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://parlinfoweb.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
CONTENTS

TUESDAY, 16 SEPTEMBER

ACIS Administration Amendment Bill 2003 and
Customs Tariff Amendment (ACIS) Bill 2003—
   In Committee ................................................................. 15229
   Third Reading .............................................................. 15244

Business—
   Rearrangement .......................................................... 15244

Superannuation (Surcharge Rate Reduction) Amendment Bill 2003,
Superannuation (Government Co-contribution for Low Income Earners) Bill 2003 and
Superannuation (Government Co-contribution for Low Income Earners) (Consequential
Amendments) Bill 2003—
   Second Reading .......................................................... 15244

Questions Without Notice—
   Family Services: Child Care ........................................ 15252
   Health: Commonwealth-State Health Agreements .......... 15253
   Superannuation: Portability Regulations ...................... 15254
   Economy: Household Savings ...................................... 15255
   Social Welfare: Pensions and Benefits ......................... 15257
   Iraq .............................................................................. 15257
   Superannuation: Lump Sum Payments ......................... 15258
   Trade: Free Trade Agreement ....................................... 15259
   Superannuation: Contributions .................................... 15260
   Small Business: Growth .............................................. 15261
   Superannuation: Portability Regulations ...................... 15262
   Environment: Murray-Darling River System ................. 15263
   Women's Suffrage: Red Fan Monument ....................... 15264

Personal Explanations .................................................... 15266

Questions Without Notice: Additional Answers—
   Health: Program Funding ........................................... 15267
   Iraq .............................................................................. 15268

Questions Without Notice: Take Note of Answers—
   Superannuation .......................................................... 15268
   Environment: Murray-Darling River System ................. 15273
   Iraq .............................................................................. 15273

Customs Tariff Amendment (ACIS) Legislation .................... 15275

Personal Explanations .................................................... 15275

Notices—
   Presentation ................................................................ 15276
   Withdrawal .................................................................... 15277
   Presentation .................................................................... 15278
   Postponement ................................................................ 15279

Sport: Lauren Jackson ................................................... 15279

Committees—
   Regulations and Ordinances Committee—Meeting ........ 15280
   Corporations and Financial Services Committee—Meeting 15280
   Rural and Regional Affairs and Transport Legislation Committee—Extension of Time .... 15280
   Environment, Communications, Information Technology and the Arts Legislation
   Committee—Meeting ..................................................... 15280
   Regulations and Ordinances Committee—Extension of Time ........................................ 15281
CONTENTS—continued

Environment, Communications, Information Technology and the Arts References
   Committee—Extension of Time ................................................................. 15281
Foreign Affairs, Defence and Trade References Committee—Extension of Time 15281
Lindh, Ms Anna ...................................................................................... 15281
Disposable DVDs .................................................................................. 15281
Australian Parliament: Addresses by Foreign Heads of State ...................... 15282
World Trade Organisation ...................................................................... 15282
World Trade Organisation ...................................................................... 15285
Documents—
   Tabling ................................................................................................. 15285
Committees—
   Membership ......................................................................................... 15286
National Residue Survey (Customs) Levy Amendment Bill 2002,
National Residue Survey (Customs) Levy Amendment Bill (No. 2) 2003,
National Residue Survey (Excise) Levy Amendment Bill 2002 and
National Residue Survey (Excise) Levy Amendment Bill (No. 2) 2003—
   First Reading ....................................................................................... 15287
   Second Reading ................................................................................... 15287
Fuel Quality Standards Amendment Bill 2003—
   First Reading ....................................................................................... 15288
   Second Reading ................................................................................... 15288
Bills Returned from the House of Representatives ......................................... 15289
Bills Returned from the House of Representatives ......................................... 15289
Committees—
   Rural and Regional Affairs and Transport Legislation Committee—Report 15289
Superannuation (Surcharge Rate Reduction) Amendment Bill 2003,
Superannuation (Government Co-contribution for Low Income Earners) Bill 2003 and
Superannuation (Government Co-contribution for Low Income Earners) (Consequential
Amendments) Bill 2003—
   Second Reading ................................................................................... 15290
   In Committee ....................................................................................... 15306
Documents—
   Defence Force Remuneration Tribunal .................................................. 15320
   Commonwealth-State Housing Agreement ............................................. 15321
Adjournment—
   Australian Citizenship Day ................................................................... 15322
   National Security .................................................................................. 15324
   We the People Conference ................................................................. 15326
   Stockman’s Hall of Fame ...................................................................... 15332
   Radio Frequency Identification ............................................................ 15334
   Environment: Hydrogen Energy ........................................................... 15336
   Veterans: Entitlements ......................................................................... 15338
   Employment: Hours of Work ............................................................... 15341
   Veterans’ Affairs: Fraud Control ......................................................... 15344
   Ministerial Reply ................................................................................. 15346
Documents—
   Tabling ................................................................................................. 15348
   Tabling ................................................................................................. 15348
   Departmental and Agency Contracts ..................................................... 15348
CONTENTS—continued

Questions on Notice—
Telstra: Australian Telecommunications Network Inquiry—(Question No. 1532) ..... 15349
Telstra: Customer Network Improvement Database—(Question No. 1535)............. 15350
Telstra: Contractors—(Question No. 1536)............................................................. 15352
Telstra: Employees—(Question No. 1540).............................................................. 15354
Western Australia: Centrelink Debt—(Question No. 1561).................................... 15355
Indonesia: Mining and Forestry—(Question No. 1662)........................................... 15356
Defence: Military Compensation Scheme—(Question No. 1699)............................ 15357
Indigenous Affairs: Sandon Point—(Question No. 1772)........................................ 15359
Rio Tinto Foundation for a Sustainable Minerals Industry—(Question Nos 1791 and 1792)................................................................. 15359
Environment: FutureGen—(Question No. 1793).................................................... 15360
Communications: Subscription—(Question No. 1821)......................................... 15361
Tuesday, 16 September 2003

The President (Senator the Hon. Paul Calvert) took the chair at 12.30 p.m., and read prayers.

ACIS Administration Amendment Bill 2003

Customs Tariff Amendment (ACIS) Bill 2003

In Committee

Consideration resumed from 15 September.

ACIS Administration Amendment Bill 2003

Senator Allison (Victoria) (12.31 p.m.)—I want to make some remarks about the ACIS Administration Amendment Bill 2003 and related bill following on from my colleague Senator Ridgeway, whose second reading amendment, which has gladly passed the Senate, calls on the government to allocate grants for the automotive industry based on criteria that encourage the motor industry to develop, manufacture and market vehicles which have a lesser impact on the environment and on health.

I want to draw on the evidence of the Productivity Commission statistics that came out a little while ago. Those statistics show that the automotive manufacturing industry is the most heavily government subsidised industry in this country and currently receives around $560 million of taxpayer money every year. Some of that comes from the states and some of it is provided for very good reasons. We do need an auto industry in this country, so I am not complaining about that, but I think it is a very sad situation that, with all that industry assistance, we do not do anything by way of encouraging the production of vehicles that are energy efficient or which operate on clean alternative fuels.

The Democrats have for some time been critical of the fact that governments, both state and federal, have not leaned more on the auto industry to produce those cars. In fact, in a sense we have gone in the opposite direction. The industry tells me that Australians are not interested in fuel efficiency. This happened when I went to see the Holden E Commodore a couple of years ago. The engineers proudly showed me this hybrid petrol-electric vehicle which could have been put on the production line within a fairly short time frame and which would not have cost all that much in changes to the production line, but they are not going to produce it because, they say, Australians are not interested in fuel efficiency. That vehicle is being used as a demonstration model for component parts and is being taken around the world and shown to numerous people. So, instead of us producing this vehicle in this country, it is just there as some sort of showpiece.

The reason for this is partly that our petrol is still relatively cheap by OECD standards—I am sure many people will disagree with that, but it is the case that this government stopped indexing petrol taxes a couple of years ago—and that our vehicles are not promoted for their fuel efficiency ratings. I did a quick web site search of Ford, Holden and Toyota yesterday, looking for fuel efficiency data—cars are required to have a fuel efficiency rating on them at the point of sale—but in fact I could not find anything at all from Holden or Toyota. Ford has a kind of cost-saving calculator, if you like, for its dedicated LPG utes. But, for all the need to cut greenhouse emissions and to cut toxic emissions from vehicles, we have not managed to get it across to the manufacturers that this ought to be something that they use as an argument to sell their vehicles. In fact, the efficiency does not appear anywhere. It is very difficult to find out how many litres you
need to drive 100 kilometres, which is the measure we use for efficiency. So it is very disappointing. Our auto industry, particularly in comparison with industries in other countries, is way behind the eight ball in promoting fuel efficient vehicles and in developing and manufacturing them.

I think people are interested in more environmentally sound vehicles, but there does need to be leadership. We do need to have encouragement for many of them to go down that path. Yesterday Senator Minchin asked why we were interested in environment and not focused on safety, for instance. Nobody could disagree with the argument that we should be focused on safety, but we have made enormous gains in safety over the last two decades. Airbags have saved countless lives, better roads have saved lives and cutting down on drink-driving has saved lives. We have put an enormous effort into road safety, but we have done practically nothing about fuel efficiency. Whilst it is very good for our economy and for the thousands of Australian workers who are employed in the auto industry, and whilst it is good that millions of dollars are generated in exports every year, this is very short term if we do not look at fuel efficiency and alternative fuels in particular, because other countries are doing it. Australia is way behind the eight ball if it is going to sit back and say, ‘Our niche market is to manufacture very large cars for export to the Middle East, and we do not need to worry about fuel efficiency.’

It is time that the government, when allocating money to industry, applied some sort of criteria. Otherwise we are essentially handing over a blank cheque to industry in the hope that they will stay in this country for the sake of jobs. We believe that those criteria should not only require industry to be environmentally and socially responsible but also encourage industries to be innovative and to develop as a world leader in whatever field it is that they are working in.

I think most Australians are well aware of the environmental impacts that result from pollution from cars. Every litre of fuel from a conventional motor produces 2.438 kilograms of carbon dioxide. Whilst that does not sound an awful lot, when you consider that three tanks of unleaded petrol produces a quarter of a tonne of CO₂ the contribution from the average household towards greenhouse gas emissions from auto transport alone is very significant. We know that our cities suffer enormously from the exhausts from vehicles and we have in this country one of the highest asthma rates in the world for children under the age of 12. That is a symptom of the degree to which our air is clean or not clean. I do not think it is good policy to just accept that cars pollute and let that be the end of it. Auto manufacturers have developed a number of prototype models, as I just said, to demonstrate that cleaner cars are possible to manufacture, but all too often those cars do not make it to the showroom floor—they are not available to people.

I have a Toyota Prius as my electorate car and that achieves an efficiency rating, on very short trips for most of the time, of 5.4 litres per hundred kilometres. That is roughly a third to a half of what another car that size would produce. Before this car I had a car that used compressed natural gas, but I did not get another because it was almost impossible to refuel that vehicle. There are so few refuelling stations around—there was only one in Melbourne that I could access—that it was not convenient. While we do not have the refuelling sites we will not have people buying these cars and there will be no encouragement for the auto manufacturers to make them. We really have to look at the whole cycle and make sure that those facilities are available.
As I said earlier, the E Commodore is a hybrid vehicle. It is a bigger vehicle than the Toyota Prius but it can cut emissions by more than half that of a normal Commodore and still have the same performance level. That car remains a prototype. It is a great piece of engineering and a great idea but it is sitting there because we do not put pressure on Holden or any other auto manufacturer to go into production. I am sure they do not necessarily want to do that, and maybe there are other incentives governments should offer. For instance, they could use their purchasing power to say that 20 per cent of government fleets would purchase this vehicle. I think that would be a very good incentive for getting those cars off the production line. There are many ways in which we could use the tax system in order to encourage people to buy such vehicles. So rather than just having a bucket of money that goes to keeping those auto companies in this country we ought to be looking at more innovative ways of making sure that what they make is in our interests.

A couple of the ideas that we could adopt are flexible registration charges for low emission vehicles, particularly for the corporate sector, and mandating that large companies of a certain size and operating in certain urban areas acquire minimum numbers of low emission vehicles. We could, as I said, establish government purchasing policy to require the acquisition of efficient vehicles by government departments. We could mandate large fuel companies to install minimum quotas of bowsers distributing alternative fuel at petrol stations—just to make sure that consumers like me do not get discouraged because there is only one refuelling place and it is in an awkward location for me personally. We could also look at implementing rebates for individuals who choose to purchase these efficient vehicles—similar to the rebates offered by state governments for the installation of solar hot-water systems.

They are just some of the ideas that we could adopt and I strongly encourage the government to act on Senator Ridgeway’s second reading amendment. I hope the government do not just put it aside as being some loopy idea that the Democrats might have in this place but that they really take on this issue of fuel efficiency in our cars and make sure that our industry is gearing up to be much cleaner, with cars in this country producing much lower greenhouse emissions.

Senator BROWN (Tasmania) (12.42 p.m.)—I move the amendment now circulated for the Australian Greens which is an amendment to—

The TEMPORARY CHAIRMAN (Senator Watson)—Your amendment is to the second bill, not the first bill which we are debating at the moment.

Senator BROWN—Thank you. I will flag that and I will follow on from what Senator Allison has just been telling us. The Greens have this amendment, which I flagged last night, coming down the line to the next bill which is complementary to this one. It is to ensure that the taxation on—

Senator Carr—I rise on a point of order. We are being treated to these extraordinary remarks on a second reading speech delivered in a committee stage on a bill. It is now proposed that we discuss a foreshadowed amendment on another bill. I propose that if that is the view being put to us we actually deal with the bill before the chair. Then we can raise these matters directly relating to the amendment in the appropriate place.

The TEMPORARY CHAIRMAN—The Senate is dealing with a bill and Senator Brown has deferred his comments in relation to the amendment but he still wishes to speak to the bill before the chair.
Senator Carr—There is no amendment before the chair.

The TEMPORARY CHAIRMAN—There is a question before the chair, which Senator Brown is entitled to respond to.

Senator BROWN—I remind the honourable Senator Carr that we are in committee. We are past the second reading and we are now in committee. That might help him to sort it out. Now we have that straight, I will continue. There is very great concern amongst people who are looking at the automobile industry and its impact on the environment. It is a major producer of greenhouse gases and carcinogens—that is, cancer causing agents—in the great cities of the world, including the Australian cities. Their concern is that much more be done to reduce the pollution coming from motor vehicles. But there is a contradiction here between the public impulse to buy bigger and more gas guzzling vehicles and the public wish that vehicles be leaner, cleaner and not a greater impediment to the environment. Opinion polls show that in the United States and I guess it is exactly the same here.

Senator Allison has been putting forward to the committee—and I hope the government was listening—a series of measures which ought to be taken up by the government in the absence of any real indication from this government that it understands the environmental impact nearly as well as the public in Australia does. I look forward to a response from the minister to the proposals Senator Allison has put forward and to the definitive proposal I have brought forward to the committee today and which I notice Senator Carr will be considering between now and when it is properly debated during the presentation of the next bill.

Senator MINCHIN (South Australia—Minister for Finance and Administration) (12.46 p.m.)—I will respond briefly. As I understand it, we are dealing with the ACIS Administration Amendment Bill 2003 and not with the Customs Tariff Amendment (ACIS) Bill 2003 to which Senator Brown has proposed an amendment. Dealing with the first bill, the ACIS Administration Amendment Bill 2003, I do not have a lot to add to the remarks I made last night in my second reading contribution with respect to the second reading amendment moved by the Democrats in relation to environmental matters. I take the opportunity, however, to rebut some of the rather negative comments about the Australian car industry. I think it has done an enormous amount to produce more environmentally friendly fuel efficient vehicles in recent years. It should be applauded for the steps it has taken to produce much more fuel efficient vehicles rather than be criticised.

I pick up the point Senator Brown made about the public’s attitude. The point is that an industry like this must be responsive to consumers. That is how capitalism works. You produce products which the consumer wants and if consumers want to buy fuel efficient vehicles there are plenty available for sale and they can purchase them and there is no disincentive to that activity whatsoever. If the public want to buy these vehicles then there are plenty on the market for them to purchase.

I point out that, by the substantial reduction in tax we have brought about in relation to motor vehicles by removing the wholesale sales tax and replacing it with the GST, motor vehicles are now much cheaper and more affordable. There is no doubt, and it ought to be recognised, that new motor vehicles are infinitely more fuel efficient and environmentally friendly than old vehicles. One of the problems in Australia has been the age of the motor vehicle fleet. Everyone understands that older vehicles going back 10, 15 or 20 years are much more fuel inefficient.
than modern vehicles. The newer the fleet, the less fuel inefficiency and the greater the fuel efficiency; so the more people we can get into newer vehicles the better it is for the environment.

That is why, if I may foreshadow some remarks I might make in relation to Senator Brown’s amendment, making cars more expensive, which is what Senator Brown wants to do, is completely contrary to the interests of ensuring more fuel efficient vehicles on our roads. The newer vehicles are so much more fuel efficient, using much better engine technology and much lighter materials, that we want to do everything we can to encourage Australians to be in newer, more fuel efficient vehicles. That is one of the reasons we foreshadow our rejection of the forthcoming amendment. I do want to acknowledge how much the car industry has done in this country to improve the fuel efficiency of its vehicles, working closely with the government. Everything we can do to enable Australians to have newer vehicles which are not only more fuel efficient but a lot safer will produce the objectives the Democrats and the Greens quite properly see. It is obviously a good objective to have much more fuel efficient vehicles on the road. We want to work with the industry but at the end of the day it is a matter for consumers. If they want to buy those vehicles there are plenty on the market for them to buy and the industry will be responsive to that demand.

Senator ALLISON (Victoria) (12.49 p.m.)—I do not want to delay this debate but I do need to respond to Senator Minchin. It is not the case that you can buy in this country a hybrid vehicle—petrol-electric vehicle—which has been manufactured here. The Toyota Prius comes from Japan. We do not have vehicles made in this country that are easily purchasable by consumers. A consumer may wish to have a very fuel efficient car. I am not just talking here about engine technology—of course engine technology right around the world has improved energy efficiency; there is no question about that. But the advances are marginal. They are not huge leaps forward, like a 50 per cent or more saving on a car that is otherwise not of that technology. We are talking here about massive leaps in efficiency.

As I said earlier, I had a quick look at websites last night and had a look at differences in different countries. The US has the Energy Policy Act 1999 that requires federal, state and fuel provider fleets to acquire alternative fuelled vehicles. The result of that is that when you look at the General Motors website you can see that there are dozens of cars on the market just for natural gas, for instance. I counted 12 vehicles that roll off the production line that run on natural gas. They are both more fuel efficient and cleaner than other vehicles. If you look at ethanol, General Motors Holden makes six vehicles that run on ethanol. That is a mix of 85 per cent ethanol. We do not do that in this country and it is not because consumers have collectively said to themselves, ‘We do not want to buy fuel efficient vehicles.’ It is because we do not have government leadership that encourages the manufacture of them here. It is pure and simple. You cannot blame consumers and say, ‘Consumers want to buy big cars, big gas guzzlers—they are not interested in fuel efficiency,’ if you do not ask them and if you do not give them choices. This government is supposed to be about choices. We hear a lot about choice and how important that is for consumers, but consumers are not being given the choice. I drive my Prius gladly; I love this car and feel proud that it is saving fossil fuels and that it is good for the environment—but it is a very expensive car. It is $40,000 before on-road costs.

Ordinary people do not have that choice—that is equivalent to an expensive, medium-size car by any measure—whereas if we
were manufacturing them here, if Holden had its ECOmmodore on the production line, it would be within the reach of ordinary Australians. So I do not think Senator Minchin can say that it is consumers who are driving the move to stay with big cars and they still are. Plenty of people are buying small cars—that is true—and cars are, generally speaking, getting more fuel efficient, but they are also using more energy with electronic windows and various airconditioning and other comforts and features in cars. Those all use up energy. So it is not quite as clear-cut as he is suggesting. So we really need to look at the incentives that are offered in other countries in order to provide that leadership to shift people to vehicles which are in everybody’s interest for them to drive.

Bill agreed to.

CUSTOMS TARIFF AMENDMENT (ACIS) BILL 2003

Bill—by leave—taken as a whole.

Senator BROWN (Tasmania) (12.53 p.m.)—I move Greens amendments (1) and (2) on sheet 3099:

(1) Schedule 1, page 27 (after line 2), before item 156, insert:

155A Schedule 3 (Chapter 87—Vehicles other than railway or tramway rolling stock, and parts and accessories thereof, after Additional Note 5)

Add:

(5A) For the purposes of 8704, motor vehicles used for the transport of goods including off-road vehicles may attract concessional rates of duty under Schedule 4 when used wholly or principally in agriculture, mining, construction of public infrastructure or for other specified purposes.

