was a model for women around the world, particularly for women in politics. She was focused, committed, clever and, above all, honest. She managed to live a life on the Swedish and international political stage while being a wife and a mother—no small feat, as members of this chamber can testify.

From a young age, Anna committed herself to improve the world through politics. As a teenager in the 1960s, she was impressed by Olof Palme and his opposition to the United States involvement in the Vietnam War and became involved in politics. By the time she was 20, she was a local councillor. She graduated from law school in 1982 and worked for six months at a district court before winning a seat in parliament the same
year. Between 1984 and 1990, she was President of the Swedish Social Democratic Youth League, having also been Vice-Chair of the International Union of Socialist Youth from 1987 to 1989. She was a member of her party’s influential executive committee from 1991 and a city councillor in Stockholm from 1991 to 1994. Her first cabinet post in Stockholm was as Minister for the Environment, a position she held until 1998.

For the last five years, Anna was Sweden’s Minister for Foreign Affairs. Her appointment to this position came in the midst of a process of soul-searching within the social democratic movement on how to rejuvenate party policy and develop Sweden’s presence in the European Union. ‘Persson’s crown princess’, as she became known in the media, soon established a reputation for championing human rights and for her blunt criticism of other countries, including some of Sweden’s allies. Using the political process to change the world for the better remained her goal: she did not become sidetracked into a desire to build her own reputation or power. Despite the fact that she was not interested in drawing attention to herself—or perhaps partly because of it—she was in fact widely tipped to succeed Prime Minister Goran Persson as leader of the Swedish Social Democratic Party and possibly to become her country’s next prime minister. She was voted one of Sweden’s most admired women in a survey by pollster Sifo and was described by the head of research at Sifo as ‘the most important political figure in Sweden, with the exception of Persson himself’.

What impressed me about Anna Lindh was the scope of her political vision. She was concerned with social policy, of course, but beyond that she involved herself in the big picture. She was committed to human rights and saw clearly that these issues crossed the artificial boundary between domestic and foreign policy. The principles she applied in her role as foreign minister were also put to work at home. Let me quote a few of her words:

Respect for human rights creates a stable foundation for peace and security. This perspective should permeate our foreign policy. Therefore, the fight against capital punishment will continue with unabated vigour. Special attention must be paid to the rights and living conditions of children. In a world of discrimination, widespread violence and repression of women, gender equality is a priority for the Government.

She was prepared to apply these general principles to specific cases and speak out courageously and unequivocally when the occasion demanded it.

In Moscow, she severely criticised Russian actions in Chechnya. In Washington, she castigated the Americans over their treatment of prisoners at Guantanamo Bay. She recently attacked the Italian Prime Minister, Silvio Berlusconi, for comparing a German member of the European Parliament to a Nazi concentration camp guard—suggesting that his behaviour was a good argument for scrapping the EU’s rotating presidency. People may also remember that during the Iraq war Anna referred to President George W. Bush as ‘the Lone Ranger’ but shrewdly stopped short of throwing Sweden’s weight behind the French-led anti-American camp. She was also an outspoken critic of Ariel Sharon’s policy towards the Palestinians, declaring:

Israel is a democracy balancing on a thin line ... Israel must abide by international law and conventions and stop humiliating the population in the occupied territories. The walls, both of barbed wire and of suspicion, must come down.

Anna Lindh was admired not only by members of her own political party, the Social Democrats, but also by politicians from other parties and around the world. While she raised some eyebrows with her outspoken
statements about other politicians and public figures, those who knew her well and worked with her appreciated the down-to-earth style of her honesty and directness.

It is a tragedy that Anna Lindh’s life ended in an act of violence, like that of the prime minister she so admired, Olof Palme, who was shot in the same city in 1986. She believed firmly in the power of words to negotiate agreements and to bridge differences and in the prevention of conflict through early action, rather than allowing it to fester and result in acts of violence. She won many plaudits for her own negotiating skills and was known as a ‘woman without enemies’. I would like to recall for the Senate some of the words she spoke on the occasion of Palme’s murder:

A man can be murdered, but ideas cannot be killed. Your ideas live on through us, who will do our best to continue your fight. The fight for peace and international solidarity. The fight for an open and free Sweden without racism and hostility towards foreigners. Our thanks to you will be to bring forward your message, as Helga Henschens writes in her poem:

words can become suns
words can become rivers
words can open gates
and build bridges
words can overthrow tyrants
if enough of us
arm ourselves with words
speak speak
it is our duty
to those who spoke
while they still
had lips
Conviction, commitment, foresight, vision—
these were the tools that Anna brought to the political sphere. They won her widespread respect, particularly from women. Only a couple of months ago she launched a new initiative in Sweden: a network for women engaged or interested in the field of security policy. This was a personal initiative that she organised through a unit of the Stockholm International Peace Research Institute, and it is run along independent, non-partisan lines. It is a network open to women regardless of age, political orientation, profession or beliefs. She believed that women in public authorities, the armed forces, parliament, NGOs, media, business, academia and education all have a part to play. She promoted women’s contribution to a better society. Her idea behind this network was that, as women steadily gain more influence in the creation and carrying out of national security policy, they should be able to support each other in gaining skills and confidence so that they can fully contribute in an active partnership with men. But it was not only women who responded to her vision and her socially progressive approach. Men also admired her integrity, her earnestness and her humanity. This can be readily seen in an article by the British Foreign Secretary, Jack Straw, published in the Times on 12 September:

Anna Lindh was the best of Sweden. She had steel, conviction, tenacity and kindness in happy balance, combined with the wonderful Swedish virtue of openness verging on innocence … It was always good to see her. She lit up every room, every conversation. She was a star.

Yet she did not behave like a star. In her quiet, prosaic way she worked with unwavering dedication on the causes she believed in, convinced that they would succeed. As Jack Straw remarked:

… that was the point about Anna. She seemed so normal in contrast to the world of large egos and overdone protocol in which she had to move.

Yet her skills were so far above normal. Women everywhere acknowledge the significance of Anna Lindh’s contribution to modern politics. Her sane, pragmatic ap-
proach speaks to all of us, as these words of hers testify:

We all want and need security, sustained development ... and a life of dignity for ourselves and for future generations. To achieve this, we must unite around common basic values, building on respect for international law and human rights, democracy and social and economic justice. We also need to develop a global culture of conflict prevention.

The loss of this woman of peace through an act of violence is a great tragedy. It would be an even greater tragedy if her assassination were to spell the end of something she cared so deeply about: Sweden’s innocence.

**Violence against Women**

Senator STOTT DESPOJA (South Australia) (10.10 p.m.)—I begin by acknowledging that tribute by Senator Stephens to Anna Lindh—a woman who was an impressive role model, a woman who campaigned for women’s rights and a woman who died as a consequence of senseless violence.

Tonight one angle I want to look at in relation to this issue, in the hope that it might convince the powers that be and the legislators to do something about it, is its economic impact. First, I turn to the statistics and figures. In 1996 the Australian Bureau of Statistics surveyed 6,300 Australian women for the Women’s Safety Survey. The survey was designed to provide national estimates of the nature and extent of violence experienced by women in our country. It asked women about their experience of actual or threatened physical or sexual violence and found that, in relation to violence by a male partner, 2.6 per cent of women who were married or in a de facto relationship had experienced violence perpetrated by their current partner in the 12 months preceding the survey. The survey also looked at women’s experience of violence throughout their lifetime and found that 23 per cent of women who had ever been married or in a de facto relationship had experienced violence in that relationship.

According to the 1996 Women’s Safety Survey, 7.1 per cent of Australian women had experienced an incident of violence in the last 12 months, 4.9 per cent of Australian women had experienced physical violence by a man and 1.9 per cent of Australian women had experienced sexual violence by a man. According to the 2002 Crime and Safety Survey, 320,891 women had experienced an assault in the previous 12 months, which is fairly consistent with the 1996 survey figures. The Crime and Safety Survey detailed incidences of personal assault only, but if we focus on sexual assault then the figures show that 86 per cent of victims of sexual assault were women, accounting for 28,300 victims of sexual assault. Based on the 1996 Women’s Safety Survey, the AIC conducted a secondary analysis of the data to assess women’s fear of violence. The study found that 70 per cent of the 4,684 women sur-
veyed were fearful when walking alone after dark.

Of course, it is very difficult to assess real trends. Crime victim surveys indicate that the majority of assaults upon women are not reported to the police where the victim knows the offender. Estimates of underreporting vary significantly. The 1998 ABS crime victim survey estimated that only 28 per cent of assaults and 33 per cent of sexual assaults are reported to police, whereas the 1996 survey indicated that only two out of every 10 women—or 18.6 per cent to be precise—who had been assaulted in the previous 12 months had reported the assault to police. Only those instances that are reported to the authorities are recorded in the official crime statistics data. Even then, domestic violence is not recorded as a category of assault distinct from other assaults, hence the difficulty in obtaining reliable statistical data on its incidence.

Crime victim surveys provide another measure of domestic violence, as these surveys include both reported and unreported incidents. However, there is no update of the 1996 Women’s Safety Survey conducted by the ABS. In fact, the next survey is not planned until 2006. How can we treat this as a significant issue—one that we are supposedly putting resources and finances towards—when it will be a number of years before we have another survey? We are failing to implement an up-to-date system of collating crucial information that is needed in order to properly execute those program initiatives. In the context of the government’s decision to take $10.1 million in underspent funds for domestic violence and sexual assault programs to fund fridge magnets, you can see why people get very upset about this issue.

In relation to the economic costs, a literature review conducted by the Australian Domestic and Family Violence Clearinghouse pointed to both Australian and international literature, demonstrating the value of taking an economic perspective on domestic violence. It provides a powerful angle from which to view the consequences of domestic violence and further argues for social policies to improve services and protection for victims.

While the human impact of domestic violence is incalculable, the direct costs of staff absenteeism and replacement costs were estimated in 2000 to be over $30 million a year for Australian employers. The total cost to the corporate and business sector was estimated at $1.5 billion. In another study, back in 1991, the annual cost of domestic violence to state and Commonwealth governments was estimated to be around $400 million.

Academics have long argued that the value of economic studies on domestic violence lies in the potential to promote social policy and reduce violence against women. It must be highlighted that violence against women is a public problem, not a private one, because of the negative effects which are borne by all of society and not solely by the victims. Studies of the costs of violence are one means for strengthening the argument that violence against women is indeed a social problem which deserves to be seriously addressed. Information about the economic costs of domestic violence emphasises the seriousness of the problem and also identifies ways in which it penetrates the work of social services, community organisations, business and governments in Australia. Violence against women is enormously costly to the women who experience violence directly, and to women generally, as their lives are constrained by the fear of violence and even for governments, who have to pay money in order to ensure that the consequences of violence are addressed. It is a ubiquitous and debilitating criminal, social and health prob-
lem affecting individuals, communities, business and governments in Australia.

There are a number of international studies that show the costs of domestic violence in Switzerland, the US, Canada, the UK, Chile, Nicaragua and New Zealand. All of these demonstrate overwhelmingly that organisations and government must work in tandem to overcome this crippling social issue. For example, the annual cost of family violence in New Zealand is around $NZ1.2 billion. A UK study shows that it cost more than £5 million in 1996 for one particular area of London. According to the Swiss government, the cost of domestic violence is 400 million Swiss francs, or $US290 million, per annum. There are many other statistics— from Ontario, Canada, British Columbia.

Essentially, though, there is no best approach to estimating the economic costs of domestic violence. Most arguments about the value of bringing an economic perspective to the field of domestic violence are based on the assumption that identifying the enormous costs of domestic violence will result in increased efforts to eliminate it. In saying this, we need to work as a nation to improve— firstly, data collection, both to better estimate the prevalence of domestic violence and to better identify service usage by victims and perpetrators of domestic violence; secondly, evaluations for interventions and programs using experimental or quasi-experimental designs as an essential foundation for cost-effectiveness and cost-benefit analyses; and, thirdly, better methodologies for calculating the long-term social, educational and psychological impacts of domestic violence on women and children.

However, should the mounting evidence of the economic costs of domestic violence to women, children, the community and governments fail to result in increased commitment to the prevention and eradication of domestic violence, academics have issued the following challenge that I would like to repeat today:

If studies showing the economic costs of violence against women are not effective in directing government and business efforts towards reducing male violence, it may be because the economic costs revealed in such studies are less than the unspoken economic benefits of maintaining male dominance in social institutions. The millions of dollars in costs resulting from male violence may be a small price for men to pay in exchange for their continued control of political and economic power, resources and status. In this case, we may have to use an economic perspective to address a different question—Who benefits economically from violence against women?