155B Schedule 3 (subheading 8704.10.00)

Repeal the rate of duty and the concessional rate in column 3, substitute:

<table>
<thead>
<tr>
<th>From the date of commencement of the Customs Tariff Amendment (ACIS) Act 2003</th>
<th>15%</th>
</tr>
</thead>
<tbody>
<tr>
<td>FI: 10%</td>
<td></td>
</tr>
<tr>
<td>DC: 10%</td>
<td></td>
</tr>
<tr>
<td>CAN: 7.5%</td>
<td></td>
</tr>
</tbody>
</table>

From 1 January 2005

| 10% |
| FI: 5% |
| DC: 5% |
| CAN: 2.5% |

From 1 January 2010

| 5% |
| FI: |
| DC: |
| CA: |

155C Schedule 3 (subheading 8704.21.10)

Repeal the rate of duty and the concessional rate in column 3, substitute:

<table>
<thead>
<tr>
<th>From the date of commencement of the Customs Tariff Amendment (ACIS) Act 2003</th>
<th>15%</th>
</tr>
</thead>
<tbody>
<tr>
<td>FI: 10%</td>
<td></td>
</tr>
<tr>
<td>DC: 10%</td>
<td></td>
</tr>
<tr>
<td>CAN: 7.5%</td>
<td></td>
</tr>
</tbody>
</table>

From 1 January 2005

| 10% |
| FI: 5% |
| DC: 5% |
| CAN: 2.5% |

From 1 January 2010

| 5% |
| FI: |
| DC: |
| CA: |

155D Schedule 3 (subheading 8704.21.90)

Repeal the rate of duty and the concessional rates in column 3, substitute:

<table>
<thead>
<tr>
<th>From the date of commencement of the Customs Tariff Amendment (ACIS) Act 2003</th>
<th>15%</th>
</tr>
</thead>
<tbody>
<tr>
<td>FI: 10%</td>
<td></td>
</tr>
<tr>
<td>DC: 10%</td>
<td></td>
</tr>
<tr>
<td>CAN: 7.5%</td>
<td></td>
</tr>
</tbody>
</table>

From 1 January 2005

| 10% |
| FI: 5% |
| DC: 5% |
| CAN: 2.5% |

From 1 January 2010

| 5% |
| FI: |
| DC: |
| CA: |
### 155E Schedule 3 (subheading 8704.22.00)
Repeal the rate of duty and the concessional rate in column 3, substitute:

<table>
<thead>
<tr>
<th>Date</th>
<th>Rate</th>
<th>FI</th>
<th>DC</th>
<th>CAN</th>
</tr>
</thead>
<tbody>
<tr>
<td>From the date of commencement of the Customs Tariff Amendment (ACIS) Act 2003</td>
<td>15%</td>
<td>10%</td>
<td>10%</td>
<td>7.5%</td>
</tr>
<tr>
<td>From 1 January 2005</td>
<td>10%</td>
<td>5%</td>
<td>5%</td>
<td>2.5%</td>
</tr>
<tr>
<td>From 1 January 2010</td>
<td>5%</td>
<td>CA: free</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### 155F Schedule 3 (subheading 8704.23.00)
Repeal the rate of duty and the concessional rate in column 3, substitute:

<table>
<thead>
<tr>
<th>Date</th>
<th>Rate</th>
<th>FI</th>
<th>DC</th>
<th>CAN</th>
</tr>
</thead>
<tbody>
<tr>
<td>From the date of commencement of the Customs Tariff Amendment (ACIS) Act 2003</td>
<td>15%</td>
<td>10%</td>
<td>10%</td>
<td>7.5%</td>
</tr>
<tr>
<td>From 1 January 2005</td>
<td>10%</td>
<td>5%</td>
<td>5%</td>
<td>2.5%</td>
</tr>
<tr>
<td>From 1 January 2010</td>
<td>5%</td>
<td>CA: free</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### 155G Schedule 3 (subheading 8704.31.10)
Repeal the rate of duty and the concessional rate in column 3, substitute:

<table>
<thead>
<tr>
<th>Date</th>
<th>Rate</th>
<th>FI</th>
<th>DC</th>
<th>CAN</th>
</tr>
</thead>
<tbody>
<tr>
<td>From the date of commencement of the Customs Tariff Amendment (ACIS) Act 2003</td>
<td>15%</td>
<td>10%</td>
<td>10%</td>
<td>7.5%</td>
</tr>
<tr>
<td>From 1 January 2005</td>
<td>10%</td>
<td>5%</td>
<td>5%</td>
<td>2.5%</td>
</tr>
<tr>
<td>From 1 January 2010</td>
<td>5%</td>
<td>CA: free</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### 155H Schedule 3 (subheading 8704.31.90)
Repeal the rate of duty and the concessional rates in column 3, substitute:

<table>
<thead>
<tr>
<th>Date</th>
<th>Rate</th>
<th>FI</th>
<th>DC</th>
<th>CAN</th>
</tr>
</thead>
<tbody>
<tr>
<td>From the date of commencement of the Customs Tariff Amendment (ACIS) Act 2003</td>
<td>15%</td>
<td>10%</td>
<td>10%</td>
<td>7.5%</td>
</tr>
<tr>
<td>From 1 January 2005</td>
<td>10%</td>
<td>5%</td>
<td>5%</td>
<td>2.5%</td>
</tr>
<tr>
<td>From 1 January 2010</td>
<td>5%</td>
<td>CA: free</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### 155I Schedule 3 (subheading 8704.32.00)
Repeal the rate of duty and the concessional rate in column 3, substitute:

<table>
<thead>
<tr>
<th>Date</th>
<th>Rate</th>
<th>FI</th>
<th>DC</th>
<th>CAN</th>
</tr>
</thead>
<tbody>
<tr>
<td>From the date of commencement of the Customs Tariff Amendment (ACIS) Act 2003</td>
<td>15%</td>
<td>10%</td>
<td>10%</td>
<td>7.5%</td>
</tr>
<tr>
<td>From 1 January 2005</td>
<td>10%</td>
<td>5%</td>
<td>5%</td>
<td>2.5%</td>
</tr>
<tr>
<td>From 1 January 2010</td>
<td>5%</td>
<td>CA: free</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### 155J Schedule 3 (subheading 8704.90.10)
Repeal the rate of duty and the concessional rate in column 3, substitute:

<table>
<thead>
<tr>
<th>Date</th>
<th>Rate</th>
<th>FI</th>
<th>DC</th>
<th>CAN</th>
</tr>
</thead>
<tbody>
<tr>
<td>From the date of commencement of the Customs Tariff Amendment (ACIS) Act 2003</td>
<td>15%</td>
<td>10%</td>
<td>10%</td>
<td>7.5%</td>
</tr>
<tr>
<td>From 1 January 2005</td>
<td>10%</td>
<td>5%</td>
<td>5%</td>
<td>2.5%</td>
</tr>
</tbody>
</table>
These amendments increase the tariff on off-road four-wheel drives coming into the country—sports utility vehicles, as they are called in the United States—to 15 per cent, the same as other passenger cars coming into Australia. Most of these vehicles come into the country, although some are being produced here now. The problem is that they are the new and exciting edge of motor vehicle transport but they have much more of an impact on the environment than the cars that Senator Allison has just been talking about. Environmentally, they are shockers: they are gas guzzlers and quite dangerous as far as pedestrians and small cars, if they are in a smash, are concerned—although the figures have yet to come in on the relative impact on road safety of the big bumper-bar-led four-wheel drives that we are seeing so much in the cities now. It is worth noting that of the people who buy them only 10 per cent do get to go off road. The intention as an off-road vehicle has been lost in the glamour of the advertising of these lucrative sales items for the big car companies.

It is interesting to see exactly what is driving the switch to the off-road vehicles. I notice that Arnold Schwarzenegger has five and Mike Tyson has four. I am indebted to Gary Young, writing in the Age on Monday, 19 May for his reference to Harper’s Magazine in the United States. The article in the Age states:

... as pick-up trucks and off-road vehicles shed some of their redneck image and started to become popular with suburban professionals, the car industry saw its chance. “Detroit marketers began to identify a new class of driver ... a pleasure-seeking, self-oriented man or woman who liked to drive fast, cared deeply about a car’s appearance, had an above-average fear of road dangers (including crime), and wasn’t exactly eager to advertise his or her married status.” At the root of it was sex.
It is interesting that this has led to quite a controversy in the United States, with people lined up on both sides. These vehicles have been branded the ‘axles of evil’ and they are ticketed in their millions and attracting bumper stickers from the owners in retaliation to environmental bumper stickers in the United States, saying, for example, ‘As a matter of fact, I do own the road,’ and ‘I’m changing the environment. Ask me how.’ Evangelist Jerry Falwell was much upset by the evangelical environment network, which launched a campaign asking, ‘What would Jesus drive?’ That brought a tirade back to them, some pointing out that he had 12 disciples, so it would be a Humvee—it would be a big one! Evangelist Jerry Falwell, who believes that global warming does not exist because ‘God would not let that happen’, is in favour of these vehicles.

Without divine guidance on the matter here today, though, we have got to use our commonsense. Commonsense says that these vehicles are, quite contrary to what Senator Minchin was saying, gas guzzlers and polluters. The bigger of these vehicles use 20 litres per 100 kilometres compared to the average car using half that. Senator Allison was pointing out that her environmentally efficient car uses half that again—down to five litres per 100 kilometres, a quarter of what the big gas guzzlers use. Yet the government is saying, ‘We will import these at a 10 per cent reduction. Actually, it is a two-thirds reduction in the tariff; instead of 15 per cent, we will allow it at five per cent.’ In the old days that was so that there would not be a tariff on farmers and people out in the bush who use these off the road genuinely as part of their business. My amendments cover them and allow them to keep that advantage.

But now 90 per cent of people do not even go off road in these vehicles. Whether it is Nissan, Toyota or Mitsubishi, they are being pushed on the television. As an environmentalist, I might say that some of the ads they have are absolutely appalling—ripping up, in particular, the arid and the alpine wild country of Australia as an example of what not to do if you really care for this country. Some of the advertising agencies show mud spattered all over these vehicles after they have been through pristine rivers and creeks and across snowfields and out onto the edges of sandstone valleys. That is an absolutely appalling indictment of the advertisers and the car makers, who should hang their heads in shame at wishing to rip up the Australian wilderness, and wildlife underneath, in this fashion.

Let’s have some fairness here. If people are going to buy these gas guzzlers they will pollute the environment almost in equal inefficiency—that is, the more gas you burn, the more you pollute the environment, the worse it is for global warming and the worse it is in terms of the air breathed in by citizens in big cities. I might add that there is not much escape if you go to diesel because that brings out the cancer-causing particles. One estimate I saw some years ago was that, for example, 300 people a year in Melbourne were getting cancer from the exhaust of diesel vehicles. It is 10,000 people a year in the UK. Let them not get a tax break. Let the taxpayers not be funding the four-wheel drive vehicles. If people want to pay for them, then certainly let them pay for them, but let the incentive go to the more environmentally sound passenger cars that we are more used to and that most people buy, and not to the big polluters.

It is, as I said, an enormous debate that is occurring around the world but, as Senator Allison said, in this country there is apparently a complete absence of recognition by the government that it is actually giving a tax break to an environmental nasty. If you are going to give a tax break in the year 2003, you give it to those vehicles which have the
environmental edge. I ask: does the minister believe in global warming? Does he think it is happening? I ask: does the minister think it is smart to be giving city folk a tax break on vehicles like this as against much more environmentally sound vehicles? If you were looking at a $50,000 vehicle, there is a $5,000 tax break over and above what you would get if you were buying a conventional sedan. Finally, I would like to know what the minister thinks about the 25 per cent tax barrier that the United States has got, as far as Australian produced vehicles of this ilk are concerned? Does he not think that Australia should at least catch up by going in the same direction?

Senator MINCHIN (South Australia—Minister for Finance and Administration) (1.02 p.m.)—I would like to place on record that the government will oppose these amendments. We do so for a variety of reasons. Could I first point out that this package of bills has been developed in very close consultation with the Australian car industry and they are designed to ensure a robust future for our industry and those who work in it. And I would make the point, particularly for the benefit of the opposition, that the Australian car industry did not seek these amendments. This was not part of what you might call the log of claims made by the Australian car industry on the government as to the future Australian car industry plan. They did not seek a tariff increase on the importation of four-wheel drive vehicles. So, in agreeing to this, we would be doing something that the industry itself has not sought from the government.

Secondly, I would refute the proposition, which is not based on fact, that we are talking about a whole bunch of gas guzzling vehicles. I do not think Senator Brown is aware of the nature of the four-wheel drive vehicles that are imported and sold in this country. I would point out to Senator Brown that the top-selling four-wheel drive in the last calendar year, 2002, was the Honda CRV. This is a 2½ litre four-cylinder car which actually uses less fuel than the Australian-made passenger cars which are typically bought by Australian families. It uses less fuel and it is the top-selling car. Seventy-five per cent of the classification ‘sports utility vehicles’ that are sold here, which are four-wheel drives, are compact or medium-sized vehicles. It is a myth to suggest that every four-wheel drive sold in this country is a Toyota Land Cruiser or a Nissan Patrol, or whatever other vehicle Senator Brown may have in mind. Indeed, if he is genuinely concerned about seeing more fuel efficient or fewer gas guzzling cars, he would be promoting the sale of small- and medium-sized four-wheel drive vehicles because they use less fuel than Australian-made six-cylinder and eight-cylinder family cars. So I do not understand what this amendment is about at all.

I also make the point in passing that there are many Australians who have as much love for the Australian bush and the Australian environment as Senator Brown, and the best way and probably the only way that they can experience and enjoy it is by seeing it in a four-wheel drive vehicle. Indeed, in July I took my 12-year-old son up the Strzelecki Track in South Australia to show him the wonder and beauty of the Cooper Creek, which is one of the most magnificent pieces of Australian bush and Australian environment. You can only go up the Strzelecki Track in a four-wheel drive, which we did. When I got to Innamincka there were lots of ordinary Australians who love the Australian bush and the Australian environment in four-wheel drives because that is the only way they can experience it and enjoy it and express their love for the Australian bush.

Senator Brown’s proposition that is before us means that those Australians who love the environment just as much as he does should
pay anything up to $5,000 more in tax on the vehicle they buy. What he is proposing is a 10 per cent increase in tax on the four-wheel drive vehicles that Australians need if they are to experience the wonders that Australia has to offer. So Australian families under Senator Brown will pay $3,000, $4,000 or $5,000 more in tax on the vehicles that they need to enjoy the Australian environment. That is the message that should come out today: that the Greens in the guise of Senator Brown are proposing to tax Australians another 10 per cent on their vehicles—$3,000, $4,000 or $5,000—if they want to enjoy the Australian environment by going to areas, like I did in July, that you cannot get to without a four-wheel drive. So we strongly reject these amendments.

In terms of the differential in tariff, under this package of measures, that will be gradually phased out by the alignment of the tariff on four-wheel drives and passenger motor vehicles. I would remind Senator Brown of what I said last night—that is, the whole tariff regime was established to protect the infant Australian car industry from imports for a certain period of time until it could get on its feet. Four-wheel drives were not included in that, because the Australian industry has not made four-wheel drives. It is only latterly, now, that they are looking at the question of producing four-wheel drives but doing so clearly on the basis of the existing regime of tariff—that is, a five per cent tariff for that industry. They believe that they can successfully and commercially produce four-wheel drives at that level of tariff. They have not sought, as I said at the outset, any increase in that tariff assistance, so we strongly reject these proposed amendments.

Senator BROWN (Tasmania) (1.07 p.m.)—That is not my advice, Mr Temporary Chairman, and I suggest that you take advice.

The TEMPORARY CHAIRMAN—Very well, Senator Brown. I am telling you the consequences of your amendment but you can proceed if you want to.

Senator BROWN—I certainly will, but I am flagging a disagreement with your ruling until we have further advice on it. Let me go back to Senator Minchin’s statement of ‘the Greens in the guise of Senator Brown’. I am
here as a Green and I accept Senator Minchin as a government and Liberal Party senator and I hope he gets the same respect from across the chamber. When it comes to families, what he was talking about is bun-kum. I referred to the fact that only some 10 per cent of people do get off the road in their vehicles, so we are dealing with the 90 per cent of people whom he did not meet at Innamincka. I also want to draw his attention to the fact that, even if you do take all the four-wheel drives into account, 80 per cent of Australians are buying conventional sedans. They are families and they are the people that this government is punishing with an extra $5,000 impost. That is the way that it goes. This government is penalising families because it is not giving them the same tariff break when it comes to imported—

Senator Minchin interjecting—

Senator CARR—All I can do is read from the advice I have been given by Senator Brown and I do appreciate the courtesy that he has extended to me. I trust that he will continue that courtesy by letting me finish reading the advice.

Senator Brown—I’m protecting the library. There is a note on it.

Senator CARR—I see. Let me just say that a note has been provided to me that indicates that this amendment can be achieved but it is very complex because of the style used in the customs tariff. It says, ‘It may be possible to draft a simple but rough global amendment but that can lead to uncertainty,’ and so it goes on. It strikes me, on the basis of the material that Senator Brown has provided, that there are serious questions raised about the appropriateness of this amendment. Further, given the advice from the clerks in regard to the legality of the proposed amendments, I would put a view to the Senate that this is not the appropriate time or place to pursue that.

I would like to address some of the political issues involved. They go to the appropriateness of these amendments outside the technical requirements. There is no doubt that this package has been put together with considerable consultation within the industry. There are, in my view, mixed feelings about the effectiveness of this package and I indicated those concerns in my remarks in the second reading debate. The opposition is not satisfied with this package but we do recognise that there is widespread support within
the industry for the adoption of these measures as they are. We were concerned specifically about the relationship between the tariff reduction and the industry assistance and we are not satisfied with the government’s assurances on that score. What we are satisfied with though is that the major manufacturers, including the component manufacturers—people that employ 30,000 Australians—have put a strong view to us on this.

Furthermore, the representative of those 30,000 Australians, the union, has also put a view to us. While not accepting the tariff reduction, it has indicated to us that the financial support provided to the industry in regard to the ACIS component is worthy of support. Clearly, there is within that, despite the differences, an element of consensus about the need for industry assistance for this particular industry. I want to emphasise this. The employment of 30,000 Australians on a relatively high wage, by and large, in highly skilled jobs is something that the Labor opposition strongly supports.

This is an industry of great strategic importance to the economy and to our society. I suggest, Senator Brown, if there had been an opportunity perhaps to spend some more time with workers in the industry, you might actually appreciate a bit more some of their concerns about these questions. I do not share Senator Minchin’s view about the nature of the capitalist economy in this matter, because clearly this is an example where, without this industry assistance, there would be a very strong example of market failure. That is why we are doing this.

Without the assistance that we are providing here, I think the industry itself may well be in serious difficulty. There has been substantial change in the industry, and this industry assistance package is seeking to shape that behaviour—a measure that we also support. What we do not support, however, are willy-nilly propositions that come up late in the day without proper discussion and without proper examination of the impacts on the industry as a whole. The economics of this industry are very, very important to us and they are very, very important to 30,000 Australians who get direct employment in this industry. I also suggest they are very important to a whole range of other industries that rely upon the success of this industry.

This industry is doing extremely well at the moment. There is no doubt about that. I say that that is a product of the Button plan of some years ago. This is the fruition of that plan. But the fact remains that, by industry standards, the industry is going through prosperous times. It has to be acknowledged that the sports utility vehicle component of the market is growing—increasing at six per cent or thereabouts per annum, as I understand it. Recently, on visits to Ford and Holden in Melbourne, I was given the benefit of a briefing on the market research that both those companies are producing. One of the reasons they are putting to me for the increase in this particular component of the industry is that it actually caters to social need—a perception of social need, it may well be argued. Nonetheless, for a large number of Australian families, these particular vehicles are said to be very important. It may be that many of them do not actually leave the road. The fact is that they are not always bought to leave the road. They are bought for a whole lot of other reasons to do with people’s perceptions about the benefits of those vehicles, including their perceptions about safety, their perceptions about the capacity to actually see the road, their perceptions about mobility, their perceptions about getting the kids to and from the football, the netball or the soccer and their perceptions about the convenience of these vehicles. The reason they are one of the fastest growing
segments of the market is that they do meet people’s views of where they see themselves.

Equally, it is said that people are a bit embarrassed about driving these vehicles, so there is a movement away towards different styles of vehicles that do these particular jobs. With that in mind, the local manufacturers are now putting onto the market an Australian made SUV. I understand that Holden, if they have not released it already, are about to release theirs. Ford are releasing theirs—the Territory, I think it is called—and I have had the privilege of actually having a look over it. It is a very, very good vehicle, and it has been specially designed. I think at Ford in Melbourne they have 600 design engineers. They are using that skill for export capacity, and they have come up with a vehicle which they believe will be very popular here. It is constructed in Australia by Australian engineers and with Australian innovative techniques. It is designed to meet a particular need in this country and to be of great export value. It strikes me that, in those circumstances, with the industrial planning that has gone into the construction of that vehicle and the market planning that has gone into that vehicle on these premises, it is not for us to intervene at this stage in the debate, willy-nilly, without consultation either with workers in the industry or with management in the industry, and to propose changes such as we are seeing here today.

I trust that the vehicle industry does do well. I do think that there have been considerable improvements in its fuel efficiency, its safety record and its capacity to actually meet the needs of Australians in a whole range of areas. I trust that it continues to do well, but it will not do well if we, in a knee-jerk way, propose amendments of doubtful constitutional validity, of dubious legal capacity and, finally, which simply do not meet the economics of the industry as it currently exists. For those reasons, I think this is perhaps a bridge too far, Senator Brown. While I appreciate the benefits of doing these particular jobs on a broadcast day and explaining the great benefits of the green credentials of the Greens, as the Democrats have done, it is not a good way to intervene in industry policy.

Senator RIDGEWAY (New South Wales) (1.20 p.m.)—I will not take up a lot of time. I just want to express the view of the Democrats to the amendments put forward by Senator Brown. People may recall that last night during the second reading debate I made it clear that the Democrats support the continuation of the ACIS scheme and the accompanying bill. We want to make clear through our amendment that we are seeking to look at ways of having the industry invest in environmentally sound research and development, and we are seeking some support, particularly from the government, to ensure that those investments continue to occur by leadership from government. I am at a loss to understand some of the logic of what it is that Senator Brown’s amendments are trying to achieve, certainly from the perspective of looking at environmental outcomes. It becomes a little bit difficult when you put forward amendments that not only talk about increasing tax but look at the question of making concessions for farmers. What does that achieve at the end of the day?

It seems the only thing that is being achieved is that perhaps we are applying a tariff to sex, as Senator Brown originally spoke about, but from the notes that were provided by Senator Brown to the cross-bench senators and the opposition it was made very clear that it was very complex to be putting forward these types of amendments and that they would be put forward in a rough, global amendment that could lead to uncertainty. Then, of course, there was the uncertainty in relation to specified industries such as agriculture and mining. We under-
stand that, given the size and nature of the Australian industry, much of what may be sought will happen abroad as opposed to here. Quite frankly, at the end of the day, if we are talking about trying to deal with four-wheel drives themselves and their production, it is really a question of comparing their full impact with at least the larger family sedans that are also being produced in terms of their fuel efficiency and their effect upon the environment.

This issue was not brought forward by industry or environmental groups during the Productivity Commission inquiry. Under the circumstances, the Democrats thought that it was appropriate that the bill be sent off to a committee for inquiry, and it was dealt with appropriately. The industry made it clear that they supported the passage of the bills. There was no call from industry to adjust the tariffs on four-wheel drive vehicles, and we accept their reasons for not doing so. One would have thought that, if there were an increase in tariffs, it would have been lucrative for them and it would have protected Australian industry. But they did not seem to express that concern. In the submissions that were received, no views were put forward by environmental groups about this issue. Having said that, the issue of same treatment of tariffs on vehicles has been Democrat policy for many years.

I agree with the broader proposition that Senator Brown has put forward. For that reason alone we will support the Greens amendments, but I do want to raise the issue of the way they were brought forward. I believe they were ill thought out. There has not been enough comparative research done on fuel efficiency and harm to the environment with respect to other types of vehicles that are produced domestically. There is also the issue of constitutionality, which was raised by the chair. We accept that, and it does raise some perplexing problems.

Senator BROWN (Tasmania) (1.24 p.m.)—It has been an interesting debate, and I thank all those who have taken part. I note that the amendments do not have the support of the majority of the chamber, particularly the government and the opposition, so I will not proceed with them. I seek leave to withdraw the amendments.

Leave granted.

Senator BROWN—I will come back on this matter. It is not good enough for the chamber to call the debate short at this point for the reasons that Senator Ridgeway, Senator Carr and Senator Minchin have given. This is an important matter. We are talking about a major slice of the vehicle industry in Australia. Senator Minchin has at least said: ‘I do what the car industry asks of me. If they don’t mention something, I don’t know about it or I’m not going to support it.’ As Senator Carr said, that is the way the government proceeds. But we have to be able to think for ourselves about what is good for Australians and Australia in this matter. The proposal by the Greens would have given parity to the average car buyer in Australia and there would have been no disadvantage to people who buy imported four-wheel drives. That is the first thing.