I hope tonight that some of these figures will go some way towards convincing the powers that be that we need to address this issue.

At the risk of talking against a backdrop of tragedy this evening, I do want to commend Four Corners on what was a harrowing, compelling, moving and touching program on the Bali survivors. If fellow senators have not seen it, it was quite extraordinary. On a final note, I would also like to add my condolences on the tragedy that occurred in a domestic situation in Sydney this evening.

Veterans: Gold Card

Senator MARK BISHOP (Western Australia) (10.20 p.m.)—I rise this evening to inform the Senate of the current position with respect to the veterans gold card. By way of background, the gold card is now an entitlement of approximately 280,000 veterans and war widows—87 per cent of the veteran population in fact—and treatment under it consumes around 92 per cent of the veterans health budget. As it provides free health care for all conditions, it is a very valued and prized entitlement providing considerable security and reassurance to many as they become vulnerable to age and the costs of expensive health care, particularly in their
last two or three years of life. That is perfectly understandable. Indeed, it also explains the pressure from many others—not currently entitled—to gain access to such a benefit.

In this context, it is also worth mentioning that the review of veterans’ entitlements by Justice Clarke thoroughly examined these claims and recommended that not only should there be no further extensions to the gold card but also that it be means tested for current recipients or beneficiaries. The government has made only one response to the 109 recommendations of the Clarke report—which in itself is appalling after six months of silence—and that was to reject the means testing recommendation.

Government policy on the gold card remains obscure for other reasons as well, which I will now address. The Senate will recall that over the last 18 months the medical profession campaigned strongly against the government, objecting to the level of remuneration available to them for medical services provided to veterans and war widows. This resulted in a large number of GPs refusing to accept the gold card. That inconvenienced veterans, who had to make a co-payment as a Medicare patient, take out private health insurance to cover the gap or find another doctor—who would be unfamiliar with their own personal case history. After 12 months of dithering, the government offered GPs $3 per service on top of 100 per cent of the scheduled rate—the latter having been the payment until that time. According to the minister, that new deal has been accepted by the majority of those GPs and more than 14,000 GPs around Australia have now re-signed to accept the gold card. If this is right then that is a worthwhile outcome, even though the intervening period was one of considerable alarm and unnecessary inconvenience for veterans and widows, many of whom are now frail aged and deserve better in their final years.

However, it should be noted that the peace may only be temporary, as the medical profession continue to agitate about the level of fees and, as we all know, bulk-billing. They say the cause of this is costs driven by the indemnity insurance levy. In some regional areas there has been media attention on certain clinics which have decided for commercial reasons not to treat veterans with the gold card. That, of course, is a matter for their conscience and judgment, but veteran patients will no doubt need to find another GP to care for them.

We also know that in Queensland the AMAQ are campaigning actively against the gold card deal, which again is unsettling to veterans—who by now must resent being used as pawns in this campaign for higher fees. In fact, I would go one step further and suggest to the AMAQ, who are focusing on ALP members of parliament, that the ALP position has been one of full support for honouring the gold card and that their political attention might be more appropriately targeted at the Howard government, whose health policies are in such disarray. So, despite the outward signs that the gold card has been rescued, the respite might be only temporary. It is to be hoped, though, that in the interests of veterans and war widows the new agreement is honoured and no more stress is put on those least able to withstand it.

However, the remaining aspect of the gold card issue which is of most concern is that, while GPs might have been satisfied, the same is not true of specialists. Senators will be aware of a flood of representations from dentists over the last two months, who say that they too believe that their fee levels have fallen below the standard and that they are serving veterans at a loss. This has been the case for other specialists for much longer,
especially for those caught up in the increases in indemnity insurance premiums—that is, orthopaedic specialists, ophthalmologists and surgeons in particular. I estimate that at least 300 specialists in this group have decided that they can no longer accept the fee structure available under the gold card and have accordingly refused to treat veterans—unless, of course, they are willing to make a copayment or have private health insurance. So here we go again: the gold card is quickly being devalued because it provides only restricted access to specialist medical care.

What is worse is that there is no sign that the government is doing anything about it. Negotiations with the specialist groups either have not commenced or are going nowhere. In the meantime, more specialists are refusing to accept the gold card. Again, this is a breach of the undertaking that is the essence of the gold card—that is, that it provides free private health care to veterans and war widows at their convenience. It also applies to the white card, which provides for free treatment for all specific war caused injuries and illnesses. This is a time-honoured obligation but it too is being undermined. The free treatment is available only if you can find a specialist who will accept the gold card. Of course, if the veteran or war widow lives in rural and regional Australia, this will inevitably involve not just a very long wait for an appointment but considerable travel. This is not what the gold card has been promoted as offering. It seems that the gold card is quickly becoming something like a FlyBuys card, where veterans can no longer expect it to be universally accepted; they must check first. This is not good enough. If veterans and war widows find, as other Australians are with respect to bulk-billing, that their gold card is not being accepted then the government needs to be told.

Moreover, veterans and war widows need to remain vigilant as the Howard government distracts their attention with the flags and bunting of the commemorative program. As so many now say to the Prime Minister in the letters they copy to me, 'If you believe that our service people are as wonderful as you keep saying—and as you keep wrapping yourself in the flag dockside as our troops come and go—why don't you honour the traditional commitment from the Australian public that on return they will be looked after?' Put bluntly: serving personnel and veterans, while appreciating the recognition, are rightly suspicious that they are not more than simple extras on the public relations set.

Why hasn't the government responded to the 109 recommendations of the Clarke review? That is not an unreasonable question, and veterans want to hear the answer. The minister and the Prime Minister might contemplate that question as they wing their way to London in a few weeks time to open the $11 million war memorial. War widows finding it hard to make ends meet without rent assistance will think about that as well. They can all conclude—as we in the ALP have for some time—that veterans' policy has become a vacuum where any trace of policy has been replaced by a public relations extravaganza. This is indeed the new policy framework and, as we are seeing in so many areas, it is thin and transparent. Veterans know better, and the example of the gold card is typical.