The second thing is that logically—it does not matter which side of the chamber you are sitting on—it must be advantageous to the industry in Australia to have 15 per cent protection, albeit diminishing according to the formula for other passenger vehicles, rather than the five per cent impost on imported vehicles. That absolutely assists the industry with respect to jobs and vehicles made in Australia. There is no logic that says otherwise. It is good for jobs in the Australian industry, and it is also good for the environment. Senator Minchin was quite wrong when he said that four-wheel drive vehicles in Australia are more energy efficient than...
the sedans that Australians will buy as an alternative. In the main, that is not the case in Australia, it is not the case in the United States and it is not the case anywhere in the world. Senator Minchin should go back and look at the books on that matter.

The Greens are prepared to get into this debate. We do know what we are talking about. We have seen the world literature on this. We have taken into consideration what is good for the Australian industry as well as for the Australian environment. That is why this amendment has been moved. Next time we come back with an amendment like this I hope the various spokespeople will be a little more informed. I am sure there will be some comment from the industry, and I can guarantee you that it will not be negative.

Bill agreed to.

ACIS Administration Amendment Bill 2003 and Customs Tariff Amendment (ACIS) Bill 2003 reported without amendment; report adopted.

Third Reading

Senator MINCHIN (South Australia—Minister for Finance and Administration) (1.28 p.m.)—I move:

That these bills be now read a third time.

Question agreed to.

Bills read a third time.

BUSINESS

Rearrangement

Senator MINCHIN (South Australia—Minister for Finance and Administration) (1.28 p.m.)—I move:

That intervening business be postponed till after consideration of government business order of the day no. 4 (Superannuation (Surcharge Rate Reduction) Amendment Bill 2003 and two related bills).

Question agreed to.

SUPERANNUATION (SURCHARGE RATE REDUCTION) AMENDMENT BILL 2003
SUPERANNUATION (GOVERNMENT CO-CONTRIBUTION FOR LOW INCOME EARNERS) BILL 2003
SUPERANNUATION (GOVERNMENT CO-CONTRIBUTION FOR LOW INCOME EARNERS) (CONSEQUENTIAL AMENDMENTS) BILL 2003

Second Reading

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

That the Superannuation (Government Co-contribution for Low Income Earners) Bill 2003 and the Superannuation (Government Co-contribution for Low Income Earners) (Consequential Amendments) Bill 2003 be now read a second time.

Senator MINCHIN (South Australia—Minister for Finance and Administration) (1.29 p.m.)—I move:

That the Superannuation (Surcharge Rate Reduction) Amendment Bill 2003 be now read a second time.

Senator SHERRY (Tasmania) (1.29 p.m.)—The opposition is ready and willing to proceed with this package of bills: the Superannuation (Surcharge Rate Reduction) Amendment Bill 2003, the Superannuation (Government Co-contribution for Low Income Earners) (Consequential Amendments) Bill 2003 and the Superannuation (Government Co-contribution for Low Income Earners) Bill 2003. However, we do have a second reading amendment. If that is not ready by the time I conclude my speech, then I will ask one of my colleagues to move it later in the debate.

This is the fourth time that the Senate has debated these bills, and we have to give the Liberal government full marks for persistence, if nothing else. The first of these bills
reduces the superannuation surcharge tax rate on high-income earners. That is an inequitable measure, even in the government’s own terms. The second bill introduces the low-income earner co-contribution scheme—a scheme not without problems. Nonetheless, it has considerably greater merit than an exclusive tax cut for high-income earners. Labor supports the co-contribution measures, subject to certain amendments, but Labor does not support the exclusive tax cut for high-income earners, the so-called surcharge. The tax reduction would benefit only a relatively small number of working Australians—less than five per cent and a relatively well-off group.

I deal firstly with the reduction in the superannuation surcharge tax rate. The initial tax reduction was proposed to be 15 per cent, down to 10.5 per cent over three years. Amendments will be moved in the committee stage to vary that from 15 per cent to 12.5 per cent. Nevertheless, even with the change this is a highly inequitable tax reduction, which provides an exclusive tax cut to less than five per cent of Australian workers—that is, those with incomes greater than $94,691 taxable income, with the highest tax reduction going to those earning more than $114,981. If your income is less than $94,691, there is no tax cut. Yet this is the Liberal government, which now wants to reduce the so-called surcharge, that introduced it in 1996 on of all grounds that of equity. Of course, in introducing that surcharge tax the Liberal government blatantly broke their 1996 election promise not to introduce any new taxes or increase existing taxes. In February 1996, Mr Howard, on behalf of the Liberal Party, promised:

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

That was a straightforward promise, which the Liberal government broke just six months later by announcing a new tax on superannuation, the so-called surcharge applying to higher income earners. As I mentioned earlier, when introducing the surcharge tax, the Liberal government justified it as an equity measure—a fairness measure. The Treasurer, Mr Costello, in his budget speech on 20 August 1996, stated:

The measures I am announcing tonight are designed to make superannuation fairer.

A major deficiency of the current system is that tax benefits for superannuation are overwhelmingly biased in favour of high income earners. For a person on the top tax rate, superannuation is a 33 percentage point tax concession while a person earning $20,000 receives a 5 percentage point tax concession. High income earners can take added advantage through salary sacrifice arrangements that are not available to lower income earners.

The Government is remedying this situation.

… … …

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

Mr Costello went even further in his support for this measure when he announced a ‘one and all’ in his Budget speech on 27 August 1996 by stating:

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

Yet now, along with other high-income earners the Treasurer and his colleagues, including Senator Coonan who will deal with this bill, will benefit substantially from this exclusive tax cut to the tune of at least $1,000 for each individual member of parliament and tens of thousands of dollars over their parliamentary careers. This is because of the type of defined benefit fund that politicians enjoy. I make the point: I did not make poli-
ticians’ superannuation the issue with respect to the surcharge tax; Mr Costello did when he boasted about how he was applying it to himself when he introduced it. Yet here today we have the government proposing an exclusive tax cut for high-income earners which benefits all politicians. I now call on government members who plan to speak on this bill to disclose the individual benefit they will receive from this exclusive tax cut.

As I said earlier, Labor opposes an exclusive tax cut on superannuation. Hopefully, there will be no benefit to any parliamentarian as a result of this proposal—or any other high-income earner for that matter. I am sure those who are following this debate will want to know if the government will rule out this outrageous windfall that is now going to be passed on to members of parliament. If there is one aspect of the surcharge tax that was inequitable, it was and remains the administrative costs—costs that are spread across all fund members regardless of their level of income. The surcharge is unacceptably expensive to implement. Some funds have incurred costs of up to 30 per cent of the contributions collected. Although the administration expenses are now considerably less, they remain a burden on all fund members regardless of their income level. But the legislation to reduce the rate of the surcharge tax does absolutely nothing to redress the administrative inefficiency of the tax. It is reasonable to expect that the implementation of a reduction in the surcharge tax rate each year for each individual surchargeable member will actually increase the administrative inefficiencies of the tax.

Labor, in a positive way, has put forward a much more equitable alteration to this exclusive tax cut. Labor would instead cut the contributions tax—a tax which applies to all fund members regardless of income level. This is the best way to deliver higher retirement incomes to millions of working Australians; it is not giving a selective reduction to higher income earners, which is the Liberal Party’s approach. Mr Costello believes it is impossible to cut the contributions tax burden. He said in a radio interview on 22 October 2001:

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

Here is the arrogant Treasurer, Mr Costello, saying he cannot do it. It is very simple: you remove 15 and you put in 13 as the contributions tax, as Labor has suggested. Perhaps Mr Costello could explain why it is so complicated to reduce a universal contributions tax but not a selective tax, the so-called superannuation surcharge.

Senator Kemp—I can’t believe what I’m hearing!

Senator SHERRY—Surely it is more complicated and expensive to reduce a selective tax than a universal one. We do have an opportunity in considering these bills to implement a fairer proposal—

Senator Kemp—The greatest backflip in Australian history.

Senator SHERRY—which will improve the budget and boost all Australians’ retirement savings.

Senator Kemp—You should resign.

Senator SHERRY—but this chance will be lost if the Liberal government gets away with these unfair tax cuts.

Senator Kemp—You wanted to abolish the lot! You voted to abolish the lot.

Senator SHERRY—as I have said, Labor’s proposal to reduce the superannuation contributions tax would earn many thousands
of dollars for retirement incomes, and it is economically responsible.

**Senator Kemp**—You voted to abolish the whole tax.

**The ACTING DEPUTY PRESIDENT (Senator Cook)**—Order! Senator Kemp.

**Senator SHERRY**—I acknowledge the constant interjections of Senator Kemp on this point. Yes, the Labor Party did oppose the surcharge tax when it was introduced because you broke your election promise not to introduce new taxes. You whacked in a new one six months later. Now, seven years later, in light of the very tight budget circumstances—including a deficit in the last financial year—Labor in a responsible manner has examined the most reasonable way to reduce the massive tax burden on superannuation for all Australians. The way to address the massive tax burden on Australians' superannuation in today's economic and fiscal climate is not to have an exclusive tax cut for high-income earners but rather to adopt Labor's alternative, which is a modest tax cut on all Australians' superannuation.

**Senator Kemp**—You don't believe in anything.

**Senator SHERRY**—Senator Kemp might like to know, as the failed former Assistant Treasurer, that when this government was elected in 1996 the total tax burden on superannuation contributions was $1.6 billion. Where is the tax level on superannuation contributions today? It is over $5½ billion. Labor's proposal in respect of a modest tax cut for all Australians is the fairest approach in today's world.

**Senator Kemp**—What is the reason for that? Why don't you explain the reason for that?

**Senator SHERRY**—The government has already tried to discredit Labor's plans to provide a tax reduction to millions of working Australians. It questioned the costings, accusing Labor of getting the figures wrong. The Liberal government's alternative costings of Labor's proposal were subsequently proven wrong at budget estimates. Labor did not get its figures wrong, but the Liberal government did. What is more, the Liberal government will not allow Treasury to release their later costs and publicly correct the record to show that Labor's proposals are affordable.

I now turn to the co-contributions measure. The current co-contribution offered in this bill—albeit amended in the package that we will consider in committee—is a pale imitation of much more extensive and universal co-contribution arrangements proposed by the Labor government in May 1995 in its Savings for our future statement.

**Senator Kemp**—Which you then dropped in subsequent elections.

**Senator SHERRY**—Those proposals included the government matching contributions of up to three per cent of average weekly ordinary time earnings. I take the interjection. It was not the Labor Party that dropped the additional three per cent co-contribution proposals, which would have cost $4.5 billion over three years; it was the Liberal government and the current Treasurer, Mr Costello, who dropped universal government contributions into superannuation. He dropped it in 1997. Again, he claimed it was impossible to implement. Apparently when it suits the Treasurer it is just too hard to implement changes. It is just too hard with super; it is too hard to implement a universal tax cut and too hard to implement universal government contributions to superannuation. And that was after the current Treasurer, Mr Costello, had in 1995 committed an incoming Liberal government to implementing the Labor Party's co-contribution proposals.
The inquiries of the Senate Select Committee on Superannuation into these bills heard many submissions that raised concerns in relation to the effectiveness and equity of the proposed co-contributions scheme that we are considering today, the access to the co-contribution by particular groups of persons and the administrative costs of the proposal. The Labor Party is particularly concerned about one issue raised in submissions to the committee. Many submissions pointed out that the proposed co-contribution arrangements leave considerable scope for abuse. It was highlighted that comparatively well-off people will make contributions in respect of family members in part-time employment or no employment to access the tax concessions available—that is, for this group of people the co-contributions arrangement could operate as a tax minimisation measure.

The ability of a single- or low-income sole breadwinner in or below the salary target range—and the maximum level of benefit is payable at an income of $27,500—to contribute $1,000 in superannuation after paying the mortgage and food, health and education costs is extraordinarily limited. The take-up at that level of income and below will be very low, and that is a matter we will further test in the committee stages of the bill. Evidence given to the committee suggested that it was most unlikely that many of those in the target income range could raise that extra money to make the contributions necessary to attract government matching.

Senator Cherry—What happened to Mr FitzGerald’s evidence?

Senator SHERRY—I was referring to people on a single income of $27,500, Senator Cherry; not to joint incomes of $27,500 and higher. The number of people estimated to receive the full $1,000 is only 75,000, as revealed in the evidence from the peak superannuation body, the Association of Superannuation Funds of Australia, ASFA. This is from a total pool of 4.4 million people with incomes of less than, as originally proposed, $32,500. Increasing the income threshold to $40,000, which is what is under consideration in the revised package, will increase the number. Again, we will be interested to see what the figures are. Senator Coonan tried to convince the Labor opposition in respect of these two measures that the surcharge tax reduction and the co-contribution scheme were due to the government’s desire to ‘highlight the fact that the government’s superannuation initiatives are designed as a balanced set of initiatives’. Accordingly, the justification for debating the two measures together is to show the balance.

What we have here is a blatant political stunt, undoubtedly aimed at trying to justify the Liberals’ exclusive, unfair tax cut for higher income earners, to pretend that high-income earners need that measure and to link it to the co-contributions. This is misleading rhetoric. If the Liberal government were serious about helping those most in need of assistance in accumulating a retirement nest egg, they would have maintained Labor’s proposed three per cent co-contribution scheme and they certainly would not have attached it to and watered down the co-contribution arrangements to an exclusive surcharge tax reduction. The Labor Party nonetheless support the revised superannuation co-contributions for low-income earners, albeit with the reservations that we have expressed, but we will require the government to closely monitor and report to the parliament on the outcome of the operation of the co-contribution arrangements to see who actually benefits from this particular measure. We think that is a particularly important part of the consideration in the committee stage.

In my concluding overall remarks on this legislation, let me summarise the position in
respect of these two bills. We have a Liberal-Democrat deal, somewhat similar to the GST approach. With respect to the co-contribution for low-income earners: they have to find an additional $1,000 from their disposable income to contribute into super to receive $1,000 from the government. We do not know the exact numbers yet, but it is likely to be a very small proportion of the millions of Australians on low incomes who can actually find $1,000. At the other end of the income scale, those earning more than $94,600 all get a tax cut. Most people at the highest income level of $115,000 to $116,000 are guaranteed a $1,000 tax cut for doing nothing. So, high-income earners get $1,000 for doing nothing; low-income earners, if they can find an extra $1,000 to put into superannuation, after meeting the family commitments—mortgage, health, education—will get $1,000 from the government. That is not an equitable approach.

The other point about this package that I would highlight is: what is in this package for middle Australia—those earning between $40,000 and approximately $95,000? Not one cent! No co-contribution; no tax cut. Not one cent for the 2½ million middle-income Australians. Arent the 2½ million middle-income Australians deserving of either a tax cut or an additional incentive to contribute to superannuation? Don’t they save as well? Don’t they need additional superannuation for their retirement incomes? This is a very exclusive tax cut on the one hand that is weighted against low-income earners because of their lack of disposable income. Labor’s proposal for a universal tax cut is the best approach. *(Time expired).*

**Senator CHERRY** *(Queensland)* *(1.49 p.m.)*—The superannuation bills we are discussing today have been discussed once by the Senate and will be discussed again when we move into committee. The Democrats will be supporting the bills on this occasion. We do so because of the very substantial amendments, which have been circulated by the government. The key bill in this particular package that has attracted our attention is the government’s proposal for a co-contribution for low-income workers in respect of their superannuation. I agree with Senator Sherry that this measure was originally introduced by the government during the election campaign as cover for a very large cut in the surcharge. However, in the course of the evidence to the Senate Select Committee on Superannuation it became quite clear that the government had almost stumbled on what was an exceptionally good policy measure. It is a very good policy measure because it has the real potential to encourage low-income earners to save more and to engage in a savings culture. From that point of view, the Democrats suddenly became moderately enthusiastic about it.

Our concern with the balance in the government’s proposals was always that they were proposing to put two-thirds of the funding of their package into the high-income earners surcharge cut but only one-third into the funding for the low-income earners co-contribution. We always felt that was the wrong way round and would need to be amended. I am pleased to give credit to Senator Coonan in this regard, because eventually the government agreed to changes to the package to re-weight it in favour of low-income earners. The result is that the co-contribution will now be extended to a much wider category of people and the benefits of the surcharge cut will be significantly reduced. I should note for the record that the Democrats would have preferred to have seen the smallest possible cut, or even no cut, to the surcharge at this stage.

**Senator Kemp**—It was an election promise.
Senator CHERRY—We accept that it was an election promise, Senator Kemp. We accept also that at the end of the day you have to compromise on these matters—the government is putting together these measures as a package and, from that point of view, we are prepared to support these bills. However, I note that the timing is ironically a significant positive.

In the last year, voluntary contributions to superannuation in this country fell by $3.8 billion. A lot of that contribution cut actually came from high-income earners because of, to some extent, a response to the market conditions of superannuation funds. But a lot of the money that previously went into superannuation from high-income earners is now flowing into more speculative investments, particularly our overheated property market. Now is ironically a very good time in the economic cycle to provide a real incentive, even to high-income earners, to put more of their money back into longer term investments rather than short-term speculative investments. There is some economic gain in looking at the surcharge at this point in time.

I also point out that the proposed cuts to the surcharge are less in each of the next four years than the growth in the surcharge in each of those four years. The entire funding for this particular cut to the surcharge comes from bracket creep on the surcharge itself. From that point of view, we are achieving an outcome that the superannuation industry has spoken about for some time—achieving cuts in superannuation taxes from the estimated growth on those superannuation taxes.

Returning to the low-income earners’ co-contribution, I advise the Senate of some of the very significant changes which were made in the agreements reached between the Democrats and Senator Coonan, and the number of people who will be affected. According to the ABS, 1.7 million workers earn under $20,000 a year and as such were eligible for the government’s original proposal of a $1,000 co-contribution. By raising the threshold from $20,000 to $27,500, an extra one million workers will become eligible for the co-contribution—2.7 million people will now be eligible for the full co-contribution. The number of workers who will be eligible for a partial contribution has also risen. Under the government’s original proposal, a total of 3.5 million workers would have been eligible for a full or partial contribution. Under the new amendments, which will take the income test up to $40,000, 4.6 million workers will be eligible for the co-contribution. Contrary to Senator Sherry’s view that this is not very substantial, 60 per cent of the workforce will now be eligible for the co-contribution.

It was very surprising to hear the Labor Party saying in here that we should provide more benefits for the middle and upper income brackets—for everybody, as they say. But if there is a limited budget and limited resources, I unashamedly say the benefits should go to low-income earners first and foremost. The 60 per cent of people earning less than $40,000 a year in my view should be the principal beneficiaries. If we had gone down the Labor Party’s route of a two per cent cut across the board, it is worth noting that there would have been a two per cent cut to everybody—low-income earners and high-income earners alike. High-income earners—the people whom Senator Sherry was complaining about with respect to the surcharge—would have received a two per cent cut in their contributions tax. Under our proposal, yes, they get 2.5 per cent.

The difference is very small, but the big difference is at the bottom end. We are putting the vast bulk of the money into the bottom end. They get a lot more out of this proposal than they would have under the Labor
Party’s policy. And they get it if they are prepared to save, and that is the key thing. Australia’s national savings rate has fallen, according to the most recent figures I have seen, to zero per cent. Our voluntary contributions to superannuation, as I said, fell by $3.8 billion last year. We need to encourage people to save in this country. We need to do that. We need to encourage a savings culture whereby people are encouraged to put away for tomorrow. That is what the co-contribution is all about. That is why I am so enthusiastic about it. That is why I have been prepared to talk to government over the course of the last year to try to extend it to as many people as is politically possible to encourage people to save.

How many people will pick it up? That is the sixty-four million dollar question. I am sure, as Senator Sherry pointed out, we will tease this out when we get to the committee stage. But Treasury estimates that the number of people who will pick up the co-contribution will rise under the revised package from 350,000 to 540,000 people. That I think is a very significant group. But Treasury in my view has underestimated the pick-up rate, and this came out in evidence that we received during the Senate Select Committee on Superannuation inquiry into this particular measure. Evidence given by Dr Vince FitzGerald—the most eminent expert on savings in this country, from research he had done for IFSA—clearly indicated that the pick-up rate is likely to be much higher than estimated. In fact the pick-up rate he estimated is around 50 per cent higher than that estimated by Treasury. That suggests that as many as 800,000 people will benefit from the package we are putting up here today. Because the actual total expenditure is not capped, if the actual pick-up rate ends up being higher than estimated by Treasury or Dr Vince FitzGerald, we could see even more people picking up benefits.

It is worth noting, for example, that a worker on $35,000 a year is still eligible for a co-contribution of around $400. That is still a substantial boost to their superannuation. If they put away $8 a week over the course of their working life, the government will double it. That significantly adds to what they ultimately end up with. This is a very significant gain for the lower middle income area, where the real savings are likely to occur.

In the time I have left, I want to point very briefly to some of the likely beneficiaries of these particular changes. A key group, who I think will pick up the co-contribution and run with it quite significantly, will be older workers—workers over 40. Their children have possibly already left home and are off their hands. They are starting to think about retirement. They want to get ready for retirement and get their finances in order. They are likely to be in a position where they have a bit of extra money to put away. If they put away up to $20 a week, they could increase their final superannuation payment over 15 years by $45,000. That is very significant for older workers approaching retirement, particularly when you consider that the average superannuation balance for that group at the moment is just $56,000.

Another group who will benefit from this change, quite significantly in my view, will be women returning to the work force. Many women return to the work force as part-time workers. As a result they will probably be eligible for the full co-contribution. A constant complaint I hear from women returning to the work force is that they have lost time because of their child rearing years and are significantly behind with their superannuation. These changes allow them to catch up, and that is a huge benefit which we will talk about in more detail later.

Part-time and casual workers who are prepared to save will also benefit from these
changes. Again that is significant given that this is by far the fastest growing segment of our work force. But the key thing is that 60 per cent of workers earn less than $40,000 a year, and they will benefit from this change right across the board. It is something that we really need to recognise in this place as a very significant and positive proposal. I seek leave to continue my remarks later.

Leave granted; debate adjourned.

QUESTIONs WITHOUT NOTICE
Family Services: Child Care

Senator JACINTA COLLINS (2.00 p.m.)—My question is to Senator Vanstone, Minister for Family and Community Services. Can the minister explain why, when the current broadband consultation has indicated that there are issues with quality, a lack of affordability and poor access to child care, the government has refused to make additional funding available? Why is the government preparing to cut family day care to patch over gaping holes elsewhere in the child-care system? Will the minister now rule out any cut in overall funding to family day care services?

Senator VANSTONE—I thank the senator for her question because it invites me to remind senators that, in the last six years of this government, we have spent, I think, something like 70 per cent more in real terms on child care than the previous government did in their last six years in office. That is relevant in a climate where there was a $10 billion black hole that had to be filled and where difficult decisions had to be made. Nonetheless, the government, in recognition of the desire of women to re-enter the work force, whether it is in a full- or part-time capacity, has very significantly extended child care.

The government has committed a record $8 billion over the next four years to child care and, of that, $190 million each year will directly support services through the child-care support broadband. The redevelopment will examine all aspects of child-care support broadband to determine how support to child-care services can be improved. Redevelopment will ensure better use of available resources to meet the needs of children. We remain committed to supporting family day care as one of the range of child-care choices available to Australian families. No decision has been made, and any decisions will be made in the context of the government’s commitment to improving work and family.

I think that makes the picture very clear. I will just repeat for the benefit of Senator Collins that there has been a record allocation of $8 billion over four years—more than $7 billion in the first six years in office, which is over 70 per cent more in real terms than in Labor’s last six years in office. Fee increases for centres have halved, with an average increase of 4.3 per cent per annum since 1996, compared with an average increase of 8.5 per cent under Labor. Child-care fees have increased by only 5.3 per cent since June 2000. The CPI has increased by 12 per cent over the same time. This means the cost of child care has increased far less than general prices. Child-care benefits have been provided, with very substantial increases in assistance for most families. It was boosted by indexation of three per cent on 7 July 2003. Child-care benefits subsidise around 70 per cent of the total cost of child care to low-income families and, as a matter of interest, a family earning $50,000 a year with one child in full-time care now pays about $380 less out of their pockets a year for child-care fees than they would have in June 2000.

Senator JACINTA COLLINS—I ask a supplementary question. Given the minister’s stated view that women need ‘greater certainty of child-care availability’, why is the government creating further uncertainty and
failing to act on a chronic shortage of child-care places until after Christmas? Is it the case that the minister for children’s services has indicated to some child-care support services that their Commonwealth funding will be extended for only six months? Minister, if you were going to guarantee funding to child-care support services, why wouldn’t you fund these organisations for the normal 12 months?

Senator VANSTONE—I thank the senator for her question, and I might remind her that, while I am the minister responsible for people with disabilities—and I have at least one; I need glasses—I am not deaf and I am not aware that the rest of my colleagues are. I could, however, be made deaf by people shouting at me through a microphone. It is very clear that women want a greater use of child care. Why do you imagine we have increased the provision of child care as substantially as we have and will continue to provide appropriate levels of child care?

For those who cannot see, the senator is now gesticulating in a childlike fashion and pointing to some article that I wrote some time ago. She might think this is primary school, I do not know. But the real question that needs to be answered is: why didn’t Labor increase spending on child care, like we have? Why didn’t Labor ensure that child-care prices went down, like we have? Why didn’t Labor provide outside school hours care? (Time expired)

Health: Commonwealth-State Health Agreements

Senator McGURAN (2.05 p.m.)—My question is to the Minister for Health and Ageing, Senator Patterson. Will the minister outline the federal government’s record offer under the health care agreements to the states and territories? Will the minister inform the Senate as to how this record funding will assist states in running their public hospitals?

Senator PATTERSON—I thank Senator McGuran for his question. As people know, the states and territories have signed up to the new health care agreements. It is a $42 billion offer to the states—$10 billion more than the last five-year agreement and 17 per cent over and above inflation. The states also have a growing revenue from the GST and, as Senator Vanstone said yesterday, a windfall from some stamp duties, including stamp duties on medical indemnity, which they did not have before. I would ask the states to take the stamp duty off medical indemnity, but I do not think I can expect much from that.

In signing the new agreements, the states have recommitted themselves to Medicare principles and, specifically, the availability of free public hospital treatment for all Australians regardless of their insurance status. For the first time, we have provided a much more transparent, specified level of funding for each year in the next agreement and, for the first time, the states have had to commit five years ahead for their funding. They have never had to do this before; they have always expected the Commonwealth to do this. As a result it will mean there will be much greater certainty for the health system in each state.

As well, they have committed to a new financial and performance reporting framework. In the past we have not known sometimes two years back how much the states have spent on their public hospitals. We have also not known statistics about waiting lists and other issues associated with public hospitals. We will be able to better compare, state by state, the various hospitals and their performance, and the states and their performance. The states now need to work with the Commonwealth on some of the reform agenda items such as streamlining cancer care, improving safety and quality, and easing the pathway of patients from hospital care to home.
I am glad to say that despite all the colour and movement that went on with regard to the Australian health care agreements I had four ministers who came and discussed with me the reform agenda during that whole debate. I look forward to seeing the other health ministers and I will make myself available if they wish to come and talk to me about the reform agenda. We must be able to spend the $40 billion a year that the Commonwealth and the states spend on health much better and more efficiently. We spend just over nine per cent of our GDP on health and we must be able to do it more efficiently. I am determined to do all I can to improve health outcomes for people.

Some states, like Victoria, New South Wales and Queensland, are claiming that the record funding falls short for them to treat their public hospital patients and that the Australian government is not interested in reform. My commitment to the reform agenda is unwavering. I have had significant discussions with some health ministers and I look forward to working with them on improving patient care, but we must never forget that the states run the public hospitals and it is no good blaming the Commonwealth. Last week we saw Mr Carr running advertisements when stories were littered throughout the paper on Friday of the failure of his government to run the public hospitals—Camden, Campbelltown and Prince of Wales. Over and over we see stories of the failure of the New South Wales government to run their hospitals.

When you have reduced your hospital beds by 5,000 you might expect that there will be problems in your public hospitals. Why are we seeing the drive for reform coming out of New South Wales? It is because they have dropped the ball on public hospitals. They have dropped the number of public hospital beds by over 5,000. When you listen to the emergency doctors and nurses in New South Wales, they talk about the lack of beds. They do not talk about the issue of patients who do not require emergency care going into emergency departments; they talk about the lack of beds. Over the last 12 months we have seen a 9.5 per cent increase—(Time expired)

Superannuation: Portability Regulations

Senator SHERRY (2.10 p.m.)—My question is to the Minister for Revenue and Assistant Treasurer, Senator Coonan. Does the minister accept the massive criticism by leading and respected financial commentators of her so-called portability regulations? When will the government finally act to ensure the full, simple, understandable, comparable and enforceable disclosure of all fees, charges and commissions, as the Senate superannuation committee has called for? Haven’t the commentators, such as the Weekend Australian’s finance services writer, Ms Hayes, got it right when she said the minister is ‘ditzing around with the system ... further delaying—if not completely killing off—increased super investment’? Wasn’t Mr Alan Kohler correct when he stated that the Senate report represented ‘a humiliation for the minister’ and that the government should ensure full, simple disclosure of all fees and charges?

Senator COONAN—The only person who has been ditzing around with superannuation policy for the last seven years has been Senator Sherry. Senator Sherry has been incapable of articulating a policy on superannuation for the past seven years. I cannot be responsible for captive commentators who Senator Sherry might choose to brief. I have had overwhelming support from ordinary people out there in the community who would like to have the freedom of being able to move money in their superannuation accounts into one account. We have the absolutely absurd position of something like
19,000 superannuation accounts in this country for about nine million workers. We have people paying fees and charges on little accounts without the ability to consolidate them and without the ability to save on administrative charges and other inefficiencies by consolidating their accounts.

The fact that Senator Sherry is against portability is really neither here nor there. The important thing is that it is overwhelmingly a sound policy to allow Australians to consolidate their accounts. When you strip it down to bare bones you see that Senator Sherry and his cronies are worried about the ability of people to move money out of active accounts. They really want to force everyone to consolidate their accounts into active accounts run by industry unions and controlled by their trade union mates. Senator Sherry is dancing to the tune of his trade union mates, too frightened to deliver a reasonable policy for the benefit of ordinary workers. Why won’t the Labor Party stand up for ordinary workers in this country? The only way in which ordinary workers will be helped with their superannuation savings is if the portability regulations that this government has had the courage to articulate are passed. We will stand up for Australian workers if the Labor Party will not.

Senator SHERRY—Mr President, I ask a supplementary question. The minister referred to captive commentators. Isn’t Senator Watson, the Liberal chair of the committee, a captive commentator who bagged your own regulations? Aren’t there 20 million superannuation accounts in this country—not 19,000 as you just said? Hasn’t the Australian economic editor, Alan Wood, summed up the minister’s approach? He concluded:

It is high time politicians like Senator Coonan stopped playing the fool and got fair dinkum about superannuation reform.

When is the minister going to give us full disclosure of fees and charges?

Senator Watson—I rise on a point of order. Senator Sherry is taking some comments from the report out of order and out of context and is misconstruing the thrust of the report, which was to provide an opportunity to provide portability between inactive funds and inactive funds or inactive funds and active funds. He is out of order.

The PRESIDENT—There is no point of order.

Senator Faulkner—Mr President, on that point of order, it is extraordinary that you would allow Senator Watson the call and to continue under the guise of a point of order to make that editorial comment because he has been so embarrassed in signing up to this particular report. You should have called him to order and sat him down.

The PRESIDENT—I have already ruled that there is no point of order.

Senator COONAN—I think that just proves that Senator Sherry is incapable of quoting anyone in context. He will always misrepresent the situation; he will always hop into the workers, unless it suits the interests of industry funds and his union mates. Senator Sherry’s ideas on superannuation, if you can eventually find a glimmer anywhere, are all about looking after his union mates and hopping into the Australian workers, who are unable to consolidate their accounts because of the Labor Party’s actions.

Economy: Household Savings

Senator FERRIS—My question is to the Minister representing the Treasurer, Senator Minchin. Will the minister advise the Senate of the positive impact of the government’s strong economic management on household and national savings? Is the minister aware of any alternative policies?
Senator MINCHIN—I thank Senator Ferris for her question. The great evidence of the success of our economic policies is of course the dividend that average families have got in the form of higher wages, more jobs, lower interest rates and, in the most recent budget, personal income tax cuts. That has driven very strong consumer confidence so that, despite the fact that the world is not growing, we have had SARS and we have had drought, we are still recording positive growth in this economy. Of course, lately we have had a fall in unemployment to below six per cent. I think it is true that most economic commentators were rather surprised by these tremendous results, which reflect the confidence of Australian consumers.

I think the biggest surprise to a lot of people in Australia has been the way in which the Labor Party and the new shadow Treasurer, Mr Mark Latham, have responded to this great economic story. As Dennis Shanahan of the *Australian*—a very independent commentator—wrote last Friday on this matter:

Oblivious to Labor’s economic record—everything he has said about economic reform, the electorate’s searing experience with recessionary unemployment and 17 per cent mortgage rates—Latham is launching a dual strategy of such daredevil proportions that he’s risking everything on one throw of the dice.

He has decided to attack the economic record of John Howard and, more particularly, Peter Costello at a time of relative prosperity, with interest rates one-third of what they were under the Keating government, unemployment dipping below 6 per cent to a 13-year low and inflation a dead dragon.

The latest instalment of this ‘daredevil strategy’ came with an opinion piece by Mr Latham in the *Canberra Times* yesterday. He, surprisingly and quite extraordinarily, expressed concern about the level of household debt and its impact on national savings. He quoted figures indicating the rise in nominal household debt levels since 1996 but then he destroyed his own argument by conceding:

As it stands the overall household balance sheet is not too bad.

It is very begrudging, but absolutely accurate and a correct comment by Mr Latham. The growth in disposable income and real household wealth has boosted the ability of Australian households to service debt, and that is why they have felt the confidence to take out more loans. Household interest payments today represent about six per cent of disposable income, whereas in 1990 under the former Labor government they represented 10.7 per cent of disposable income—nearly double their level today. Today, for every dollar of debt households have around $2 in financial assets and more than $6 in total assets.

The government has repeatedly said that Australians should be wary of excessively exposing themselves to the property market and that what goes up can come down. But it should also be remembered that investment in housing is a form of saving. They are not borrowing it to blow on the casino; they are borrowing it to invest in housing.

One of the biggest factors in determining the level of national saving is the role played by the federal government. You will recall that when we came into government the federal Labor government was dissaving to the tune of $10,000 million a year and it had racked up no less than $65,000 million in extra debt just in its last five years in office. That has been a major focus of our policy. In just seven years we have repaid $60 billion of that debt and indeed the share of net foreign debt held by the government has fallen from 17 per cent when we came into office to just three per cent today. Of course, Labor have not changed their spots. Every time we put up a measure to try to increase national saving through the federal budget they block it. They block our attempts to try to control...
runaway expenditure programs and they do nothing but promise more and more spending, so everything Mr Latham says is utterly hollow. *(Time expired)*

**Social Welfare: Pensions and Benefits**

**Senator Faulkner** *(2.21 p.m.)*—My question is directed to Senator Vanstone, the Minister for Family and Community Services. Minister, what is the status of your plan to save $36 million by cutting the pensioner education supplement of $60 a fortnight to 32,000 disabled pensioners, carers and sole parents? Has the minister been forced into a humiliating backdown today and scrapped the measure?

**Senator Vanstone**—Thank you, Senator Faulkner, for your question. I should have, of course, thanked Senator Collins for her earlier question. I know she likes me, but really giving me the opportunity to remind everybody that we spend 70 per cent more on child care than Labor did when in government is not one to be forgotten. Equally, to Senator Faulkner, I thank him for this opportunity to say that because it may work one particular way in the Labor Party when they are in government, it is not how it works in the Liberal and National parties. If we hear from backbenchers—House of Representatives members and senators, incidentally—who have concerns about a particular decision we have taken, the difference between your former government, Senator Faulkner, and this government is that this government listens. We had a meeting with a number of backbenchers who expressed some concerns about this, and we listened to those concerns and changed our mind. That is how government ought to run. If you are unhappy with that, no wonder you are in opposition.

**Senator Faulkner**—Mr President, I ask a supplementary question. I will take that as a confirmation from the minister that she has scrapped the measure and ask the minister: is she saying that it is true that in today’s coalition party room she was pressured into dropping the proposal after several speakers made very robust contributions in the party room meeting and that the Prime Minister took Senator Vanstone aside and counselled her? Perhaps in confirming what I have suggested is right—that the measure has been dropped—she could also confirm that that is how it occurred.

**Senator Vanstone**—Sometimes there are stories that can be told and others that cannot. Suffice it to say that, if the good senator, the honourable senator—I choke saying it, but still—thinks that he has scored a point here, he can think whatever likes. I am very little concerned about Senator Faulkner’s views. I know the views of the backbench committee and they know my view. The party room this morning I thought was a very friendly and very easy-going arrangement. I am very happy and I think the backbench committee is very happy and I hope the pensioners are very happy.

**Senator Faulkner**—Nick Minchin is very happy.

**Senator Vanstone**—I assume that the Minister for Finance is happy and I assume the Treasurer is happy. So we are all very happy and it is a good thing. Let us hope we can continue in this session in this vein, Senator Faulkner.

**Iraq**

**Senator Bartlett** *(2.24 p.m.)*—My question is to the Minister representing the Prime Minister and the Minister for Defence. Is the minister aware of the submission to the joint ASIO committee inquiry on pre-Iraq war intelligence from Dr Hugh Crone, a scientist who spent 30 years at the Defence Science and Technology Organisation studying toxins and chemical weapons? Is the minister
aware of Dr Crone’s statement, where he says:
... the statements on the status of the Iraqi WMD put out by the Coalition partners, including the Commonwealth Government, were not credible to anyone with a technical background in the subject.
He went on to say:
The inescapable conclusion is that pressure was put upon Public Servants to alter the assessments during the passage from laboratory to intelligence organisations and onward to the government.
Minister, given this clear, obvious and credible attack on the credibility of the government, why is the government continuing to refuse to have an open, public inquiry with independent evidence given in public by intelligence officers?

The PRESIDENT—Senator, that was a very long question.

Senator HILL—I have not read the submission of Dr Crone. I look forward to reading it. He obviously has a view in relation to the matter, as do others. He has made his submission, apparently, to the joint committee which is examining the issue. I have faith in the parliamentary process and I would have thought that the joint committee is well equipped to address these issues, give them proper consideration and no doubt put down a report in due course.

Senator BARTLETT—Mr President, I ask a supplementary question. I ask the minister: how can the Australian people have any confidence in the accuracy of information provided to this committee when the minister has himself admitted that government ministers will be able to vet and, if necessary, censor submissions from government agencies? In contrast, the UK inquiry had the Secretary of State, the Director General of the Political, Foreign and Commonwealth Office, the Director General of Defence Intelligence and the Prime Minister’s own spin doctor giving public evidence. How can the Australian people have any confidence in this secret inquiry where the government will not allow any of its own officials to give evidence in public?

Senator HILL—I can only say that I obviously have more confidence in the parliamentary process than Senator Bartlett. These committees have a long and proud record and I am sure will do their job well. As to the outcome, I would suggest Senator Bartlett await it.

Superannuation: Lump Sum Payments

Senator BUCKLAND (2.27 p.m.)—My question is to the Minister for Revenue and Assistant Treasurer, Senator Coonan. Is the minister aware of the Senate Select Committee on Superannuation’s report entitled Planning for retirement in which all Liberal and Democrat senators recommended that the government move in the future to make retirees commit a proportion of their preretirement savings into a complying annuity? Will the minister now guarantee the continuation of lump sum superannuation payments?

Senator COONAN—Yes, I am aware of the Senate select committee’s recommendations, particularly in respect of making it mandatory for retirees to take their superannuation as an income stream. The proposal being referred to is contained in the report Planning for retirement, and the committee recommended that the government move in the future to make retirees convert a proportion of their preretirement savings into a complying annuity. The committee has only fairly recently handed down its report, so the government is considering its implications and formulating its response. Obviously, the government’s response to the report will be issued when I have had a chance to consider it. However, I can make a few general comments about the ability of retirees to access
lump sums and incentives to take income streams.

Once a superannuation account holder has reached the preservation age—currently undergoing a phased increase from 55 to 60 years—and retired, as senators would know, they have the choice to take their superannuation as a lump sum, as an income stream or as some combination of both. Significant tax and social security incentives are provided to encourage retirees to purchase income stream products which meet with the government’s broad retirement income policy objectives. These incentives include the provision of a tax rebate of 15 per cent on the income received from a pension, so obviously there are incentives there. Additionally, some income streams which meet certain rules receive an exemption from the social security assets test and you are entitled to be assessed against the higher pension reasonable benefit limit.

The ability to take either a lump sum or an income stream provides flexibility in the Australian superannuation system and allows retirees to structure their retirement arrangements to suit their individual circumstances. It should also be noted that, while the superannuation system matures, some retirees will have insufficient savings to make the purchase of an income stream a valid option, regardless of the incentives offered. These retirees need to retain the ability to access their savings as a lump sum. I am sure that Senator Buckland has understood every word of that. But it was an extremely important question and it was important that the Senate have that additional information.

The ability to take either a lump sum or an income stream provides flexibility in the Australian superannuation system and allows retirees to structure their retirement arrangements to suit their individual circumstances. It should also be noted that, while the superannuation system matures, some retirees will have insufficient savings to make the purchase of an income stream a valid option, regardless of the incentives offered. These retirees need to retain the ability to access their savings as a lump sum. I am sure that Senator Buckland has understood every word of that. But it was an extremely important question and it was important that the Senate have that additional information.

Senator BUCKLAND—Mr President, I ask a supplementary question. For the minister’s interest, I did understand what she said, although I doubt very much whether she understands her portfolio. Wasn’t the same proposal—to ban lump sum superannuation payouts—contained in the secret, now leaked, finance department recommendations to the government? Will the minister now guarantee the continuation of lump sum superannuation payments?

Senator COONAN—Senator Buckland, I can remember answering questions about this—you may even have asked the question some time ago. It is obvious that lump sum payments are part of the system and any consideration that might change that would be something that would obviously have to be given very careful consideration and be announced at some future time. But it is certainly part of the current system and it is certainly important that if people wish to pay off a mortgage, or for other circumstances wish to access lump sums, they can do so. I hope that is sufficient information for Senator Buckland when he wants to retire, which is probably pretty soon.

Trade: Free Trade Agreement

Senator MURPHY (2.33 p.m.)—My question is addressed to Senator Ian Macdonald, the Minister representing the Minister for Agriculture, Fisheries and Forestry. I draw the minister’s attention to an article in Monday’s Canberra Times in which the trade minister predicted that a free trade deal with the US would be stitched up by the end of the year because the US farmers had backed down. Can the minister inform the Senate whether the stitched up free trade deal includes the reversal of the US Senate’s decision last year to increase US farm subsidies by 80 per cent, equating to $33 billion a year over the next 10 years? And if not, doesn’t ‘stitched up’ mean just that—that we have been stitched up?

Senator IAN MACDONALD—I thank Senator Murphy for highlighting the importance of the free trade agreement with the United States now that the Doha Round at Cancun does not seem to have particu-
larly well for anybody and has thrown the whole international trade regime into some uncertainty. I think those events over the last week do highlight the need for an enhanced effort on a bilateral arrangement with the United States.

I am not sure there has been any ‘stitched up’ deal yet. I think Senator Murphy knows as well as I do that the negotiations are continuing and they do indeed have a long way to go. The Australian government has always said that there will be no arrangement made unless the agricultural sector is taken into account and that there are certain benefits for Australia’s agricultural sector. Senator Murphy, I think you know that it will be a long time before there is any result on the free trade agreement; we will continue to work towards it. I have to say I think Mr Vaile is doing an absolutely magnificent job in Australia’s interests. We have pursued this with rigour. It is a whole-of-government approach to the United States and we will continue to pursue this until we get an outcome that is good for Australia.

**Superannuation: Contributions**

**Senator SHERRY** (2.36 p.m.)—My question is to the Assistant Treasurer, Senator Coonan. Does the minister agree with Senator Ian Campbell, the longest serving parliamentary secretary in the history of the Commonwealth of Australia, when he commented on the low-income earners co-contribution last week saying:

What happens to that person who is on $27,000 a year who starts saving and getting a hand from the government is that, by the end of their working life, when they are 65, they could have over $1 million in superannuation savings ...

Does the minister stand by the long-serving parliamentary secretary’s comments? How many Australians will become millionaires through the low-income earners co-contribution in today’s money value?

**Senator COONAN**—The really important part of Senator Sherry’s question is the suggestion that, somehow or other, people on low incomes are not going to benefit from the co-contribution that this government is going to introduce, by way of an agreement, with the Democrats. It is critically important that those on low incomes and those on incomes from $27,500 up to $40,000 do get a co-contribution for the voluntary savings that have been a lot of jobs lost in the agricultural sector. I do not know of the figure that he quotes, but certainly times have been tough in country Australia. This government has done as much as it can to overcome the devastating effects of the drought and other impediments that have impacted upon rural and regional areas over the past year. We do not get a lot of help, I might say, from our opponents in this chamber with some of the things we try to do, but we are conscious of the need to continue assistance to our agricultural producers and we will do that. (Time expired)
they are prepared to make over and above the superannuation guarantee.

This is an incredibly important measure that even the commentators that Senator Sherry follows have supported as an overwhelmingly positive measure that this government has introduced, together with the reduction in the surcharge that is so important to make sure that those who can and will save for their retirement have an incentive to do so and that those who otherwise would not have any incentive to save can actually get that benefit. Because this matter is on the Notice Paper, it is probably not appropriate to go into the details in question time but there are obviously assumptions as to behaviour, take-up and who will benefit. The co-contribution is, without doubt, an overwhelmingly important measure that deserves to be supported by every single senator in this place.