**Senate adjourned at 10.29 p.m.**

**DOCUMENTS**

**Tabling**

The following documents were tabled by the Clerk:

- **Bounty (Ships) Act**—Return for 2002-2003.
- **Civil Aviation Act**—Civil Aviation Safety Regulations—Airworthiness Directives—Part—

106, dated 7 [2], 8, 11, 24 and 25 July; and 1, 19 [5], 20 [3] and 22 August 2003.


Departmental and Agency Contracts

The following document was tabled pursuant to the order of the Senate of 20 June 2001, as amended on 27 September 2001, 18 June and 26 June 2003:

Departmental and agency contracts for 2002-03—Letters of advice—Transport and Regional Services portfolio agencies.
QUESTIONS ON NOTICE

The following answers to questions were circulated:

**Education, Science and Training: Roam Consulting**

(Question No. 1082)

Senator Brown asked the Minister representing the Minister for Science, upon notice, on 14 January 2003:

With reference to energy policy and greenhouse gas emissions:

(1) Does the department have copies of any reports or documents produced by Roam Consulting in the past 5 calendar years; if so, in each case: (a) for whom was the report or document prepared; (b) what is the full title and date of the report or document; (c) what was the brief; (d) what were the main findings; and (e) can a copy of the report or document be provided.

(2) Have any documents prepared by the department or its agencies, including by the Chief Scientist, used information supplied by Roam Consulting; if so, in each case: (a) what was the full title and date of the document from which the information was used; and (b) what other data supported any conclusions drawn.

Senator Alston—The Minister for Science has provided the following answer to the honourable senator’s question:

(1) The Department has some working documents of the independent Working Group which operated in 2002 to produce a report for the Prime Minister’s Science, Engineering and Innovation Council on ‘Beyond Kyoto: Innovation and Adaptation’. The documents include an undated work-in-progress working paper containing a preliminary example of modelling based on unpublished data provided to Rio Tinto Technology by Roam Consulting.

(a) This working paper was prepared for Rio Tinto Technology.

(b) The working paper has no title and is undated.

(c) A member of the independent Working Group presented the working paper to the group for discussion purposes only.

(d) The findings of the working paper were considered by the Working Group and are reflected in the ‘Beyond Kyoto: Innovation and Adaptation’ report to the Prime Minister’s Science, Engineering and Innovation Council.

(e) Rio Tinto Technology has informed the Department that the information in the working paper was provided as work-in-progress to the PMSEIC Working Group for discussion purposes only. Under these circumstances, it would not be appropriate to provide a copy of the document.

(2) The ‘Beyond Kyoto: Innovation and Adaptation’ report of the independent Working Group of the Prime Minister’s Science, Engineering and Innovation Council, incorporated the results of the modelling into the report.

(a) The Working Group’s report ‘Beyond Kyoto: Innovation and Adaptation’ and associated presentation were provided to the Prime Minister’s Science, Engineering and Innovation Council on 5 December 2002. The report and presentation may be found at www.dest.gov.au/science/pmseic.

(b) The Working Group’s report and presentation refer to the various data sources used to support its conclusions.

The Australian National University is also listed under Administrative Orders as a responsibility of the Minister’s portfolio for the period in question. The Australian National University has not been
approached in preparing a response to the question because it operates with a greater degree of autonomy than other Departmental agencies.

**Education, Science and Training: Roam Consulting**  
(Question No. 1374)

**Senator Brown** asked the Minister representing the Minister for Science, upon notice, on 2 April 2003:

1. (a) Does the department or any of its agencies hold unpublished data from Roam Consulting, dated 2002, relating to electricity costs for new entrants, comparing ‘zero emissions’ coal with other fuels including conventional coal, gas combined cycle and renewables; (b) for whom was this data prepared for; (c) what was the cost of the work; (d) who paid for it; (e) what was the estimated cost of electricity generated from ‘zero emissions’ coal and what information was used to derive this estimate; and (f) can a copy of this information be provided.

2. (a) Has unpublished data from Roam Consulting relating to the cost of ‘zero emissions’ coal been used in reports or advice provided to the Minister in the past 2 years, including reports and advice from the Chief Scientist; if so, can the following detail be provided, title, author, date and nature of the advice or report, and its purpose; (b) what was the estimated cost of electricity generated from ‘zero emissions’ coal and what information was used to derive this estimate; (c) for whom was the data prepared for; and (d) can a copy of the information be provided

**Senator Alston**—The Minister for Science has provided the following answer to the honourable senator’s question:

1. (a) The Department has some working documents of the independent Working Group which operated in 2002 to produce a report for the Prime Minister’s Science, Engineering and Innovation Council on ‘Beyond Kyoto: Innovation and Adaptation’. The documents include an undated work-in-progress working paper containing a preliminary example of modelling based on unpublished data provided to Rio Tinto Technology by Roam Consulting.

   (b) The data were prepared for Rio Tinto Technology.

   (c) The cost of this work is not known to the Commonwealth.

   (d) The Commonwealth did not contribute to the cost of the work and is not a party to any financial arrangements that may have existed between Rio Tinto Technology, Roam Consulting or any other party in relation to the work.

   (e) Rio Tinto Technology has informed the Department that the information in the working paper was provided as work-in-progress to the PMSEIC Working Group for discussion purposes only. Under these circumstances, it would not be appropriate to provide details of the data.

   (f) Given the basis on which the data were provided to the Working Group, it would not be appropriate to provide a copy.

2. (a) At the 9th meeting of the Prime Minister’s Science, Engineering and Innovation Council held on 5 December 2002 the Council received a presentation and a report from an independent Working Group titled ‘Beyond Kyoto – Innovation and Adaptation.’

   In the preparation of the report and presentation the Working Group received a briefing from Dr David Cain, General Manager-Energy, Technical Services, Rio Tinto Ltd on modelling results that Rio Tinto had privately and independently commissioned from Roam Consulting to consider what impact a range of alternatives might have on longer term greenhouse gas emissions.

   The Working Group accepted Dr Cain’s findings and with the permission of Rio Tinto incorporated the results of this modelling into the report and presentation which was considered by
the Council on 5 December. The Working Group’s report and presentation (www.dest.gov.au/science/pmseic) refer to the various data sources used to support its conclusions.

Separately, the Chief Scientist for the purposes of a presentation to the Ministerial Council on Energy held on 29 November 2002 also drew on the Rio Tinto privately commissioned modelling from Roam Consulting to highlight costs for new entrants to the electricity industry.