Senator SHERRY—Mr President, I ask a supplementary question. I remind the minister of the question: how many millionaires will there be as a result of Senator Ian Campbell’s prediction? Isn’t this just another example of the groundless hype that this government comes up with, such as the projection of 470,000 children’s superannuation accounts—with only 500 opened? There is also the $250 million hole in the revenue for the backpackers’ tax and the incorrect claims about so-called portability. Why hasn’t the minister disciplined this long-serving parliamentary secretary for the inaccurate and false claims he has made about millionaires resulting from her initiatives?

Senator COONAN—I suppose that it is too late to expect that Senator Sherry is going to grow up. But with the way that he is going on with his juvenile approach to superannuation he would be able to qualify for a child account.

Small Business: Growth

Senator BARNETT (2.40 p.m.)—My question is to the Minister representing the Minister for Small Business and Tourism, the Special Minister of State and the strong and effective leader of the Tasmanian Liberal Senate team, Senator Abetz. Will the minister update the Senate on how the Australian government is helping Australia’s 1.1 million small businesses to continue to grow and create more jobs? Is the minister aware of any recent threats to Australians employed in small business?

Senator ABETZ—Senator Barnett has made me blush. I thank him for his support, as he knows he has my support. Senator Barnett’s keen and genuine interest in small business is, of course, not unique on this side of the chamber. The Howard government is continuing to work hard to provide a strong growing economy in which the jobs generator—small business—can flourish and grow.

We are unapologetic about our support for small business just as Labor is unapologetic about their support for their union masters’ anti small business policies. Interest rates and inflation remain at historical lows whilst confidence is strong—the right climate for small business. Strong small business growth is in the national interest because, as the latest employment figures show, small business creates jobs. If the Senate were to pass our workplace relations reform agenda for small business, another 50,000 jobs would be created. A survey released yesterday from the Executive Connection, a business development organisation, shows increased confidence in the Australian economy. According to Ron Hirsch, this optimistic outlook justifies aggressive expansion plans including an increase in hiring and investment.

Senator Barnett also asked me about the threats to Australia’s 1.1 million small businesses. One of the most significant threats is
the Labor state governments whose pursuit of stamp duty, land tax and payroll tax are all at record levels of collection. Unable to quench his thirst for more tax revenue, Labor’s leader-in-waiting is finding new ways to tax jobs in small business. Now Mr Carr wants to introduce a new CBD employee tax. Typical of all Labor leaders, Bob Carr wants to introduce another tax. A generation ago, Mr Simon Crean’s father sagely noted, ‘One man’s pay rise is another man’s job.’ Today, Mr Simon Crean should be saying, ‘One premier’s tax increase is other men’s jobs.’ Ironically though, this New South Wales Labor tax proposal may in fact save one Victorian Labor man’s job. Mr Carr will slug every small business in the CBD in New South Wales with more than 10 employees with his tax—it is Labor’s new tax on employment. But the Labor state governments are not the sole threat to Australian small businesses and the workers and families whose livelihoods they provide. The Labor Party’s political masters have constantly threatened small businesses.

In New South Wales, Victoria and Western Australia, the teachers unions are planning a strike which will force thousands of parents to stay home or even take their children to work with them. The highly regarded Family Business Association, who last month held their successful national conference in Hobart, which I was honoured to attend, have expressed their concern for working families. As the director said, ‘It will not be the government that pays the price but families who have to deal with the fallout from it.’ It is time for Mr Crean, for Labor and for the unions to show some support for small business in the national interest.

**Superannuation: Portability Regulations**

**Senator WONG (2.45 p.m.)**—My question is to Senator Coonan, the Minister for Revenue. Is the minister aware that the Senate Select Committee on Superannuation unanimously recommended that the government rewrite its regulations on so-called portability? Is the minister further aware this was done because the minister’s claim that the regulations would decrease the 25 million super accounts was incorrect and, in fact, the reverse was likely: the number of accounts would increase? Why has the minister misled the Senate and the Australian people on yet another important superannuation issue?

**Senator COONAN**—No, you have not characterised it correctly, Senator Wong. In fact, the report supported the principle of portability and the committee signed off on that. I know that the Labor Party does not like this, but the Labor Party also conceded that it was a very good thing to have portability and that, in fact, there should be consolidation of accounts. Where the difference arises is that the Labor Party wants to force everyone to consolidate their accounts—just as usual, not giving anybody a choice at all, pushing everybody hopefully into Senator Sherry’s industry union accounts.

We need to make no mistake about this: the Labor Party’s objection to portability obligations is all about market share; it is not about the interests of those members of superannuation funds who want to move their money. It is very interesting when you look at the sort of emails I have been getting on this. I had one just yesterday. This person says he is in a situation where he has been, for the last 15 years of his working life, paying extra into his super, and he says:

I’m amazed that the Senate has decided not to allow people to shift their super to a fund of their own choice.

People basically want to have some control over their own savings. It will be done in a situation where there is a regime of robust disclosure to assist people to make informed
choices about where to put their money. But of course the Labor Party is too scared to allow portability into a fund that someone wishes to choose.

Whilst the Senate committee have said they do not support the regulations, they certainly support portability and they certainly support the fact that it is only fair to allow people, instead of incurring fees and charges in multiple accounts, to actually put it in an account where they wish to save. It is an absolute disgrace that the Labor Party has, for its own self-serving reasons, stuck it up the worker once again instead of looking after the workers. No wonder people are leaving the unions in droves. We all know that those on the other side are beholden to the unions for their preselections and that they are not going to look after the workers first—but this party will.

Senator WONG—Mr President, I ask a supplementary question. I note the minister referred to fees and charges in her answer. Has the minister bothered to look at the examples of outrageous exit fees contained in the committee report? For example, a balance of $5,939 would be hit with a fee of $5,621, and a balance of $1,287 would cop a fee of $1,195. When will the minister act to ban excessive fees which even she concedes can be a barrier to the movement of funds?

Senator COONAN—The problem with exit fees—

Opposition senators interjecting—

The PRESIDENT—Order on my left!

Senator COONAN—I have looked pretty carefully through this Senate report, and I must say, Mr President, that the examples of high exit fees are very few indeed. They usually relate to some of the older life insurance funds; they do not relate to modern funds. The important thing about exit fees is that they will put pressure on funds to bring down costs and charges. The competitive pressure of being able to move your funds will obviously mean that those who have got high exit fees—

Opposition senators interjecting—

Senator Sherry—But you can’t move your funds because of the exit fee!

The PRESIDENT—Order! Senators on my left! Senator Sherry, you are continually shouting across the chamber.

Senator COONAN—What is obvious about exit fees is that, if you try to cap them, you are going to end up with a situation where all of the funds have got administrative fees and you are going to completely and utterly get rid of the whole benefit of allowing people to move. (Time expired)

Environment: Murray-Darling River System

Senator ALLISON (2.50 p.m.)—My question is to the Minister for Agriculture, Fisheries and Forestry. Why has the scientific report for the government’s Living Murray initiative not been released by the government? Wasn’t it due last month? What has the report said about how much water was necessary to return the Murray to a healthy condition? When will that report be released?

Senator IAN MACDONALD—I thank Senator Allison for her interest in the Murray-Darling sustainability issues and the Living Murray program of the government. Senator Allison highlights the fact that it is a difficult situation in the basin. The Commonwealth government is showing a particularly good leadership role, I might say—and there I might congratulate Mr Truss, who chairs the Murray-Darling Basin Ministerial Council—but I do concede that the state governments are playing an important role in the Living Murray initiative.

The ministerial council is examining what is required to achieve a healthy, working
River Murray that provides for integrated economic social and environmental benefits. We will consider the first-step decision at the meeting in November this year. That will deliver a clear environmental outcome to specific sites. We will define from where the necessary water will come. We want to focus on water recovery mechanisms with known and manageable social impacts. The proposals need to be properly costed and indicate cost-sharing arrangements between the states, the Australian government and the community. I expect the proposal to be at the lower end of the reference points being used by the Living Murray initiative. Sound knowledge, effective community engagement and the necessary government support must be in place before the decisions are made on water recovery targets. Enhanced water markets and secure water access are critical to the implementation of outcomes.

There are unconfirmed reports that the recovery of 1,500 gigalitres has been recommended by the Scientific Reference Panel. The chairman of the commission is yet to receive any recommendation at all from that panel. The panel’s advice will be integrated into the social and economic studies that are being undertaken. The benefits that the water will deliver must be very clearly defined. This will then provide a holistic picture of the impacts of water recovery in the River Murray necessary to underpin the ministerial council’s decision making.

Senator ALLISON—Mr President, I ask a supplementary question. The minister did not answer my question as to why the report had not been released nor did he confirm that it was due last month. Why is the ministerial council now considering the economic and environmental impacts of action on four priority sites in November instead of the flow reference points used in the public consultation and specified amounts to be returned to the river? At the November meeting, will the minister push for at least 1,500 gigalitres to be returned to the Murray or is this government reneging on its firm commitment to increase environmental flows by specified amounts over specified times?

Senator IAN MACDONALD—We certainly are committed to environmental flows in the Murray River. What I was indicating previously was that we have to make sure that those decisions are made on the basis of proper science and proper facts. The particular reference points were not indications of what might be the return to the River Murray. More importantly, they were to give an indication on a number of points of reference and what it would mean to the social and economic fabrics of all the communities up and down the river if you picked them up. This is a particularly complex position, Senator Allison, and you cannot look just at the environmental flows. You have to look at the impacts on the farmers, on those who use the land, on the communities and on all stakeholders, including the environmental aspects of it. Regrettably it is not something that can be done easily. People have been looking at this for over 100 years now. We have not got far, but we are determined to do it right now. We are working to that end. (Time expired)

Women’s Suffrage: Red Fan Monument

Senator LUNDY (2.56 p.m.)—My question is to Senator Vanstone, Minister Assisting the Prime Minister for the Status of Women. Will the minister inform the Senate how much taxpayers’ money has been spent to date on her red fan monument to mark the 100th anniversary of Australian women’s suffrage? Will the minister now confirm that she only scrapped this sculpture after coming under sustained pressure from Senator Herriman? Isn’t it the case that, while the minister wants to blame the artists for this debacle, it is her own mismanagement and the lack of consultation by the Minister for Regional
Services, Territories and Local Government and the National Capital Authority that have resulted in this embarrassing fiasco? Will the minister now apologise to Australian taxpayers and accept responsibility for the waste and mismanagement involved with this project?

Senator VANSTONE—I can see why the questions committee on the other side gave Senator Lundy the last question of the day. She probably had to argue to even get it at all. I do recall seeing some reports by Senator Lundy yesterday that this matter was being discussed in cabinet, which it was not, and that it was ‘all the National Capital Authority’s fault’, which it was not. Wrong, wrong and wrong again. The situation, quite simply, is this. There was an announcement in June last year that we would commission a celebratory art work to recognise the achievement of this nation when it was, I think, the youngest nation in the world—if it was not the youngest, it was very close—to give women both the right to vote and to stand at elections. This was a very important achievement.

It was a very brave and challenging move by a new government to do that within 18 months or so of Federation. One could argue, and I would argue, that it needs a brave and challenging artwork to celebrate a brave and challenging decision. There may have been differing views on the artwork—in fact, I am sure there would have been. Senator, you might remember when the Black Mountain Tower was built. One would have thought that the world as Canberrans knew it was coming to an end. When a competition was launched by the Fraser government for the design of the new Parliament House, people said that this place was going to be ‘horrible’, ‘dreadful’, ‘hated by everybody’ and an ‘abomination on the landscape’. Guess what! It is now regarded as one of the most beautiful buildings in the world and is a tourist attraction.

I turn to the purchase of Blue Poles, which was rubbished at the time and turned out to be one of the best art investments Australia has ever made. If Senator Lundy does not understand that there is always controversy when one moves to do something for the future that is enlightening and artistic, then she need only turn to the glass pyramid at the Louvre to see whether that was installed without any fuss. Had we got to the stage where the artists could confirm that they were able to complete this commission on time and within cost, we might have had that argument. I can assure you I would have been on another side from Senator Heffernan. Absolutely! I would have backed Betty Churcher, Ron Radford and Annabelle Peagram and I would have backed the view that a brave, forward-thinking and challenging decision by a young country deserved a brave and forward-thinking memorial. Sadly, the artists having been told on numerous occasions—as if one needed to repeat it—

Senator Lundy—Mr President, on a point of order: I did ask the minister a specific question about expenditure and she has not even come close to answering it yet. The question was: ‘How much money has been spent on this project to date?’

The PRESIDENT—Senator Lundy, the minister has a minute to answer the question. I cannot direct her how to answer the question, as you know. I draw the minister’s attention to the question.

Senator Cook—Mr President, on a point of order: it is the same point of order that Senator Abetz took yesterday, which you ruled in favour of.

Government senator interjecting—

Senator Cook—No, I didn’t. Mr President, I wish Senator Abetz would be consistent. The minister is directly addressing
Senator Lundy, which is against standing orders. I hoped that she would have been pulled to order before now, but she hasn’t, so I take the Abetz point of order and ask you to uphold it now.

The PRESIDENT—As I said yesterday, Senator, I try to be even-handed, but it is very difficult when people on both sides of the chamber are being disorderly and shouting across the chamber.

Senator VANSTONE—Through you, Mr President, as I was saying, if we had got to the stage where the artists were able to complete this on time and for the right amount of money, we might have had that argument. But I can equally assure you of this: if at the first stage the artists had said, ‘We’d like more’—and quite frankly it was a lot more—and we had said, ‘Forget it, the whole deal is off,’ and walked away very early on in the piece, what do you think the opposition would have said then? They would have said, ‘Let them have a fair crack of the whip. There are design issues. You’ve got to work through these things. You’ve got to give people a chance to comply.’ Frankly, the artists were given—I know they were—every possible chance to do something that other artists would have loved the opportunity to do. I certainly do not blame any other artists in Australia being very annoyed that they were deprived of an opportunity by some artists who said they could do something on budget and on time, and later could not deliver.

Senator LUNDY—Mr President, I ask a supplementary question. My supplementary question was going to be, ‘Now that the giant red monument has hit the fan, how does the minister plan to mark the 100th anniversary of Australian women’s suffrage?’ but I need to ask the minister to answer the first question, which is: how much taxpayers’ money has been wasted on this project to date? Can we have the numbers, please?

Senator VANSTONE—I am tempted to rush out and buy some masking tape because my sides are splitting with laughter at Senator Lundy’s so very funny joke. But I will leave that till later. Of course there will have been expenditures, and they will be available through the estimates committee. Obviously, when you start building anything, there are engineering reports and consultants reports that are undertaken—and quite properly undertaken. This government will be more accountable than our previous Labor government ever was in relation to these matters.

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

PERSONAL EXPLANATIONS

Senator WATSON (Tasmania) (3.03 p.m.)—I seek leave to make a brief personal explanation as I claim to have been misrepresented. But, more importantly, I also claim that Senator Buckland has misrepresented the contents of the Senate report.

The PRESIDENT—Senator, the convention is that—

Senator Faulkner—Mr President, on a point of order—

The PRESIDENT—Senator Faulkner, I was just going to rule on it.

Senator Faulkner—Mr President, I was going to take a point of order. It is a different point that you are going to make, I suggest. It is not competent for a senator to stand up and start speaking without seeking leave. Senator Watson did not get the call and that is the point of order I am taking. I am well aware of the conventions about personal explanations, but Senator Watson should not have the call.

Senator WATSON—Mr President, could I respond to the point of order?

The PRESIDENT—Senator Watson, are you seeking leave?
Senator WATSON—Mr President, it was a very serious misrepresentation. I seek to draw the Senate’s attention as close as possible to the asking of the question.

The PRESIDENT—Senator Watson, you know that you are required to seek leave.

Senator WATSON—Mr President, I sought leave but they did not hear.

The PRESIDENT—Senator Watson, if you wish to make a personal explanation, the convention is that you can make that point at the end of taking note of answers.

Honourable senators interjecting—

The PRESIDENT—Order! I cannot hear a word that Senator Watson is saying.

Senator WATSON—Mr President, I wish to be heard before the matter proceeds at 3.30, because it involves a serious allegation.

Honourable senators interjecting—

The PRESIDENT—Order! Those senators standing in the aisles who have not got the call, please come to order. Senator Watson, you know that you are required to get leave.

Senator WATSON—Mr President, I do.

The PRESIDENT—I understand the convention is that you will not get leave until the end of taking note of answers. At that time you can make a personal explanation if you wish.

QUESTIONS WITHOUT NOTICE: ADDITIONAL ANSWERS
Health: Program Funding

Senator PATTERSON (Victoria—Minister for Health and Ageing) (3.05 p.m.)—I seek leave to incorporate further details of an answer I gave to Senator Carr yesterday on the allegations against Professor Bruce Hall.

Leave granted.

The document read as follows—

SENIOR CARR—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?

SENIOR PATTERSON—I thank the honourable member for his question.

As far as I understand, the Brennan Report, which was established as an independent inquiry by the University of New South Wales (UNSW) to investigate complaints of scientific fraud against Professor Hall, examines information in relation to Project Grant ID 209656, which would have commenced funding in 2002.

Dr Clara He raised concerns in relation to this grant in mid-December 2001 and the NHMRC took immediate action to suspend Project Grant ID 209656. Upon receipt of Dr He’s allegations the NHMRC immediately raised concerns with the University and suspended payment of the grant, pending investigation. No funds have been released for this grant.

I have not seen the Brennan Report, however, I understand that:

Professor Hall stated and presented a material or significant falsehood in reckless disregard of the truth in the grant application 209656.

I understand that the NHMRC is currently negotiating with UNSW over the extent of access to the Brennan Report. It is anticipated the NHMRC
will refer the matter to the Department for appropriate action shortly.

**Iraq**

Senator HILL (South Australia—Minister for Defence) (3.05 p.m.)—Yesterday, Senator Faulkner asked me whether any Australians were present at the meeting of the JIC which produced the report of 10 February 2003. I am advised that the answer is no.

**QUESTIONS WITHOUT NOTICE: TAKE NOTE OF ANSWERS**

Superannuation

Senator SHERRY (Tasmania) (3.06 p.m.)—I move:

That the Senate take note of the answers given by the Minister for Revenue and Assistant Treasurer (Senator Coonan) to questions without notice asked by Senators Sherry, Buckland and Wong today relating to superannuation.

It was an extraordinary performance by Senator Coonan in the Senate today in response to the important questions of superannuation that were posed by the Labor opposition. Before I get to the issue of who wants to be a millionaire—the predictions made by Senator Ian Campbell—the minister, on her way through, took a swipe at so-called captive commentators. She criticised Ms Hayes, Mr Wood and Alan Kohler. What I found extraordinary was that she actually criticised her own colleague Senator Watson. Senator Watson is the Liberal Chair of the Senate Select Committee on Superannuation and she bagged her own colleague because of the quite correct and unanimous observations and criticisms made by Senator Watson of Senator Coonan. Senator Watson criticised Senator Coonan. I raise today the issue of the claims by Senator Campbell, who incidentally is the longest-serving parliamentary secretary in the history of the Australian parliament—

Senator Mackay—Sorry? I didn’t hear that.

Senator SHERRY—He is the longest-serving parliamentary secretary; 7½ years. He claimed last Wednesday:

What happens to that person who is on $27,000 a year who starts saving and getting a hand from the government is that, by the end of their working life, when they are 65, they could have over $1 million in superannuation savings ... That was the comment on the public record—and it was reported over the wire service and by some other media outlets—where Senator Ian Campbell predicted that the government’s low-income earner co-contribution would turn Australians into millionaires. This is a grossly irresponsible claim because it is simply not correct. I posed this important question to Senator Coonan today. I asked her to confirm the prediction that Australians would become millionaires in today’s dollar values as a result of the low-income earners co-contribution; I asked her whether she would confirm Senator Ian Campbell’s prediction. Of course, she would not. I know why she would not, and that is that it is virtually impossible. I know of no scenario where an Australian could become a millionaire in today’s dollar values as a result of the $1,000 co-contribution. I know of no circumstance. They would have to have an extraordinarily high return over 40 years and have no fees or charges. It is just not going to happen. That Australians could become millionaires was a grossly misleading comment and prediction—and it was grossly misleading financial advice—from Senator Ian Campbell to low-income earning Australians. Who wants to be a millionaire? It was an Eddie type of prediction from Senator Ian Campbell.

But that was not the first irresponsible and grossly misleading statement made by not just Senator Ian Campbell but other ministers on behalf of the Liberal government in re-
spect of superannuation matters. The Prime Minister, Mr Howard, prior to the last election projected that there would be 470,000 children’s superannuation accounts. How many have been opened? About 500. The Minister for Revenue and Assistant Treasurer predicted that there would be $325 million collected from a new tax on temporary Australian residents. How much has been collected? About $15 million. At current rates there will be a $250 million shortfall. I understand why Senator Watson is sensitive, but to his credit Senator Watson criticised his own minister over her portability regulations. He criticised his own minister.

Senator McGauran—That’s what he’s angry about! It’s your assertion.

Senator SHERRY—It is there in black and white, Senator McGauran. You read the unanimous report signed off by Senator Watson, the chair, which criticises Senator Coonan over the regulations on portability. Now we have the prediction from Senator Ian Campbell that Australians will become millionaires as a result of the government’s co-contribution. That is a grossly irresponsible prediction from Senator Ian Campbell. He should have been made to apologise and retract that misleading statement, but Senator Coonan is so weak that she would not pull him into line and require him to retract the statement. She would not pull him into line. The statement that Australians would become millionaires was grossly misleading and untrue. If it were not so serious, it would be funny! (Time expired)

Senator WATSON (Tasmania) (3.11 p.m.)—Perhaps the only correct statement that has come from Senator Sherry today is that Senator Ian Campbell has been parliamentary secretary for 7½ years. Yes, it is true. But Senator Ian Campbell reminds me, Senator Sherry, that in that time he has not seen one instance of a policy from the Australian Labor Party. In that time, there has been no policy from the Australian Labor Party. There has been much misreading or selectivity and taking out of context in relation to a number of matters raised today. Senator Buckland raised the issue of lump sums. I draw the attention of Senator Buckland to issues that he signed off on and that he apparently wants to walk away from. Senator Sherry has already walked away from the concept of portability, which is another matter. The report of the committee is important. With respect to transitional arrangements—which you, Senator Buckland, seem conveniently to ignore—the report reads:

The Committee majority recognise that any move to mandate the purchasing of complying annuities on retirement would need to be accompanied by transitional arrangements over a long period of time. There is no immediacy, as you and some of the newspaper correspondents attempt to infer there is. The report goes on:

In the short-term, the Committee majority do not believe that such people—that is, low-income savers—should be disadvantaged by being forced to purchase a complying annuity.

Where is the strength of your argument? It continues:

However, in the long-term, the Committee majority believe that measures must be taken to reverse the practice of using all superannuation savings—when the balance accumulates to a significant amount—to pay off consumer debt.