(b) Rio Tinto Technology has informed the Department that the information in the working paper referred to in the answer to 1(a) was provided as work-in-progress to the Working Group for discussion purposes only. Under these circumstances, it would not be appropriate to provide details of the data.

c) The data were prepared for Rio Tinto Technology.

d) Given the basis on which the data were provided to the Working Group, it would not be appropriate to provide a copy.

The Australian National University is also listed under Administrative Orders as a responsibility of the Minister’s portfolio for the period in question. The Australian National University has not been approached in preparing a response to the question because it operates with a greater degree of autonomy than other Departmental agencies.

Veterans’ Affairs: Military Compensation and Rehabilitation Service
(Question No. 1593)

Senator Mark Bishop asked the Minister representing the Minister for Veterans’ Affairs, upon notice, on 27 June 2003:

(1) In each of the past 3 years, what sum has been spent by the Military Compensation and Rehabilitation Service (MCRS) on hire of counsel, including solicitors and barristers, for: (a) legal advice on compensation policy and specific claims, including at internal review; and (b) fees for representing MCRS at: (i) the Administrative Appeals Tribunal, (ii) the Federal Court, and (iii) the High Court.

(2) (a) How many counsel were hired in total; and (b) how many were Queen’s Counsel.

(3) (a) Which legal firms are on the panel for MCRS; and (b) for the 2002-03 financial year, what sum of money had been paid to each firm as at 30 June 2003.

(4) What are the details, as sought in parts (1) to (3) of this question, for counsel hired for cases under the Veterans’ Entitlement Act 1986.

Senator Hill—the Minister for Veterans’ Affairs has provided the following answer to the honourable senator’s question.

(1) Expenditure for 2000-01 is not available due to the non-availability of data from a superseded Department of Defence finance administration system.

(a) Costs regarding legal advice in the area of compensation policy were not available as they are rarely, if ever, incurred. Any advice in this respect is usually sought from within the legal areas of the Department or Comcare rather than externally.

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001-02</td>
<td>$1,072,227</td>
</tr>
<tr>
<td>2002-03</td>
<td>$969,028</td>
</tr>
</tbody>
</table>

(b) 2001-02

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001-02</td>
<td>(i) $3,365,455</td>
</tr>
<tr>
<td></td>
<td>(ii) $113,598</td>
</tr>
<tr>
<td></td>
<td>(iii) Nil</td>
</tr>
<tr>
<td>2002-03</td>
<td>(i) $4,243,245</td>
</tr>
</tbody>
</table>
(ii) $ 145,857
(iii) Nil

(2) (a) and (b) While it is not possible to provide an overall figure of the number of counsel instructed to appear - due to the fact that the MCRS’s payment system does not allow the identification of individual counsel acting on the Department’s behalf - a total of four Queen’s Counsel were instructed.

(3) (a) and (b) The MCRS has five law firms that are approached on a regular basis for advice in the area of the review of decisions. The names and total amounts paid to each are:

- Australian Government Solicitor (AGS) $1,426,763
- Phillips Fox Lawyers $1,350,893
- Blake Dawson Waldron $491,047
- Dibbs Barker Gosling $629,502
- Sparke Helmore Solicitors $1,290,356

(4) In relation to legal costs incurred by the Department on behalf of the Repatriation Commission for the handling of matters under the Veterans' Entitlements Act 1986 (VEA) for the financial years 2000-01, 2001-02 and 2002-03, the following details are provided.

The specific information sought in the honourable senator’s question is either not available or does not apply to matters under the VEA because of key difference between the two schemes. Examples of differences include:

- there is no internal review process under the VEA that can be compared with the internal review process contained in section 62 of the Safety, Rehabilitation and Compensation Act 1988 in which legal costs can be incurred;
- The majority of matters involving the review of decisions under the VEA by the Administrative Appeals Tribunal (AAT) are handled by APS employees of the Department and do not involve the use of external legal service providers.

However, the following aggregated information is available in response to the specific questions insofar as they relate to the VEA:

**2000-01 financial year**

- AGS and counsel $1,356,758.60
- Repatriation Medical Authority (RMA) & Specialist Medical Review Council (SMRC) to AGS $82,642.38
- Barker Gosling $162,374.00

(total cost for the legal costs pilot for AAT work)

**2001-02 financial year**

- AGS and counsel $1,315,262.30
- RMA & SMRC to AGS $90,687.73

**2002-03 financial year**

- AGS and counsel $2,516,790.60
- RMA & SMRC to AGS $95,028.73

The number of counsel instructed by solicitors acting for the Department and the Repatriation Commission during the financial years 2000-01 to 2002-03 are six Senior Counsel (including Queens Counsel) and twenty-two Junior Counsel. In some matters, the AGS also appeared as counsel.
In relation to legal challenges to the review of decisions relating to pensions, benefits and other allowances under the VEA, only two law firms (AGS and Barker Gosling) were used during the financial years 2000-01 to 2002-03. The Melbourne office of Barker Gosling (as it was then known) took part in a legal costs pilot project, and conducted ten matters before the AAT. This pilot commenced in late 1999 and concluded in early 2001. On all other matters relating to the review of pensions, benefits and other allowances under the VEA, AGS has been instructed to provide the external legal services. The amount paid to AGS (which also includes disbursements such as counsel fees) is set out above.

Industry: Biofuels

(Question No. 1694)

Senator O’Brien asked the Minister representing the Minister for Industry, Tourism and Resources, upon notice, on 1 August 2003:

With reference to the announcement on 25 July 2003 of the assistance package for the biofuels industry:

(1) What evidence will applicants for capital subsidies be required to produce to: (a) demonstrate viability beyond 2013; and (b) demonstrate the existence of firm contracts for the supply of biofuels.

(2) In relation to the media release by the Minister for Small Business and Tourism, dated 25 July 2003, can details be provided of the 15 ethanol and 16 biodiesel plants or expansions across regional Australia representing possible investment in excess of $1.1 billion, including for each new plant or expansion:

(a) the name of the proponent;
(b) whether the project is a new plant or an expansion of an existing production capacity;
(c) the nature of the proposed production, for example, ethanol or biodiesel, including proposed feedstock;
(d) the volume of the proposed production in million litres (ML);
(e) the location of the proposed plant;
(f) the potential investment level; (g) the potential job creation; and (h) the nature of the boost to the relevant regional economy.