The report goes on to say:

... the Committee majority believe that the Government should consider placing a minimum threshold on the purchase of a complying annuity, below which individuals would not be compelled to purchase an annuity and could instead take a lump sum payment. Again, this could be a transi-
tional arrangement which could be revisited in the long term as the superannuation system matures. I cannot see how there could be such a misreading by Labor commentators of a valuable report, particularly by Labor commentators who have signed off on it. It is in black and white, and I am quoting from it today. The report does recognise the option of:

... a continuation of the current complex tax and social security rules, which have resulted in insufficient incentives for retirees to take up income streams or for life offices to offer such products. In the Committee’s opinion—

... unanimously—

the present retirement income stream arrangements are complex, not easily understood and have resulted in—

the committee believing—

that people are being disadvantaged in their retirement through the complex interaction between the superannuation and tax/social security systems.

We are trying to find a better world for people to save and to get a better mix and match. The committee drew attention to the fact that Australia is one of only two countries in the world with mandatory, individual superannuation accounts that allow members access to their whole balance when they retire. We are saying that in the long term, when the balances come up as a result of a generational change, there should be some mandating of a portion of the balance. The Labor Party have completely ignored or misconstrued the reading. How they can honestly stand up in this place and make such statements is absolutely astounding. It is a disgrace to the Labor Party and a disgrace to those members of the committee who have not properly represented what is in the report. If the committee system is going to degenerate into this, the whole standing of the Senate committee system will fall into disrepute. We need honest reporting of what is actually in committee reports.

Senator Wong (South Australia) (3.16 p.m.)—I rise to take note of answers given by the Minister for Revenue and Assistant Treasurer in question time today. What the minister demonstrated today is a frightening lack of understanding of superannuation policy and the pressing issues facing superannuation policy in Australia. Not only does this minister fail to grasp the key issues in the area of superannuation but she appears to suffer from some sort of ideological tunnel vision, where any reasoned criticism of her policy—what there is of it—is dismissed as some sort of Labor Party and industry fund conspiracy. It is unfortunate that the minister in the Howard government who has responsibility for this important area of superannuation, which will define Australians’ retirement incomes in years to come, suffers from such tunnel vision.

Even the minister’s own party colleagues are able to see sense. There was a unanimous recommendation from the superannuation committee to not apply the portability regulations to active accounts. I do not think that is a misrepresentation of your position, Senator Watson. In fact, I congratulate you as chair of that committee on putting good policy and good sense above party politics and, in the discussion of the portability regulations, making the very clear point that in their current form those regulations could lead to an increase, not a decrease, in the number of superannuation accounts in Australia. That is something we all agree is a problem. The point was made by the committee that this issue of portability out of active accounts is more properly dealt with in choice-of-fund legislation, which would allow scrutiny by the Senate and issues of consumer protection and efficiency to be addressed. Thank goodness for the committee and that the chair and deputy chair, Senators Watson and Sherry, can provide some reasoned debate and policy in the context of
a minister who simply fails to grasp some of the primary issues in superannuation at this moment.

I want to turn briefly to the issue of exit fees. I asked the minister a question on that issue and again the minister simply failed to grasp the nettle on it. The Senate committee and other commentators have commented on the barrier to portability that is posed by outrageous exit fees—that is, fees that are charged simply for taking your money out of one account and putting it into another. I cited some of the examples to the minister in my question: a balance of $5,939 which would be hit with a fee of around $5,620 and a balance of $1,287 which would cop a fee of $1,195. I think any layperson, any Australian worker, would say those sorts of fees are unreasonable and they clearly constitute a barrier to taking your money out.

If the minister were serious about portability, if she were serious about actually encouraging people to consolidate their accounts and ensuring they are not financially penalised for doing so, she would do something about exit fees of the sort that I have described. But today again in question time we saw this minister simply refuse to concede that it is an issue at all. She does not think these sorts of exit fees are an issue. With a wave of her hand she airily dismisses exit fees as being a minor problem, as being only a problem in relation to older funds. I make the point that I agree with her in one respect: some of the industry funds certainly have far better practices when it comes to exit fees. But this minister simply brushes away examples of outrageous and exorbitant exit fees that would be applied to the superannuation funds of Australian workers. She says the market will sort it out. My question to the minister is: how many Australian workers’ savings will be diminished while you wait for the market to sort this issue out? If this minister were serious about the consolidation of Australian superannuation funds, she would deal with the issue of exit fees. She would regulate those fees and ensure, as the Senate committee recommended, that those fees are limited to the reasonable costs of processing the transactions and any rollover costs associated with it.

Senator CHAPMAN (South Australia) (3.21 p.m.)—We have had a number of attempts by the Labor Party in the Senate today to raise issues in relation to superannuation. All of them failed and they failed basically because the Labor Party have, as in so many areas, completely failed to develop any policy with regard to retirement incomes in the important area of superannuation. That is the first point that needs to be made. The second point that needs to be made is that, in terms of their involvement in debate on superannuation, the Labor Party are forever doing the bidding of the union funds. They are not interested in consumers; they are not interested in people trying to save for their retirement. They are purely interested in serving the interests of the union funds, which are of course largely operated by the union organisations they represent.

Senator Sherry tried to lampoon the Parliamentary Secretary to the Treasurer, Senator Ian Campbell, because Senator Campbell apparently said that the government’s superannuation co-contribution scheme for low-income earners will result in people becoming millionaires. Well, that is true. How do we define millionaires at any particular time? Generally a millionaire is someone who has assets in excess of a million dollars. The data has been prepared not by Senator Campbell or by the government but by the Financial Planning Association. They have done calculations, and have laid out the basis of their calculations, which clearly show that someone 25 years of age today will have, if they retire at 65 years of age having made contributions under the government’s co-
contribution scheme, retirement benefits worth a lump sum amount of $1.202579 million.

Certainly that is $1 million 40 years hence. But we talk about millionaires today being people who have assets of a million dollars or more; we do not talk about them being people who had assets of a million dollars or more 20 years ago. We talk about it in current dollar terms, and that is exactly what Senator Campbell correctly did on the basis of the information and the evidence provided by the Financial Planning Association. That reinforces the great value that the government’s superannuation co-contribution scheme has for low-income earners who make their own small contributions which will be supported dollar for dollar by the government. So let us have none of this nonsense from the Labor Party that Senator Campbell is somehow misrepresenting the situation.

The other issue that has been raised is the portability of superannuation benefits between funds. Again in marked contrast to the Labor Party, the government believes that workers should have the freedom to decide who is going to manage their superannuation—the funds they are saving for their retirement. They should have the right to move their benefits from one fund to another. That is why the government has introduced regulations to give effect to that policy. Portability will allow members to consolidate their superannuation benefits in one account should they wish to do so. It will also allow members of accumulation funds and fully defined benefit funds to transfer benefits from their current superannuation fund to a fund of their own choice. It will also benefit Australians by creating greater competition in the superannuation industry, placing downward pressure on fees and charges and leading to more responsive investment strategies by trustees.

Another issue that the Labor Party raised in its questions today was the issue of fees and charges. The best way to ensure we have low levels of fees and charges is by having the maximum amount of competition in the financial services industry, in particular in the provision of superannuation investments. That is exactly what will be achieved as a result of the introduction of portability by this government’s regulations because, when consumers have the right to place their funds where they want them, they will be able to do it on the basis of where they will get the best investment return at the lowest cost in fees and charges. Again, by not supporting the government’s regulations, the Labor Party is indeed working directly against the interests of consumers and directly against the interests of low-income earners who want to take up the opportunity to save for their retirement and to maximise their retirement benefits.

The government generally also supports choice of superannuation funds, but the introduction of portability is not a backdoor method for introducing funds, contrary to what ASFA has claimed. We do remain committed to that, but that is quite a separate issue. The fact that it is a separate issue is reinforced by the fact that, under the regulations for portability, portability will only be provided once a year. That addresses the concern that it will be used as a backdoor method for introducing choice of funds. It is also important to recognise that portability exists on a voluntary basis. (Time expired)

**Senator BUCKLAND (South Australia) (3.26 p.m.)—**I rise to take note of answers given in question time today by Senator Coonan, the Minister for Revenue and Assistant Treasurer. The practice of lump sums at retirement needs to be kept in place, but government members tend to have the view that perhaps all of that money should be put into an annuity or some other form of savings to
help workers later on. But when you look at low-paid workers there is no benefit for them. For instance, if low-paid workers who are on $20,000 were to invest that amount of money as a pension, they might be able to get $1,200 a year, or $23 a week.

The minister seems to be making high-income earners her priority: those who earn $100,000 or more, those who might be able to live off an annuity and those who do not need to retire debt that they have accumulated during their working life—something that they have a right to do. They have been putting money aside so that when they go into retirement they will be debt free and able to survive the rigours of their later years.

In responding to my question, the minister said a very curious thing. When I asked her about the annuity and the partial or full ban on lump sum superannuation payouts, she said that the government are looking at and considering their position in relation to the committee report, which I thought was a good report overall; it has assisted the debate on superannuation in this country quite considerably. She said that they are reviewing it. The curious thing she said was that the abolition of lump sums—to use my choice of words; preventing people taking part or all of their superannuation as a lump sum—is something to be considered. Those were her words: ‘something to be considered’. That worries me because it seems that in the overall picture that is what the government are going to be all about—considering ways to prevent the lower paid workers in our community from benefitting from their savings to retire their debt as they go into their years of retirement.

The Labor Party support the choice of taking a lump sum as a pension. But, in our view, there have to be real incentives from the government to allow Australians to make an informed choice about retirement income options. They should not just throw people to the wolves who see a quick buck in selling products to them and investing their money so that they can pick up the fees and charges and do very nicely out of it. Such people are ready to capitalise on those who are not educated in the area of superannuation or in financial matters and who are unable to plan for their later years.

The committee spoke a lot about education, and that is contained in the report. There needs to be very real education programs so people know what they will be doing upon retirement. They need to know that they can securely invest their money, if that is what they want to do, and live off the capital that they have accumulated over their working lives. (Time expired)

Question agreed to.

Environment: Murray-Darling River System

Iraq

Senator BARTLETT (3.31 p.m.)—I move:

That the Senate take note of the answers given by the Minister for Defence (Senator Hill) and the Minister for Fisheries, Forestry and Conservation (Senator Ian Macdonald) to questions without notice asked by Senators Bartlett and Allison today relating to an inquiry by the Parliamentary Joint Committee on ASIO, ASIS and DSD and water levels in the Murray River.

Both of those questions go to what has become, sadly, an extremely consistent approach by this government on important public policy issues, which is to mislead the public, to hide the facts and to dodge any proper scrutiny of what they are doing. Firstly, Senator Allison asked about a very important scientific report on the future of the River Murray, which the government promised to release prior to the Ministerial Council meeting in August this year. Despite a clear com-
chambers have not released the report. It appears that the government are backing away from their previous commitment to establish a specific amount of environmental flow that would be restored to the River Murray. Of course, that flow would be based on scientific assessment, yet they have not released the scientific assessment that they have received. So we have a government that are trying to prevent the facts from becoming public. They are trying to manage the release of that information in such a way as to mislead the public about what it contains. They are backing away from some of the clear commitments they gave on this critical issue.

On a matter that is possibly even more critical, which was the government’s decision to send Australian troops to war in Iraq, we have even more indication of this government trying to hide from the truth. A parliamentary inquiry that is controlled by the government is under way. It is an inquiry in which, as the minister himself has admitted, government ministers will vet submissions from intelligence officials, agencies and any other government bodies before they are provided to the committee. The government can decide who will or will not appear before the committee and whether or not it will be in secret. There has been one public hearing to date. No government official has appeared before it, and there has been no indication that there will be any public hearing in the future. Once again, I have to remind the ALP that the Democrat view is that this inquiry is inadequate. It is not sufficiently public and it is not sufficiently vigorous. We really need to have a broader inquiry of the sort the Democrats suggested from the start.

Let us contrast the government’s approach with what has happened in the UK. There have been a number of different inquiries for starters but, in addition to the UK intelligence services inquiry and the existing Hutton inquiry, the UK Foreign Affairs Committee, a cross-party committee without government control, held an inquiry into the decision to go to war with Iraq. The committee received public evidence from Jack Straw, the Secretary of State, the equivalent of our Minister for Foreign Affairs, more than once. It received public evidence from the Director General of the Political, Foreign and Commonwealth Office more than once. It received public evidence from the Director general of the defence intelligence section of the government. It received public evidence from the Director of Communications and Strategy in the Prime Minister’s office, also known as the spin doctor—so it was a personal staff member of the Prime Minister—and it received public evidence from the Permanent Under-Secretary of State, as well as other serving and former senior scientific and defence experts.

What do we get in Australia? We get an inquiry which has had nobody appear from the government at all. There have been no public submissions from any government agencies, even though the government can vet them and censor them first. It is no wonder the government are confident of the outcome of the inquiry, even though, extraordinarily enough, they opposed it being set up in the first place. Why they bother to oppose something that they have such total control over is beyond me. This in the face of the only critical evidence, from former ONA analyst Andrew Wilkie. Another submission has now appeared from Dr Hugh Crone, a very experienced award winning scientist who worked for the Defence Science and Technology Organisation for 30 years. It appears that the only people who can tell the truth are people who are retired or who have quit their job to try to make the evidence public. This is a ridiculous scenario for a government that is supposedly open to scrutiny about the accuracy of its rationale for
sending Australians to war in Iraq. We need
to get more public scrutiny of what this gov-
ernment are doing. This government have a
continual record of hiding from the truth,
misleading the Australian public and dodging
the facts. That is why we need proper Senate
scrutiny and that is why we need a strong,
independent Senate. *(Time expired)*

Question agreed to.

**CUSTOMS TARIFF AMENDMENT**

*(ACIS) LEGISLATION*

The PRESIDENT *(3.36 p.m.)*—During
the committee stage of the Customs Tariff
Amendment (ACIS) Bill 2003 earlier today,
the Temporary Chairman of Committees
Senator Watson indicated that the amend-
ments moved by Senator Brown could not be
moved in the Senate because they would
have the effect of converting the bill into a
bill imposing taxation, and the Senate cannot
initiate a bill proposing taxation under para-
graph 1 of section 53 of the Constitution.
Senator Brown later withdrew the amend-
ments but asked that the chair’s statement be
the subject of further advice. The reason I am
giving this answer now is to provide that
advice as soon as possible.

The amendments were not drafted for
Senator Brown by the Senate department and
neither the Clerk of the Senate nor his col-
leagues had the opportunity to examine them
before they were circulated. They are also
defective in wording. The Clerk will point
out to the source of the amendments the dan-
gers of having amendments moved in the
Senate without appropriate advice and scru-
tiny.

The bill is not a bill imposing taxation as
it does not impose any new tariffs or increase
the rates of any existing tariffs. For the Sen-
ate to amend such a bill so as to increase tar-
iffs is the equivalent of the Senate initiating
an imposition of taxation. The Senate de-
partment therefore advises senators that such
amendments may not be moved. There is an
argument that such amendments could be
moved as requests under the third paragraph
of section 53, relating to increasing a ‘charge
or burden’. This view, however, leads to sev-
eral subsidiary difficulties. The better inter-
pretation is that such amendments should not
be moved in the Senate at all as they amount
to initiating an imposition of taxation.

Senator BROWN *(Tasmania)* *(3.38
p.m.)*—by leave—I would like to make a
brief statement. I did withdraw the amend-
ments. I withdrew them after, not before,
seeking the chair’s statement. More impor-
tantly, I would like to point out that the
source of the amendments was me and no-
one else. I hope the Clerk is not going to ap-
proach somebody else. It should come to me.
I circulated the original amendment and then
followed up with another—

Senator Ellison—It is hard to get good
advice these days.

Senator BROWN—That is right. I want
to ensure that it is made clear that the
amendments came from me. I thank the
President for his advice.

**PERSONAL EXPLANATIONS**

Senator WATSON *(Tasmania)* *(3.39
p.m.)*—I wish to make a brief personal ex-
planation because I claim to have been mis-
represented.

The PRESIDENT—The honourable
senator may proceed.

Senator WATSON—At question time
Senator Buckland asked a question relating
to lump sums. The question seriously mis-
represented my position on the committee
and it also misrepresented what was in the
report. To senators who are interested in an
accurate reading of the report, I suggest that
they read in their own time from pages 156
to 159 of the Senate Select Committee on
Superannuation *Planning for retirement* re-
port dated July 2003. I think you will find that that presentation is a far cry from claims raised by Senator Buckland and some newspaper correspondents who have been quite reckless in the way that they have read that report. They have caused a lot of fear in people who are approaching retirement. I remind the Senate that the report indicated that low savers should not be disadvantaged by being forced to purchase a complying annuity. We referred to the long term and we referred to a generational change. I thank the Senate.

NOTICES

Presentation

Senator Heffernan to move on the next day of sitting:

That the Rural and Regional Affairs and Transport Legislation Committee be authorised to hold a public meeting during the sitting of the Senate on Wednesday, 17 September 2003, from 5 pm, to take evidence for the committee’s inquiry into the application and expenditure of funds by Australian Wool Innovation Ltd.

Senator Ridgeway to move on the next day of sitting:

That the Senate—

(a) notes that, on 19 September 2003, the Committee on the Rights of the Child decided to devote its 2003 day of general discussion to the rights of Indigenous children;

(b) recognises that Article 2 of the Convention on the Rights of the Child obliges states to prevent discrimination against Indigenous children and Article 30 requires states to provide them with special protection in order to exercise all their rights and allow them to enjoy their own culture, language and religion;

(c) notes that, of the 410 000 Indigenous people in Australia, approximately 40 per cent are under the age of 15 and that 44 per cent of all Indigenous teenagers are likely to be at risk of entering into poverty, compared to 15 per cent of non-Indigenous teenagers; and

(d) calls on the Government to meet its obligations to Indigenous children under the Convention through negotiation with Indigenous peoples to establish an appropriate framework for setting benchmarks and targets.

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

That the Senate—

(a) acknowledges the Australian Government’s commitment to the prevention and treatment of HIV/AIDS in the Asia-Pacific region, including a financial commitment of $200 million over 6 years;

(b) notes:

(i) that the United Nations (UN) General Assembly will review the Declaration of Commitment on HIV/AIDS at a meeting in New York on 22 September 2003,

(ii) that the Global Fund to Fight AIDS, Tuberculosis and Malaria (‘Global Fund’) was unanimously endorsed by the UN General Assembly at its Special Session on HIV/AIDS in June 2001, and came into operation in January 2002,

(iii) evidence suggesting that the Asia-Pacific region is benefiting substantially from the Global Fund, which, in its first two rounds of grants, committed AUD$494 million (US$315 million) over 2 years to program proposals within South-East Asia and the Pacific,

(iv) that the Global Fund is facing a significant shortfall in funding, which is jeopardizing its ability to disburse funds to countries which have had program proposals approved, and to fund new rounds of grants,

(v) that Australia is one of only a few among the world’s wealthier nations which has not yet made any contribution to the Global Fund; and
(c) urges the Australian Government to support the Global Fund as a key global initiative that is enabling countries to strengthen their own national response to HIV/AIDS, tuberculosis and malaria, and to make an equitable contribution to the Global Fund by the end of 2004.

Senator Allison to move 10 sitting days after today:
That the Civil Aviation Amendment Regulations 2003 (No. 5), as contained in Statutory Rules 2003 No. 201 and made under the Civil Aviation Act 1988, be disallowed.

Senator Hutchins to move on the next day of sitting:
That the Senate—
(a) notes—
(i) the British Health Secretary’s recent decision to provide compensation to all Britons who contracted Hepatitis C as a result of receiving contaminated blood products from the National Health Service, and
(ii) that individuals are expected to receive between £20 000 and £45 000;
(b) commends the decision of the British Labour Government to provide payments to people who contracted Hepatitis C through no fault of their own;
(c) notes that many Australians who have contracted Hepatitis C in the same manner are yet to be compensated; and
(d) encourages the Australian Government to take similar action and compensate Australians who have had the misfortune of suffering the health problems associated with Hepatitis C.

Senator Nettle to move on the next day of sitting:
That the Senate—
(a) notes that—
(i) like anti-personnel landmines, anti-vehicle mines are indiscriminate and kill both civilians and military personnel in violation of the Protocol Additional to the Geneva Conventions of 12 August 1949, and relating to the Protection of Victims of International Armed Conflicts (Protocol 1) of 8 June 1977,
(ii) anti-vehicle mines can increase the cost and slow the delivery of humanitarian aid,
(iii) there is no publicly available evidence that the Australian Defence Forces have gained any direct military advantage from the use of anti-vehicle mines since the Korean War,
(iv) the only Australian soldier killed in the 2001 to 2002 deployment to Afghanistan, SAS Sergeant Andrew Russell, was the victim of an anti-vehicle mine, and
(vi) of the four Australian peace-keepers killed since 1966 by weapons, two have been killed by landmines while driving in vehicles; and
(b) calls on the Federal Government to:
(i) recognise anti-vehicle mines that can be set off by contact with a person as anti-personnel landmines, and therefore banned under the Convention on the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-Personnel Mines and their Destruction (Mine Ban Treaty),
(ii) support a ban on anti-vehicle mines with anti-handling devices, which can be set off if a mine is disturbed, and
(iii) work with like-minded countries towards a global ban on the production, stockpiling, transfer and use of anti-vehicle mines.

Withdrawal

Senator FERRIS (South Australia)  (3.41 p.m.)—Pursuant to notice given on the last day of sitting, at the request of Senator Tchen I withdraw business of the Senate notice of
motion No. 1 standing in his name for nine sitting days after today.

Presentation

Senator FERRIS (South Australia) (3.41 p.m.)—At the request of Senator Tchen, I give notice that 15 sitting days after today he shall move:


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

Leave granted.

The summary read as follows—

Administrative Decisions (Judicial Review) Amendment Regulations 2003 (No.1), Statutory Rules 2003 No.115

These amendments concern decisions made under the Quarantine Act 1908 to contain or prevent an outbreak of an emergency animal disease. These amendments exempt such decisions from the operation of the Administrative Decisions (Judicial Review) Act 1977. The Explanatory Statement notes that these amendments are part of a framework agreed by COAG in April 2002. There is no indication which aspects of the agreement necessitate these amendments and whether there has been any consultation with industries that are likely to be affected by these amendments.

Senator Nettle to move on the next day of sitting:

That the Senate—

(a) notes that:

(i) there are currently more than 250 Iranians in immigration detention in Australia,

(ii) the Government has signed a Memorandum of Understanding (MOU) with the Iranian Government that creates a bilateral response to Iranian asylum seekers that fail to be granted refugee status in Australia,

(iii) a number of these detainees were, in August 2003, offered $1 000 to return to Iran voluntarily, or face forced deportation,

(iv) Amnesty International has described ongoing concerns about human rights abuses in Iran, including its 2003 report on Iran which states:

Scores of political prisoners including prisoners of conscience were arrested. Others continued to be held in prolonged detention without trial or were serving prison sentences imposed after unfair trials. Some had no access to lawyers or family. Freedom of expression and association continued to be restricted by the judiciary and scores of students, journalists and intellectuals were detained. At least 113 people, including long-term political prisoners were executed, frequently in public and some by stoning, and 84 were flogged, many in public,

(v) at least 4 Iranian asylum seekers who were returned to Iran by Australia have reportedly ‘disappeared’, and one of them was reportedly killed, and

(vi) these disappearances add to a tragic list of deaths and disappearances which have occurred following deportations and repatriations triggered by the failure of Australian authorities to correctly identify genuine refugees; and

(b) calls on the Government to:

(i) suspend forced deportations of Iranian asylum seekers,

(ii) release the details of the MOU with the Iranian Government, and

(iii) establish a judicial commission of inquiry into migration law to consider measures to prevent the systematic failure of the Australian Government to correctly identify genuine refugee applicants.