(3) Since the announcement, has the Government received advice from proponents connected with any of the 31 projects identified in the Minister’s media release advising that expanded production will not be sufficiently supported by the Government’s package to allow new plants to be built; if so, can details be provided of the advice received.

(4) In relation to the report commissioned from the Commonwealth Scientific and Industrial Research Organisation, jointly with the Bureau of Transport and Regional Economics and the Australian Bureau of Agricultural and Resource Economics, on the Government’s 350ML biofuels target:

(a) what are the terms of reference;
(b) what is its completion date; and
(c) what is its budget.

Senator Minchin—The Minister for Industry, Tourism and Resources has provided the following answer to the honourable senator’s question:

(1) The Government has not yet finalised the details of the guidelines for the Biofuels Capital Grants Program.

(2) No—such information is commercial in confidence.
(3) Details of such advice is commercial in confidence.

(4) (a) The Terms of Reference have not yet been finalised.
(b) See 4 (a).
(c) No specific budget has been allocated.

**Parliamentary Departments: Corporate Branding**

(Question No. 1723)

Senator Faulkner asked the Minister representing the President of the Senate, upon notice, on 4 August 2003:

With reference to each separate department within the President’s responsibility:

(1) How was the department advised of the Government’s revised requirements regarding corporate branding, logos, stationery design etc.

(2) When was that advice provided.

(3) Does the department propose to adopt the revised requirements, or will the department be seeking an exemption from these requirements; if the latter, from whom will the department seek the exemption.

(4) Will the department be seeking the advice of the Government Communications Unit in the Department of the Prime Minister and Cabinet in relation to these requirements.

(5) What is the expected time frame for the implementation of these revised requirements, if appropriate.

(6) What does this implementation entail.

(7) What is the expected cost of the implementation of these revised requirements, in terms of: (a) expendables, such as stationery; (b) consultancies; (c) software redesign; (d) capital items, such as signage; and (e) any other expected costs.

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

The Department of the Parliamentary Reporting Staff has supplied the following information in relation to Senator Faulkner’s question:

(1) The department has not been formally advised.

(2) Not applicable.

(3) As the department will cease to exist on 31 January 2004, existing stationery and materials will continue to be used.

(4) No.

(5) Not applicable.

(6) Not applicable.

(7) Not applicable.

I provide the following information in relation to the Department of the Senate:

(1) The department was not advised.

(2) to (7) Not applicable.

I provide the following information in relation to the Parliamentary Library:

(1) With respect to the Department of the Parliamentary Library, no advice has been received regarding the Government’s revised requirements.

(2) Not applicable.
Parliamentary Departments: Corporate Branding
(Question No. 1742)

Senator Faulkner asked the Minister representing the President of the Senate, upon notice, on 4 August 2003:

In relation to each separate department within the President’s responsibility:

(1) On how many occasions since March 1996 has the department entered into a consultancy contract in relation to the provision of services related to: (a) corporate branding; (b) logo design; (c) stationery design; and/or (d) related or associated services.

(2) (a) What was the date of each contract entered into; (b) who was the consultant thereby engaged; and (c) when was each of the contracts completed.

(3) (a) What was the outcome of each of those consultancies; and (b) can a copy be provided of the design or designs, logo, brand etc provided to the department as a result of each consultancy referred to in paragraph (2) above, together with advice as to whether these designs etc were adopted and implemented by the department.

(4) What was the cost of each of the separate contracts specified in paragraph (2) above.

(5) What was the cost of implementing the designs, logos etc specified in paragraph (3) above as being adopted by the department.

(6) How were these designs, logos etc implemented by the agency.

(7) In relation to each design, logo etc adopted by the department, what advice was provided by the consultant and accepted by the department as to the reason why that design, logo etc was appropriate and recommended.

(8) If, during the period March 1996 to the present, the department developed its own: (a) corporate branding; (b) logo design; (c) stationery design; and/or (d) related or associated services: how many staff were employed to develop (a) to (d).

(9) If, during the period March 1996 to the present, the department developed its own: (a) corporate branding; (b) logo design; (c) stationery design; and/or (d) related or associated services: what was the cost to the department to develop (a) to (d).
(10) If, during the period March 1996 to the present, the department developed its own: (a) corporate branding; (b) logo design; (c) stationery design; and/or (d) related or associated services: what was the cost of implementing (a) to (d).

(11) If, during the period March 1996 to the present, the department developed its own: (a) corporate branding; (b) logo design; (c) stationery design; and/or (d) related or associated services: how did the department implement (a) to (d).

(12) (a) What arrangements has the department made, or will the department make, to protect the intellectual copyright of the logos, designs etc adopted by the department; and (b) what is the cost, or the expected cost, of undertaking these arrangements.

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

The Department of the Parliamentary Reporting Staff has supplied the following information in relation to Senator Faulkner’s question:

(1) (a) DPRS has not entered into any consultancy contract for corporate branding. (b) During late 1998 early 1999 DPRS undertook a major organisational review. This review was aimed at restructuring the department to take account of the convergence of information technology, communications, broadcasting and transcription services. As part of this review a departmental logo was created by City Graphics at a cost of $600. (c) In May 2000 City Graphics designed letterhead and associated stationery for the department at a total cost of $1,316. This charge was for computer software templates that allow staff to print stationery on laser printers, resulting in considerable cost savings. (d) In July 1999 the department commissioned City Graphics to provide a range of promotional material consequent on the reorganisation, at a total cost of $17,060. The material included corporate posters, structure charts, flyers, folders and other items.

(2) (a) Details as provided above. (b) Details as provided above. (c) Details as provided above.

(3) (a) Each of these tasks was completed as agreed. (b) Copies of relevant documents are available and can be provided on request.

(4) Details as provided above.

(5) There were no additional costs associated with implementation.

(6) The logo and stationery were adopted by the department on the basis of replacing old with new when stocks of old were consumed.

(7) The logo resulted from a design brief provided by the department. The department did not seek further advice from City Graphics.

(8) No staff were specifically employed to undertake this work.

(9) $1916.

(10) There was no cost to implement the new logo or stationery. The logo and stationery were adopted by the department on the basis of replacing old with new when stocks of old were consumed.