Senator Brown to move on the next day of sitting:

That the Senate—
(a) notes reports in the British press that the United States of America and Britain have decided to delay indefinitely the publication of a full report into Iraq’s weapons of mass destruction (WMD) because the efforts of the Iraq survey group, an Anglo-American team of 1,400 scientists, have so far failed in its task to locate WMDs; and

(b) calls on the Prime Minister (Mr Howard) to apologise to the Australian people for misleading them on the reasons for going to war with Iraq.

Postponement

Items of business were postponed as follows:

Business of the Senate notice of motion no. 1 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 17 September 2003.

General business notice of motion no. 542 standing in the name of Senator Mackay for today, relating to the cancellation of the ABC program *Behind the News*, postponed till 8 October 2003.

SPORT: LAUREN JACKSON

Senator LUNDY (Australian Capital Territory) (3.43 p.m.)—I move:

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 as 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.

Question agreed to.

COMMITTEES

Regulations and Ordinances Committee

Meeting

Senator FERRIS (South Australia) (3.44 p.m.)—At the request of Senator Tchen, I move:

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.

Question agreed to.

Corporations and Financial Services Committee

Meeting

Senator FERRIS (South Australia) (3.44 p.m.)—At the request of Senator Chapman, I move:

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

Question agreed to.

Rural and Regional Affairs and Transport Legislation Committee

Extension of Time

Senator FERRIS (South Australia) (3.45 p.m.)—At the request of the Chair of the Rural and Regional Affairs and Transport Legislation Committee, Senator Heffernan, before asking that general business notice of motion No. 595 be taken as a formal motion, I seek leave to incorporate in Hansard a statement relating to the extension of time for Rural and Regional Affairs and Transport Legislation Committee to report on the provisions of the Aviation Transport Security Bill 2003 and a related bill.

Leave granted.

The statement read as follows—

The Committee has moved that the Senate allow a further period of time for the Committee to prepare and table its report to the Senate on these bills.

The Committee conducted two public hearings, in May and August this year, to hear submissions and examine the provisions of the bills.

The Committee is yet to receive answers to questions taken on notice by the Department of Transport and Regional Services (DoTaRS) at its August hearings, as well as a copy of draft regulations to be made under the legislation. These regulations will form a crucial part of the legislative scheme proposed by the bills.

The Committee expects to receive this material from DoTaRS in time to allow it to finalise its report for tabling in the next sitting week of the Senate.

Senator FERRIS—I move:

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.

Question agreed to.

Environment, Communications, Information Technology and the Arts Legislation Committee

Meeting

Senator FERRIS (South Australia) (3.45 p.m.)—At the request of Senator Eggleston, I move:

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.
Question agreed to.

**Regulations and Ordinances Committee**

**Extension of Time**

*Senator FERRIS (South Australia) (3.46 p.m.)*—At the request of Senator Tchen, I move:

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.

Question agreed to.

**Environment, Communications, Information Technology and the Arts References Committee**

**Extension of Time**

*Senator RIDGEWAY (New South Wales) (3.46 p.m.)*—by leave—At the request of Senator Cherry, I move the motion as amended:

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 14 October 2003; and

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

Question agreed to.

**Foreign Affairs, Defence and Trade References Committee**

**Extension of Time**

*Senator COOK (Western Australia) (3.47 p.m.)*—I move:

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.

Question agreed to.

*LINDH, MS ANNA

*Senator COOK (Western Australia) (3.47 p.m.)*—I move:

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.

Question agreed to.

**DISPOSABLE DVDS**

*Senator BROWN (Tasmania) (3.48 p.m.)*—I move:

That the Senate—
(a) notes that Buena Vista Home Entertainment, a division of Disney, has begun a trial in the United States of America of disposable DVDs (dubbed the EZ-D) that are rendered unusable within 48 hours of their first use;
(b) condemns this new product that turns a durable, reusable DVD product into a wasteful throw away item; and
(c) calls on the Australian Government to ensure the environmental sustainability of this product before it is allowed on to the Australian market.

Question agreed to.

AUSTRALIAN PARLIAMENT: ADDRESSES BY FOREIGN HEADS OF STATE

Senator BROWN (Tasmania) (3.48 p.m.)—I move:

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.

Question put.
The Senate divided. [3.53 p.m.]
(The Deputy President—Senator J.J. Hogg)

Ayes........... 2
Noes........... 43
Majority........ 41

AYES

Brown, B.J. Nettle, K. *

NOES

Allison, L.F. Bartlett, A.J.J.
Bishop, T.M. Boswell, R.L.D.
Brandis, G.H. Backland, G.
Campbell, G. Campbell, I.G.
Carr, K.J. Chapman, H.G.P.
Cherry, J.C. Collins, J.M.A.
Cook, P.F.S. Crossin, P.M.
Denman, K.J. Eggleston, A.
Ferris, J.M. Forshaw, M.G.
Greig, B. Hogg, J.J.
Hutchins, S.P. Johnston, D.
Kirk, L. Ludwig, J.W.
Lundy, K.A. Mackay, S.M.
Marshall, G. Mason, B.J.
McLucas, J.E. Moore, C.
Murray, A.J.M. Payne, M.A.
Ray, R.F. Ridgeway, A.D.
Scullion, N.G. Stephens, U.
Stott Despoja, N. Tchen, T.
Tierney, J.W. Troeth, J.M.
Watson, J.O.W. Webber, R.
Wong, P.

* denotes teller

Question negatived.

WORLD TRADE ORGANISATION

Senator RIDGEWAY (New South Wales) (3.58 p.m.)—I ask that general business notice of motion No. 585 standing in my name for today relating to the World Trade Organisation Ministerial Council meeting in Mexico be taken as a formal motion.

The DEPUTY PRESIDENT—Is there any objection to this motion being taken as formal?

Senator Mackay—Senator Ridgeway, is there an amendment to this?

Senator RIDGEWAY—I am not advised that there has been a request for an amendment to this motion. I believe that was made in relation to motion No. 544, which will be dealt with tomorrow. I move:

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.

Question put.

The Senate divided. [4.03 p.m.]

(The Deputy President—Senator J.J. Hogg)

Ayes........... 11
Noes........... 42
Majority....... 31

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

NOES
Barnett, G.    Bishop, T.M.
Boswell, R.L.D. Brandis, G.H.
Backland, G.   Campbell, G.
Campbell, L.G.  Carr, K.J.
Chapman, H.G.P. Colbeck, R.
Collins, J.M.A. Cook, P.F.S.
Coonan, H.L.   Crossin, P.M.
Denman, K.J.   Eggleston, A.
Ferris, J.M. *  Forshaw, M.G.
Hogg, J.J.     Hutchins, S.P.
Johnston, D.   Kirk, L.
Ludwig, J.W.   Lundy, K.A.
Mackay, S.M.   Marshall, G.
Mason, B.J.    McGauran, J.J.J.
McLucas, J.E.  Moore, C.
Patterson, K.C. Payne, M.A.
Ray, R.F.      Scullion, N.G.
Sherry, N.J.   Stephens, U.
Tchen, T.      Tierney, J.W.
Trosth, J.M.   Watson, J.O.W.
Webber, R.     Wong, P.

* denotes teller

Question negatived.

Senator COOK (Western Australia) (4.08 p.m.)—by leave—I wish to make a short explanation as to why Labor voted as it did in the last division. I will keep this brief. In the motion under paragraph (b), which is headed, ‘urges the Government to’, subparagraphs (i), (iii) and (iv) are, of course, Labor policy. We are all over the public record declaring those things. They are unexceptional to us. We support them strongly and have been out proselytising for them. Subparagraph (ii) is an arguable matter. We would not express it in those terms but we understand the sentiment. If the mover had been sensitive to those concerns, I believe we could have reached an agreement.

Those issues are not the reason why we opposed the motion. We opposed it because of subparagraph (v), which reads:

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

There is a Senate Foreign Affairs, Defence and Trade References Committee inquiry into the Australia-US free trade agreement and into the GATS. Part of those hearings, which are still on foot and have not yet con-
cluded, relate to the question of how trade agreements should be dealt with by the parliament, given the constitutional arrangements whereby the executive wing of government adopts agreements of that nature but where later consequential amendments to legislation that might flow as a consequence of implementing a trade agreement have to be voted on by the parliament. The Labor Party’s view is that the authority of the parliament is vitally important and the open disclosure of the contents of those agreements so that the parliament knows what is being considered is also of vital importance.

The parliamentary references committee has not completed its hearing. It is disappointing to us that this should be moved. Senator Ridgeway is a member of the committee and knows the process that we are undergoing. We are shortly going to report and it seems to us that it would have been more sensible to have waited for the committee to complete its hearing, formulate its recommendations and make a report to the chamber. It is no trifling matter to argue about how the constitutional arrangements about the adoption of treaties should be dealt with and, in our view, it is not appropriate to take it on to a resolution at this time, in this way, in this chamber. While we say it is not appropriate, we recognise nonetheless that it is the right of senators to do so. We think it is frivolous to proceed this way. We think it is about claiming bragging rights and, if that is so, it trivialises the process. These are weighty matters and should be dealt with in an appropriate way and our preference is in response to a report from the Senate committee.

Senator RIDGEWAY (New South Wales) (4.11 p.m.)—by leave—I wish to respond to what Senator Cook refers to as bragging rights in the context of the process that the Senate Foreign Affairs, Defence and Trade References Committee is going through. Senator Cook has been around this place for a long time and he would be well aware of the position that has always been adopted by the Australian Democrats on matters of this sort. I refer first of all to the position taken by the former senator for New South Wales Vicki Bourne in her private senator’s bill about the Parliamentary Approval of Treaties Bill.

There has been some confusion about whether Senator Cook regards this motion as being inconsistent with the processes undertaken by the committee. I am well aware that the committee is looking at these particular types of issues. I am well aware that the committee has also made it clear—or at least from discussions that I have had with members—that it is highly unlikely that the role of the parliament will be improved in the context of debating and ratifying any treaties that are dealt with by the executive of government. I certainly respect the views that have been put forward by Senator Cook, but I think that it is a cheap shot to suggest that we are talking about bragging rights here.

These types of motions have been moved on a number of occasions and, whilst the executive does have the power to make treaties, there is a need to respect the role of the parliament in scrutinising its actions and in making recommendations to further the interests of the Australian people. The principle that is sought is one no different, no more, no less than that which currently exists in relation to the US Congress. If the Americans seem to think that it is okay for them to go down the path of authorising their President to deal with fast-tracking trade agreements, keeping in mind that they have an opportunity to deal with full ratification through the Congress, then it is seems highly appropriate in this circumstance. Whilst there are virtues and deficiencies that we can talk about in relation to how the US parliamentary system might work, the reality is, at the
end of the day, that this parliament ought to have a role in relation to ratifying any treaty that is dealt with by the executive of government.

Again, I say that it has been party policy for an enormous amount of time and goes back to well before my arrival here. Senator Cook would be well aware of that. It is a position that we will continue to put forward and it will be dealt with tomorrow in relation to another motion of similar form about the Pharmaceutical Benefits Scheme. It is clear that that will not be supported. There is no reason though that these motions ought not be put forward, not as a question of grandstanding or bragging rights but as a question of recording the principle in the *Hansard* that there is a need and a role for the parliament to be involved.

**WORLD TRADE ORGANISATION**

Senator RIDGEWAY (New South Wales)

(4.14 p.m.)—I move:

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.

Question agreed to.

**DOCUMENTS**

Tabling

Senator IAN CAMPBELL (Western Australia—Parliamentary Secretary to the Treasurer) (4.15 p.m.)—I table a document entitled *TGA report on information and advertising associated with products tested, created or manufactured using human embryos or human embryonic stem cells*. I seek leave to incorporate a statement by Senator Patterson, the Minister for Health and Ageing, in *Hansard*.

Leave granted.

The statement read as follows—

In May 2003 Senator Harradine proposed moving amendments to the Therapeutic Goods Act to require that where human embryos or human embryonic stem cells have been used in the manufacture, creation or testing of any therapeutic good, a statement to this effect must be included in the Product Information (PI) and Consumer Medicine Information (CMI) that accompany the therapeutic good and in any advertising about the therapeutic good.

In proposing these amendments Senator Harradine sought to ensure that consumers with ethical concerns about the use of human embryos or human embryonic stem cells in pharmaceutical
goods have information on whether particular pharmaceuticals are manufactured or tested using human embryos or human embryonic stem cells. In response to Senator Harradine’s proposed amendments, I undertook to review the issue, consult with industry and provide a report to the Senate on the regulatory options available to address Senator Harradine’s concerns.

Today I would like to table a Report reflecting the investigations undertaken by the Therapeutic Goods Administration following consultation with the medicines and device industry associations, with scientists who have specialist knowledge of embryonic stem cell research, and with scientists and medical experts in evaluation and regulation of therapeutic goods within the TGA.

As reflected in the TGA Report there are a number of aspects of Senator Harradine’s original proposal which pose difficulties in terms of implementation. However, my Parliamentary Secretary, Ms Worth, and Senator Harradine have discussed these issues at length and I am very pleased that a way forward appears to have been identified that balances the needs of consumers and the pharmaceutical industry.

It is proposed that the Therapeutic Goods Regulations be amended to require that where a therapeutic good is manufactured (or tested in the course of manufacture) using human embryos or human embryonic stem cells (or materials sourced from human embryos or human embryonic stem cells), notification to this effect is included in the PI and the CMI associated with the good.

It is also proposed that these requirements in the Regulations be supplemented by requirements in the Australian Guidelines for the Registration of Drugs to require that where information is provided to the TGA (as part of an application for registration of a prescription medicine) that refers to the use of human embryos, human embryonic stem cells (or materials sourced from human embryos or human embryonic stem cells) in research undertaken in the development of the medicine, then the PI and CMI should provide a statement to this effect.

In order to minimise the impact on pharmaceutical manufacturers it is proposed that:

- the requirements take effect from 1 July 2004, giving manufacturers sufficient time to gather relevant information in order to comply with the new regulatory requirements;
- the requirements do not have any retrospective effect in relation to goods that are currently on the Australian Register of Therapeutic Goods; and
- the changes are reflected in the TG Regulations in the clearest and most efficient way by relying on existing definitions in the legislation and existing requirements relating to CMIs and PIs.

I believe that these proposed changes address Senator Harradine’s concerns and will ensure that consumers have information available to them regarding medicines manufactured (and tested) using human embryos, human embryonic stem cells and other material sourced from a human embryo or human embryonic stem cell.

I propose tabling the amendments to the Therapeutic Goods Regulations late in October.

COMMITTEES

Membership

The ACTING DEPUTY PRESIDENT (Senator Watson)—The President has received a letter from a party leader seeking a variation to the membership of a committee.

Senator IAN CAMPBELL (Western Australia—Manager of Government Business in the Senate) (4.16 p.m.)—by leave—I move:

That senators be discharged from and appointed to the Environment, Communications, Information Technology and the Arts Legislation Committee as follows:

Appointed—

Participating member: Senator Heffernan
Substitute member: Senator Heffernan to replace Senator Santoro for the committee’s inquiry into the provisions of the Telstra (Transition to Full Private Ownership) Bill 2003 on 1 October 2003.

Question agreed to.
NATIONAL RESIDUE SURVEY (CUSTOMS) LEVY AMENDMENT BILL 2002

NATIONAL RESIDUE SURVEY (CUSTOMS) LEVY AMENDMENT BILL (No. 2) 2003

NATIONAL RESIDUE SURVEY (EXCISE) LEVY AMENDMENT BILL 2002

NATIONAL RESIDUE SURVEY (EXCISE) LEVY AMENDMENT BILL (No. 2) 2003

First Reading

Bills received from the House of Representatives.

Senator IAN CAMPBELL (Western Australia—Parliamentary Secretary to the Treasurer) (4.17 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 IAN CAMPBELL (Western Australia—Parliamentary Secretary to the Treasurer) (4.18 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—

NATIONAL RESIDUE SURVEY (CUSTOMS) LEVY AMENDMENT BILL 2002

The purpose of this Bill is to amend the National Residue Survey (Customs) Levy Act 1998.

The amendments include provisions to restate the operative and maximum rates of National Residue Survey customs levy on apples and pear from a per box rate to a per kilogram rate.

The Australian Apple and Pear Growers’ Association, on behalf of the apple and pear industry, sought Government approval to change the method of calculating levy to reflect the changing practices in industry. The proposed amendments will allow for easier calculation of levy on fruit sold in range of different packages.

NATIONAL RESIDUE SURVEY (CUSTOMS) LEVY AMENDMENT BILL (No. 2) 2003

The purpose of this bill is to amend the National Residue Survey (Customs) Levy Act 1998.

The amendments to the National Residue Survey (Customs) Levy Act 1998 (the Act) will raise the maximum levy rate allowable on honey for the purposes of the Act from the present rate of 0.3 of a cent per kilogram to 0.6 of a cent per kilogram.

The levy recovers the cost of the Honey Industry’s residue monitoring program that is required for access to the lucrative European market.

The current operative rate of the National Residue Survey levy is set in the regulations at the maximum allowable rate of 0.3 of a cent per kilogram and is used for residue monitoring on honey exported from Australia.

The amendment is part of a package of strategies being put in place on behalf of the Honey Industry and will allow the Industry scope to expand its operative rate of levy by subordinate legislation where access to further funding for residue monitoring programs may be required at short notice.

There is no plan to increase the operative rate of levy at the moment and any request to do so would only be at the behest of industry and subject to separate approval.

NATIONAL RESIDUE SURVEY (EXCISE) LEVY AMENDMENT BILL 2002

The purpose of this Bill is to amend the National Residue Survey (Excise) Levy Act 1998.

The amendments include provisions to restate the operative and maximum rates of National Residue Survey excise levy on apples and pear from a per box rate to a per kilogram rate.

The Australian Apple and Pear Growers’ Association, on behalf of the apple and pear industry, sought Government approval to change the method of calculating levy to reflect the changing
practices in industry. The proposed amendments will allow for easier calculation of levy on fruit sold in range of different packages.

NATIONAL RESIDUE SURVEY (EXCISE) LEVY AMENDMENT BILL (No. 2) 2003
The purpose of this bill is to amend the National Residue Survey (Excise) Levy Act 1998.
The amendments to the National Residue Survey (Excise) Levy Act 1998 (the Act) will raise the maximum levy rate allowable on honey for the purposes of the Act from the present rate of 0.3 of a cent per kilogram to 0.6 of a cent per kilogram.
The levy recovers the cost of the Honey Industry’s residue monitoring program that is required for market access.
The current operative rate of the National Residue Survey levy is set in the regulations at the maximum allowable rate of 0.3 of a cent per kilogram and is used for residue monitoring on honey sold in Australia.
The amendment is part of a package of strategies being put in place on behalf of the Honey Industry and will allow the Industry scope to expand its operative rate of levy by subordinate legislation where access to further funding for residue monitoring programs may be required at short notice.
There is no plan to increase the operative rate of levy at the moment and any request to do so would only be at the behest of industry and subject to separate approval.
Debate (on motion by Senator Crossin) adjourned.

FUEL QUALITY STANDARDS AMENDMENT BILL 2003
First Reading
Bill received from the House of Representatives.

Senator IAN CAMPBELL (Western Australia—Parliamentary Secretary to the Treasurer) (4.18 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) (4.19 p.m.)—I move:
That this bill be now read a second time.
I seek leave to have the second reading speech incorporated in Hansard.
Leave granted.
The speech read as follows—
The Fuel Quality Standards Amendment Bill 2003 fulfils the Government’s commitment made in April this year to empower the Commonwealth to require labelling of fuels, as well as to ensure that the key offences under the Act are able to be properly enforced.
The Howard Government’s Fuel Quality Standards Act 2000 is a landmark piece of environmental legislation for Australia. It established, for the first time in this country, a national regulatory regime for fuel quality. That regime is backed up by a comprehensive monitoring and enforcement program that is among the best of its kind in the world. The Act ensures that key fuel parameters are regulated in a uniform manner throughout Australia and enables the Commonwealth to progressively tighten standards to achieve better environmental and operational outcomes.
The amendments in this bill will complement and enhance the existing regulatory regime by providing a power to introduce and enforce uniform national fuel labelling where such labelling is needed in the public interest. They will also ensure that the objectives of the Act can be achieved, by declaring key offence provisions to be offences of strict liability.
The bill establishes a comprehensive and transparent fuel labelling framework that fits comfortably within the existing regime of fuel quality regulation. This framework will provide for determinations to be made that set Fuel Quality Information Standards for specified supplies of specified fuels. This is a flexible mechanism and, in the first instance, will be used to set parameters that will apply to the labelling, at the point of sale, of ethanol blends. This step has been prom-
ised by the Government, and represents a crucial element in restoring consumer confidence in this renewable fuel.

Each Fuel Quality Information Standard will set out the type and supply of fuel to which it applies, the information that must be provided in regard to the fuel, and the manner in which it must be provided. For example, a standard could be set in relation to retail sales of petrol at service stations, and require that labels stating the octane rating of the fuel be attached to each bowser. The standards would be enforced through Environment Australia’s existing national fuel monitoring program.

Each Fuel Quality Information Standard could also impose information requirements on suppliers at other points in the fuel chain. In most cases this is likely to be an obligation on fuel suppliers to provide retailers with the information they need in order to comply with the standard—for example, whether or not the fuel contains components that are subject to a labelling standard. Consistent with existing provisions for fuel quality standards, the bill also allows for variations to the Fuel Quality Information Standards to be granted in cases where strict application of the standard would be inappropriate or excessively burdensome, and where the objectives of the legislation would not be compromised.

To ensure transparency, the bill provides that Fuel Quality Information Standards and variations to these standards cannot be made without first consulting the Fuel Standards Consultative Committee, a body established under the existing Act to provide a voice to the many stakeholders affected by fuel regulation.

These amendments acknowledge that there are situations where consumers have a right to be informed about the attributes of the fuel they are buying, and in such cases, they need to be confident that this information will be consistent and reliable, even as they travel across State borders. This is something that cannot be achieved by relying on State labelling powers.

This bill also amends several key offences in the Act related to the supply of fuel that does not meet the Australian specifications. It is proposed that the key offences of: supplying ‘off-specification’ fuel; altering fuel so that it doesn’t meet the standards; and supplying or importing prohibited additives be made strict liability offences. Similarly, the new offences relating to the supply of fuel that doesn’t meet the fuel quality information standards will be strict liability offences. This will ensure that offenders can be properly prosecuted and cannot avoid conviction by simply denying that they had the requisite knowledge of the standards. These amendments are crucial to ensure that the objectives of the Act can be achieved.