(11) The logo and stationery were implemented in the normal course of the department’s operations.

(12) (a) The department has not made any arrangements to protect the intellectual copyright of the logos, designs, etc. (b) Not applicable.

I provide the following information in relation to the Department of the Senate:

<p>| (1)(a) | Nil. |
| (1)(b) | 2 (on a fee for service basis) – 1 for departmental logo; 1 for Parliamentary Education Office (PEO) logo. |
| (1)(c) | Nil. |
| (1)(d) | Nil. |</p>
<table>
<thead>
<tr>
<th></th>
<th>Departmental logo</th>
<th></th>
<th>PEO logo</th>
</tr>
</thead>
<tbody>
<tr>
<td>(2)(a)</td>
<td>1 August 2002</td>
<td>(2)(b)</td>
<td>Starcom</td>
</tr>
<tr>
<td>(2)(c)</td>
<td>6 December 2002</td>
<td>(2)(c)</td>
<td>SWELL Design Group Pty</td>
</tr>
<tr>
<td>(3)(a)</td>
<td>The purpose of the contract was to modernise the departmental logo. The preliminary designs provided did not adequately meet that aim and the contract was not pursued further.</td>
<td>(3)(b)</td>
<td>Yes. The design was not adopted by the department.</td>
</tr>
<tr>
<td>(3)(b)</td>
<td>Yes. SWELL provided three prototype designs for various stationery items, including images and designs for the PEO website. The PEO chose through collective agreement by staff, one design which was subsequently used on the PEO website, PEO stand-up banners, PR folders and stationery.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(4)</td>
<td>$1,241.63.</td>
<td>(5)</td>
<td>Not applicable.</td>
</tr>
<tr>
<td>(5)</td>
<td>Nil – no additional resources were required – old stationery, etc. was exhausted before using the new design.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(6)</td>
<td>Not applicable.</td>
<td>(6)</td>
<td>The PEO has used the designs for items mentioned in (3)(b) as well as for the PEO Profiler quarterly, pamphlets for marketing the Despatch Box and Cockatoo Island projects and for other advertising where the PEO has been involved in joint ventures with outside agencies.</td>
</tr>
<tr>
<td>(7)</td>
<td>Not applicable.</td>
<td>(7)</td>
<td>SWELL provided three design options. The chosen design provided red/green balanced colours, an inclusive and playful image of recognition by the PEO young clients simple image and basic formatting for versatility across a number of proposed uses by the office.</td>
</tr>
<tr>
<td>(8)</td>
<td>Not applicable.</td>
<td>(8)</td>
<td>Not applicable.</td>
</tr>
<tr>
<td>(9)</td>
<td>Not applicable.</td>
<td>(9)</td>
<td>Not applicable.</td>
</tr>
<tr>
<td>(10)</td>
<td>Not applicable.</td>
<td>(10)</td>
<td>Not applicable.</td>
</tr>
<tr>
<td>(11)</td>
<td>Not applicable.</td>
<td>(11)</td>
<td>Not applicable.</td>
</tr>
<tr>
<td>(12)</td>
<td>Not applicable.</td>
<td>(12)</td>
<td>The department has not made any arrangements to protect the intellectual copyright of the design.</td>
</tr>
</tbody>
</table>

I provide the following information in relation to the Parliamentary Library:

(1) With respect to the Department of the Parliamentary Library, since March 1996 the department has not entered into any consultancy contracts in relation to the provision of services relating to (a) to (c).

In respect of (c), the Department of the Parliamentary Library used the Commonwealth Crest in a triangle. This design was suggested by a Library staff member. No designer, or consultancy process, was used.
In 2001, the department decided to change its logo prior to the commencement of the 40th Parliament.

The design selected came from a concept developed by a member of staff and refined by an external design company. The cost of using the external firm to undertake this work was $2805 (including GST).

(2) (a) to (c) Not applicable.
(3) (a) and (b) Not applicable.
(4) Not applicable
(5) Not applicable
(6) Not applicable
(7) Not applicable
(8) Between March 1996 and January 2002 the Department of the Parliamentary Library used the Commonwealth Crest in a triangle to represent its service role to the Parliament.

This design was suggested by a Library staff member. No designer, or consultancy process, was used.

In 2001, the department decided to change its logo prior to the commencement of the 40th Parliament.

The design selected came from a concept developed by a member of staff and refined by an external design company. The cost of using the external firm to undertake this work was $2805 (including GST).

(9) The cost of using the external firm to refine the concept suggested by a member of staff in December 2001 was $2805 (including GST). Implementing templates, etc. was undertaken internally.

(10) For this period the two logos used (initially the Commonwealth Crest in a triangle and the post-January 2002 design) have been applied against stationery, publications and publicity material. As noted above, the department uses electronic templates for many documents.

The costs were part of the department’s normal operating expenses (for example for printing of covers for material printed in-house, for business cards and compliments slip) and advised to designers preparing annual report designs and the Parliamentary Handbook 29th edition 2002.

(11) Support staff within the department create and manage electronic templates used throughout the department and incorporate the logo as required into these templates.

Any external designer working on, for example, stationery (including covers for serial publications, business cards, compliment slips) the latest annual report or the latest edition of the Parliamentary Handbook, is advised of key elements to be used to reflect the current logo.

(12) (a) With respect to the Department of the Parliamentary Library, no arrangements have been made to protect the intellectual copyright of the logos, designs, etc. adopted by the department. (b) Not applicable.

I provide the following information in relation to the Joint House Department:

(1) One occasion.
(2) (a) 6 April 1998.
   (b) Emery Vincent Design (EVD).
   (c) 31 May 1999.
(3) (a) Corporate identity, including logo, corporate fonts and colours.
(b) Black-and-white photocopy of Correspondence Guidelines (available from the Senate Table Office). Designs were adopted and implemented by JHD.

(4) $43,409.60.

(5) Licences for proprietary fonts $15,289.53
   Electronic templates $700.00
   Correspondence Guidelines folders $2,000.00
   Lexmark—flash printing $3,140.00
   Adobe Illustrator $945.50
   $22,075.03

(6) Correspondence Guidelines were issued to each business unit; electronic templates for departmental documents were made available to all departmental staff; letterhead flash printing was made available on printers; staff educated by way of staff newsletter in the new formats; new design, logos, etc. introduced gradually into stationery, corporate clothing, etc. as need to replace current stocks arose.

(7) EVD suggested for the JHD logo a stylised representation of the building that would embody the spirit of the building and the timeless classicism of the environment of Parliament House, lend itself wee to micro and macro applications, and also lend itself well to a simple two-colour solution (blue and grey).

(8) not applicable.

(9) not applicable.

(10) not applicable.

(11) not applicable.

(12) (a) None, (b) None.

**Health: Australian Standard Vaccination Schedule**

*(Question No. 1750)*

Senator Allison asked the Minister for Health and Ageing, upon notice, on 12 August 2003:

In relation to the Australian Standard Vaccination Schedule:

(1) Which immunisation schedule will be used to determine whether parents are eligible to access immunisation-dependent family payments – the government-funded schedule or the schedule recommended by the Australian Technical Advisory Group on Immunisation (ATAGI).

(2) Given that the Australian Medical Association has decided (GP Network News 13 June) that it will encourage general practitioners to recommend to parents that the pneumococcal vaccine be administered in line with ATAGI recommendations and that the retail cost to parents is $450 per child; what policy response has the Government determined for parents who are unable to pay this.

(3) Had the Minister received any advice from the department, ATAGI, National Health and Medical Research Council or pharmaceutical companies prior to the May 2003 Budget to the effect that a cost-effective regime of childhood immunisation would be a publicly-funded universal pneumococcal vaccine and a geographically and/or age-targeted Meningococcal C vaccine; if so, why was this advice ignored.

(4) Has the Minister received any advice from pharmaceutical companies suggesting that the cost of a universal scheme of childhood vaccines would cost around $60 million a year or less than a third of the retail price to parents; if so, what has been the response to the companies involved.
QUESTIONS ON NOTICE

(5) Given that the funding for Meningococcal C vaccine of some $300 million over 4 years was not identified in the 2002-03 Budget nor prior to the announcement on 24 November 2002: (a) what process was undertaken to identify where the funding came from; and (b) did the funding become available through identified savings in the Health portfolio, cuts to anticipated health programs or at the expense of the vaccines subsequently recommended by ATAGI (namely adult formulation diphtheria, tetanus and Pertussis vaccine 15-17 years, pneumococcal vaccine and varicella) for public funding; if so, which programs and by what amount of money.

(6) With reference to the answer provided to question no. E03-111 asked during the 2003-04 Budget estimates hearings of the Community Affairs Legislation Committee, why have the submissions provided as part of the public consultation process on ATAGI recommendations in the Childhood Immunisation Handbook been judged 'confidential' and therefore have not been released.

(7) Which parties are on the list of contributors of submissions received during the public consultation for the draft 8th Edition of the Australian Immunisation Handbook.

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

(1) The schedule of vaccines funded under the National Immunisation Program (NIP), the joint Commonwealth/State program that provides vaccines free to the Australian community, is used to assess eligibility for child care benefit payments and maternity immunisation allowance payments.

(2) General practitioners have a role in informing parents of all available vaccine options for their children. Parents will not be disadvantaged with respect to child-care benefits and the maternity immunisation allowance if they choose not to vaccinate their children with pneumococcal conjugate vaccine, as eligibility is based on NIP.

(3) In August 2002, the ATAGI presented me with a series of options for vaccination programs against meningococcal C disease, ahead of other ATAGI recommendations. The ATAGI did not recommend a restriction of meningococcal C conjugate vaccine on the basis of geographic regions in Australia, but did include a series of age-related options. Following this advice, the Government approved the National Meningococcal C Vaccination Program.

In November 2002, the ATAGI presented me with several recommendations for new vaccination programs under the NIP. This included a recommendation for the introduction of a universal childhood vaccination program against pneumococcal disease.

(4) I received correspondence from Wyeth Australia on 2 June 2003, regarding the cost of implementing a universal childhood pneumococcal vaccination program. My response was that this and the recommendations from ATAGI remain on the table for consideration of future funding under the NIP.

(5) (a) & (b) Based on ATAGI advice, a recommendation for the introduction of the National Meningococcal C Vaccination Program was considered and approved by the Government. This program was funded from new money.

(6) The Australian Immunisation Handbook was released for public consultation in accordance with the National Health and Medical Research Council Act. Consistent with the procedures adopted by the Office of the National Health and Medical Research Council, submissions received are considered confidential, and are not for public release.

(7) Submissions were received from members of the general public, immunisation providers, specialist physicians, Government and non-Government organisations, vaccine manufacturers and divisions of general practice.

Defence: RAAF Base Scherger

(Question No. 1814)

Senator Brown asked the Minister for Defence, upon notice, on 22 August 2003:

QUESTIONS ON NOTICE
(1) Is it true that an airstrip for military use was constructed near the Gulf country of northern Carpentaria, Australia, during the 1990s; if so: (a) are the airstrip and associated buildings occupied; and (b) by whom.

(2) Who funded the construction of the airstrip and associated buildings.

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

(1) Yes.

(a) Yes, by a full-time caretaker. Otherwise the airstrip is a ‘bare base’ facility that is only activated as required or as part of military exercises.

(b) The Royal Australian Air Force (RAAF) maintain a full-time caretaker presence at RAAF Base Scherger, with four posted members living on the base in the caretaker residences provided. These members ensure that the base and the facilities will function when activated.


Industry: Four-Wheel Drive Vehicles

(Question No. 1817)

Senator Brown asked the Minister for Finance and Administration, upon notice, on 22 August 2003:

(1) Is it true that the Government spends $250 million per annum to subsidise four-wheel drive road vehicles; if not, how much does the Government spend to subsidise these vehicles?

(2) Is there a difference in the level of four-wheel drive subsidisation between regional and city taxpayers?

Senator Minchin—I am advised by my colleague Minister Macfarlane MP, Minister for Industry, Tourism and Resources, in whose portfolio responsibility this matter falls, that the answer to the honourable senator’s question is as follows:

(1) The Government expends no funds subsidising four-wheel drive vehicles. There is, however, a difference in the tariff rate applied to four-wheel drive vehicles and other vehicles. This difference originated decades ago. Legislation recently introduced by the Government, namely the Customs Tariff Amendment (ACIS) Bill 2003, would eliminate this tariff differential and I urge the Senate to support that Bill.

(2) No.