This bill affirms the Government’s commitment to a uniform, enforceable national fuel standard regime that will ensure our move to world’s best practice fuel standards, supported by best practice monitoring, compliance and enforcement practices and protocols. Together, these enable consumers to be confident about the quality of fuel they are purchasing.

Debate (on motion by Senator Crossin) adjourned.

BILLS RETURNED FROM THE HOUSE OF REPRESENTATIVES

Messages received from the House of Representatives agreeing to the amendments made by the Senate to the following bills:

Australian National Training Authority Amendment Bill 2003
Migration Legislation Amendment (Sponsorship Measures) Bill 2003

BILLS RETURNED FROM THE HOUSE OF REPRESENTATIVES

Message received from the House of Representatives returning the following bill without amendment:

Quarantine Amendment (Health) Bill 2003

COMMITTEES

Rural and Regional Affairs and Transport Legislation Committee

Report

Senator McGauran (Victoria) (4.20 p.m.)—On behalf of the Chair of the Rural and Regional Affairs and Transport Legislation Committee, Senator Heffernan, I present
the report of the committee on the examination of annual reports tabled by 30 April 2003.

Ordered that the report be printed.

**SUPERANNUATION (SURCHARGE RATE REDUCTION) AMENDMENT BILL 2003**

**SUPERANNUATION (GOVERNMENT CO-CONTRIBUTION FOR LOW INCOME EARNERS) BILL 2003**

**SUPERANNUATION (GOVERNMENT CO-CONTRIBUTION FOR LOW INCOME EARNERS) (CONSEQUENTIAL AMENDMENTS) BILL 2003**

Second Reading

Debate resumed.

**Senator CHERRY** (Queensland) (4.20 p.m.)—Before question time I was speaking on these superannuation bills, in particular on the importance of the measures that have been negotiated on the co-contribution. I did want to note for the record a couple of the comments from some of the industry bodies who have been commenting on these bills. The executive director of the Investment and Financial Services Association, Mr Richard Gilbert, said in his statement welcoming this package of measures:

"Lower to middle income earners are the big winners after negotiations on the Superannuation Co-contribution Bill and the Surcharge Reduction initiative ... reached a successful conclusion."

"... the Democrats have brokered a compromise with the Government that is perhaps the most significant breakthrough in superannuation tax in 15 years," he said.

Ms Philippa Smith from ASFA also put out a statement on the same day, and she said:

"Retirement savings for lower income earners could be boosted by as much as 70%, if they take advantage of the new co-contribution arrangements announced by the government ..."

"We are delighted to see that common sense has triumphed on these superannuation measures, originally mooted by the government at the time of their re-election in 2001 ...

So there is some very strong industry support for these measures, which we believe will significantly improve the attractiveness of superannuation as a savings vehicle. Before I conclude, I want to respond to a couple of the points made by Senator Sherry in his speech. As I said in my comments earlier, I would have preferred to have seen as small a cut as possible to the surcharge, and we have managed to minimise it as much as we can within this political environment. I will point out, though, before I am accused of providing huge tax cuts for the rich, that the tax cut that is involved here is one-quarter of the tax cut that Labor ticked off when the government halved the capital gains tax in 1999. It was a very significant reduction for high-income earners, for which Labor got nothing in return—nothing whatsoever, no concessions, no compromises, no nothing. Significantly, it is roughly the same size as the tax cut that again Labor supported for this category when it ticked off the tax cuts flowing out of this year’s budget.

Finally, as I said earlier, Labor have already offered that group a two per cent tax cut, compared with the 2½ per cent that is in this package, by their proposal to provide the same tax cut across the board. From that point of view, Senator Sherry’s contribution to the debate has been a little cute without necessarily recognising the benefits in this particular package. I agree with Senator Sherry, though, that the co-contribution is just a start. Senator Sherry did make the point—and it is a good point—that the government co-contribution proposed by the Keating government back in 1996 was much more substantial and much more wide ranging than this measure, but I hope this measure grows over time. If there is a demand for
it—and the figures will be collected—and if the industry can get behind it and promote it as an encouragement for people to save, I hope this will become one of the most popular measures in superannuation law, at which point we can come back to this place and argue with some confidence to get the measure expanded further up the income scale and to get the co-contribution increased. We have to start somewhere, and I reckon $920 million over four years for low-income earners is a pretty good place to start. I think it is a very positive move. I commend this package of bills to the Senate.

Senator WONG (South Australia) (4.24 p.m.)—I rise to speak on the Superannuation (Surcharge Rate Reduction) Amendment Bill 2003. At the end of my speech I will move, on behalf of the opposition, the second reading amendment that has been circulated in the chamber, on sheet No. 2991 revised. Honourable senators might recall that that was not ready to be moved when the shadow minister, Senator Sherry, was speaking.

This bill is one of a package of bills presented by the government after agreement with the Democrats. It demonstrates yet again the failure by this government to properly deal with the central issue in superannuation in Australia, and that is the adequacy of retirement savings for low- and middle-income Australians. It is well documented that the present level of retirement savings of low- and middle-income Australians is simply insufficient to meet most of their needs for the sort of lifestyle they wish to have in retirement. A government that was serious about addressing this issue would look at a range of reforms in the superannuation sector to ensure that working Australians—not high-income Australians, but working Australians—and their families have reasonable and adequate retirement incomes later in their lives. This is important from many perspectives, but from one policy perspective—that is, the demographic trends in Australia—it is particularly important. We know that the Australian population is ageing and that an increasing percentage of the Australian population will, over time, be above what we now regard as normal retirement age. If we are to deal with this demographic trend without undermining the retirement incomes of this group of Australians, we have to increase their retirement savings. This is most important in respect of low- and middle-income earners.

The government’s response to this important issue is the bill that is currently before the Senate: the Superannuation (Surcharge Rate Reduction) Amendment Bill 2003. This is a grossly inequitable piece of legislation. It is grossly unfair. It provides an exclusive tax cut for high-income Australians that starts when you earn over $94,691 a year, and you get the most benefit if you earn over $114,981 a year. Many Australians and their families can only dream of those incomes. This government has ensured that a tax cut is directed specifically at those high-income earners. This demonstrates that this government has the wrong priorities. It ought to be trying to lift the adequacy of the retirement savings of low- and middle-income families. It ought to be looking at alleviating the tax burden on the superannuation contributions for those low- and middle-income earners in order to address this adequacy issue. Instead, this government’s priority is a tax cut for high-income earners—for people earning well over $94,000 a year, with the most benefit for those earning over $114,000. We know the government’s priority is to reduce tax on high-income earners.

One thing that is clear about this legislation and its accompanying legislation on co-contributions is that there is one group of Australians who will get no benefit whatsoever out of the government’s package nor out of the deal that has been done by the Austra-
lian Democrats with the government—that is, any Australian family earning between $40,000 and $94,000 a year. They gain no benefit whatsoever from this legislation. At one point in this debate I heard one of the Democrat senators having a go at the Labor Party, asking why we are championing middle Australia when we should be championing working-class Australia.

Senator Cherry—Good question.

Senator WONG—Senator Cherry, I will explain it to you if you have not understood it. We will support the co-contributions legislation—the bills that are in this package—but we think it is a very small and a very inadequate step to deal with the issue of retirement savings for low-income Australians. It ought not be presented—as the Democrats seemed to try—as some saviour for low-income Australians. The evidence that was presented of the estimated take-up rate, along with people’s anecdotal knowledge of low-income families, would suggest that the benefit will be very marginal indeed. If you are a single-income family earning less than $27,000 a year, what chance do you have to save $1,000 after health, education and living expenses in order to get the co-contribution?

But more importantly, perhaps the Democrat senators who are supporting this legislation can explain why they have agreed to an income tax reduction for high-income earners at the same time as they have supported a package which does absolutely nothing for any Australians earning between $40,000 and $94,691. When you consider the issue of the adequacy of retirement savings in this country, it seems remarkable that you would come to the Senate with a policy that completely ignores Australian families earning those sorts of incomes.

Senator Cherry—We have to start somewhere.

Senator WONG—I can tell you where I think we should not start: we should not start with a tax cut for people who are earning over $94,000 a year. If the best the Australian Democrats can do is assist this government in putting in place a tax cut with some deal that they try and hold up on the issue of low-income earners as providing balance to that tax cut, I think the Democrat senators have some way to go before they can actually say that they negotiated a reasonable outcome for poor and middle-income Australians in this country.

The co-contribution, which has been introduced at the same time as this legislation, is an attempt by the government to try and soften the blow of what most Australians would see as an unfair tax cut given to Australians who, frankly, probably do not need it—that is, people earning over $100,000 a year. The government tries to dress up the tax cut for wealthy Australians by saying, ‘We are going to have a co-contributions scheme as well. If you save $1,000, we will put $1,000 into your account.’ For many Australian families on the sorts of incomes that we are looking at, that is great in theory but will mean very little in practice. For many Australian families, those earning $20,000 to $25,000 a year on a single income, the prospect of saving $1,000 after all the expenses that they have is highly unlikely. What we have in the package before the Senate is a guaranteed tax cut for those at the upper ends of the salary scale with a possible co-contribution for poorer, low-income Australians if they can manage to save $1,000 out of their family’s budget.

Senator Cherry spoke of the administration costs of the surcharge tax. Some of the things which are not detailed in the regulatory impact statement with this legislation are precisely what the costs of dealing with the alterations to the surcharge will be and how they will be passed on to fund members.
I want to comment briefly on the amount of tax that this government is now reaping from superannuation savings. When this government was elected in 1996, around $1.6 billion in taxation from superannuation contributions was received by the Commonwealth. Taxes have now reached a record level of $5 billion. In an environment of fiscal discipline, as we keep being told by this government, it may be the case that additional government contributions for low-income earners is beyond the short-term ability of this government to deliver.

I make the point again that an additional three per cent contribution for low-income earners was part of the Keating Labor government’s policy, which did not require any co-contribution but which was a genuine attempt to deal with the retirement incomes of low-income Australians. But in these times when the government say, ‘We do not have enough money to make a three per cent contribution,’ despite the fact that they indicated that they would do so, one would have thought that one of the ways they could try and deal with the issue of adequacy—that is, the amount of money saved by low- and middle-income Australians—would be to reduce the contributions tax for all Australians, particularly for those on low and middle incomes. Instead, what we have is a government that is prepared to reduce the taxation levied on high-income earners. People earning over $114,000 a year will be the primary beneficiaries of this; people earning between $40,000 and $94,000 will not receive one cent of benefit from this package. At the same time, we have the government cynically introducing legislation requiring from low-income earners a co-contribution when its own figures make it clear that the take-up rate will not be great and that it will be extremely difficult for many families on single incomes in particular to save the amount required in order to gain co-contribution.

The Labor Party’s second reading amendment, which I will move shortly, goes to the heart of the issue that we say is problematic with this legislation—that it is completely unbalanced and skewed towards the interests of high-income earners by providing them with a guaranteed tax cut. It completely ignores Australians on middle incomes between $40,000 and $94,000. We also consider that there is questionable benefit in the co-contribution legislation which accompanies this.

We will be supporting the co-contribution because we think it is a small but necessary improvement in addressing the issue of retirement savings of low-income Australians, but the opposition’s view is that the government could do significantly better than this in terms of policy to address retirement incomes of low-income Australians. I move:

At the end of the motion, add:

“But the Senate notes that although these Bills together provide:

(a) an exclusive tax benefit to those earning more than $94,691; and

(b) a contingent benefit to those earning less than $40,000pa, provided of course that those lower income earners meet the contingency, finding $1,000 to contribute;

but the Bills provide absolutely no benefit to the many working Australians earning between $40,000 and $94,691.

because of this, the Senate is of the view;

(c) that the bill should be withdrawn by the Government because the proposed surcharge tax reduction to high-income earners is an exclusive tax cut to those earning greater than $94,691 from 1 July 2003, with the greatest benefit going to those on an income greater than $114,981, with
the result that it assists only the highest 5% of income earners; and
(d) that the Bill should be redrafted to cut the contributions tax for all Australians, a fairer approach, particularly at a time of negative returns, to boost the retirement income for all Australians and assist the Nation in preparing for the ageing of the population”.

Senator WATSON (Tasmania) (4.37 p.m.)—The Senate is debating, in amended form, two bills that were an important package of the superannuation changes that were put to the people by the Liberal coalition before the last election. The measures were popularly received and contributed to the significant election win by the Howard government. I note that the ALP supports with some degree of qualification the Superannuation (Government Co-contribution for Low Income Earners) Bill 2003 and the Superannuation (Government Co-contribution for Low Income Earners) (Consequential Amendments) Bill 2003, but it rejects the Superannuation (Surcharge Rate Reduction) Amendment Bill 2003. I remind the Senate that earlier today Senator Kemp stated that this rejection was the greatest U-turn in the history of the parliament by the ALP and, in particular, by Senator Sherry. We all recall the early days when Senator Sherry harangued the Senate about the problems and inequities of the surcharge. Yet now, at the first opportunity we have to establish a measure to reduce that surcharge in part, he rejects that measure.

The alternative suggested by the ALP of transferring the reduction from the existing 15 per cent surcharge to a 13 per cent contribution tax does not make sense. There is a huge black hole in Senator Sherry’s argument, because for a person on $110,000 per year the saving is only $150. That saving, multiplied by the limited number of people—we acknowledge—who are going to benefit from this, compared with a two point per cent contribution covering a much greater number, does not make arithmetic sense. There is a big black hole created by the Labor Party in terms of the arithmetic.

I remind the Senate that an income of $110,000 per year includes termination benefits and FBT, so it is more than a salary. One of the inequities of the surcharge tax is that it does impact on some middle-income earners. A couple of days ago I indicated that I met with members of the Police Federation, who were very concerned that a number of their people who had particular illness problems because of the nature of their employment had sought early retirement only to be caught by this surcharge. They are not regarded as people on higher incomes but, because of the impact of fringe benefits and termination benefits, their income is grossed up and they suddenly become subject to the surcharge. Here we have an opportunity as a first step, albeit a small step, to make this change and it is rejected by the ALP.

I recall the time when this surcharge, or surtax, was introduced. It was introduced for a specific purpose: after the 1996 election we found a $10 billion black hole in the ALP’s calculations in terms of budget deficit, and that had to be funded. Lots of people said, ‘This is just a short-term measure.’ Unfortunately this short-term measure has gone on for a while. But, at the first opportunity that we have to reduce the surcharge, the bills are knocked back by the ALP.

You were talking about the huge benefits to high-income earners, Senator Sherry. I remind you that the saving is about $150 in the first year. It could be a lot less for a lot of other people. Senator Sherry, in rejecting this, you and all of your parliamentary colleagues, as people who are in defined benefit funds, have the advantage of the surcharge
being capped at 15 per cent. But if you are outside the Commonwealth Public Service and the like, if you are in a defined benefit fund, you are not necessarily paying a surcharge of 15 per cent; you could be paying, for a successful fund, 20 per cent. Yet you are denying these very people an opportunity of some small reduction in the surcharge. I think it is time you looked at the equity of this issue. You had more commonsense five or six years ago than you are showing at the present time. We have particular problems with this surcharge and we must send a message to the electorate at large that this has got to be, over time, taken away.

I remind the Senate that it was Mr Keating, when he was Treasurer, who introduced the concept of a contribution tax. In modern-day thinking, practically all the commentators are saying, ‘This was wrong. We should move back to the original position of taxing the end benefits.’ Therefore, it is very difficult for a government—and particularly for the Treasurer, Mr Costello—to suddenly forgo revenue of $900 million, which the surcharge raises annually, in one measure. So it was agreed in the proposition put to the Australian people that it should be progressively reduced. The first stanza was that it would be reduced progressively. As a result of the historic agreement with the Australian Democrats, that surcharge was reduced quite significantly. But there is still a message out there that we should go further, and there is a commitment to do so.

For the first year, 2003-04, the maximum rate is 14.5 per cent. Of course, that rate can be higher for people who belong to successful defined benefit funds. For the year 2005 and subsequent years, the rate becomes 12.5 per cent. We are not talking of massive tax savings to the rich. Senator Sherry, where is the inequity in these people paying tax—overall, in terms of the benefit—of between 46 and 64 per cent? That is what we are talking about. We are talking about pretty high taxes. Admittedly, they are the higher-income earners but, when the marginal tax rate for ordinary income is in the order of 48 per cent, why should superannuation be taxed much more heavily than the maximum on ordinary savings—up to 64 per cent for some people; between 48 per cent and 64 per cent. Even the tax on income from capital gains is a lot less. Where is the equity, in the Labor Party’s vocabulary, of taxing people who have savings—admittedly the higher-income earners—of between 48 and 64 per cent? It is just not right.

As a result of a Senate committee inquiry, our attention has been drawn to the big savings gap between what people will have in 40 years time and their expected lifestyle. ISFA, in conjunction with Rice Walker, conducted some studies which showed that that gap was of the order of $600 billion. It is immaterial whether it is $500 billion or $700 billion. The point is that it is a very significant figure. What we have to do is move to encourage more retirement savings in Australia. We have already seen that there has been a dropping off of voluntary contributions, and the surcharge is certainly a contributing factor. Why would higher-income earners want to put money into superannuation when they are taxed at the sort of prohibitive marginal rates that are now on the books? In terms of equity, it has to be changed, and it has to be reduced.

The other very good measure is the co-contribution. I thank Senator John Cherry, who is a member of our superannuation committee, for entering meaningful discussions with the government to make this possible and allow this bill to proceed. Contributions and savings will significantly increase as a result of the incentives proposed by the co-contribution bill. It particularly targets the lower-income earners in society. If people who have incomes of up to $27,500 deposit...
$1,000 into a superannuation account, the government will pay a co-contribution of $1,000 into that account. If they cannot afford $1,000 but they put in $400, they will receive $400. For those who have incomes in excess of $27,500, it tapers off—to $40,000; at $40,000, there is no co-contribution.

I believe that is one of the best investments on the market. It has low risk, it has a very high return and it is not speculative in nature. Over time, I believe that there will be a very significant take-up. Initially over half a million people will be directly affected. I think that figure will grow substantially. Lower-income earners are being told, ‘We’ll make contributions.’ More and more people are seeing the need to increase their level of savings for their retirement. People recognise that, even in 40 years time, at nine per cent, without something extra they will have a shortfall in terms of their expectations and living standards.

And I put this to the Senate: how do we know that in 30 or 40 years time the Australian economy will be as robust as it is now? It is certainly going along very nicely, but if it is put in the hands of such irresponsible people as certain spokesmen of recent times we may not be in that fortunate position. I hate to suggest that, if the hands of those at the controls of government are not as responsible as they are at the present time, we may have to go down the track of a lot of countries in Europe which have to reduce retirement benefits. This is the situation where it really hurts.

There is no doubt about it. The measures this Commonwealth government has introduced will significantly improve people’s retirement incomes. It is true that they might not meet people’s expectations, but to meet people’s expectations there also has to be some saving on their part. As a result of the age pension, the incentives that the Commonwealth government has provided and the superannuation guarantee, people are going to have a better standard of living than they would have had had these additional measures not been introduced.

It is a breath of fresh air to have such a measure. In fact, it is one of the most creative of the measures that have been suggested by the Liberal-National coalition in terms of lifting the levels of savings, particularly for lower-income earners. For example, moneys can be paid into the accounts of mothers who have had to take time out from the work force and then come back to the work force; they can get significant benefits out of this.

I commend the bills to the Senate. They will certainly increase the level of savings in this country and contribute very significantly to people’s welfare when they retire. As earlier spokesmen have said, when this matter was put to a Senate committee there was overwhelming support for the concept of the co-contribution. Vince FitzGerald believed that overwhelming support would continue even if the contribution by the government was only 50 per cent of the contribution people made—50 per cent of every dollar they put in. But that is not the measure. The point is that it is a breakthrough in terms of philosophy and methodology. It is groundbreaking. It is going to be very significant in terms of the level of savings. There has always been a problem of how to creatively get those at the lower end of the spectrum of wage-earners in society to build up their superannuation accounts. Every contribution is going to be significant.

Like many other senators, I am grieved when people come to me and say, for example, that their sight is failing, they have an eye problem and it would take about $1,500 to $2,000 for an operation, they are not in Medibank and they have been told to wait 15
months to two years for an operation. Their standard of living during that period deteriorates because they cannot read or socialise and yet, if they had some money in the bank in the form of retirement savings, they could have the operation.

We are living longer, and the Senate Select Committee on Superannuation has indicated various measures which can be undertaken to make retirement savings much more attractive. We can make them much more attractive—because at the present time they are not all that attractive—by changing the format of complying pensions and annuities. At the same time, if we follow the recommendations of the Senate committee report—many of whose issues have been very much malign in the Senate today and earlier—we will have complying annuities and pensions which are much more attractive to the providers. There will be a re-entry of the providers into the market, and they will certainly be much more attractive to the retirees themselves. This is what we must have. We must have a mix of lump sum, complying pensions, annuities, allocated pensions etc. as well as other investments. It is by getting the most desirable mix that people’s incomes in retirement are going to be adequate to meet their important needs.

So, savings is an important issue. It must not be underestimated, and the superannuation committee have spent a lot of time on it. I notice the next contributor to this debate is going to be Senator Hogg, a very valuable contributor with experience within industry who recognises the need for savings and the need to protect those savings. I still think the challenge is out there. We have had an adverse report from APRA about the supervision that is being offered over superannuation accounts in Australia, and the challenge is now to APRA to lift their game and ensure that there is adequate, comprehensive audit and surveillance of people’s superannuation savings, because we cannot afford for it to fail.

On the other hand, retirees must also plan to save more than they really think may be necessary. Why do I say that? Because there will always be occasions, over a 40-year period, when you get negative returns. A lot of superannuation funds factor these in as one in seven or one in eight years. When you retire you must also take account of a particular market slump if you are heavily into equities or, in particular, into property. That is why we have said superannuation funds themselves must provide better education to assist their members throughout the accumulation phase, but particularly before they retire because often they receive this big lump sum, they are out of the work force and they do need guidance. If we could have a move towards accumulation sums, so that some of these funds could provide income streams, I think we would have an improved superannuation system in this country.

Senator HOGG (Queensland) (4.55 p.m.)—Having listened to Senator Watson speak on the Superannuation (Surcharge Rate Reduction) Amendment Bill 2003, the Superannuation (Government Co-contribution for Low Income Earners) Bill 2003 and the Superannuation (Government Co-contribution for Low Income Earners) (Consequential Amendments) Bill 2003, I must acknowledge that Senator Watson, as a long-term Chair of the Senate Select Committee on Superannuation, is probably far and away the most knowledgeable person on superannuation on the other side of the chamber. Having said that, when one looks at the issue of superannuation, it really gets to the heart of the third plank that I outlined in my original speech in this chamber about giving people dignity in retirement. I will lead on later to just where the shortfall in superannuation will be in giving people the dignity that they would expect. There is a
difference, I will acknowledge, between expectations and what actually can be achieved but, having said that, let us look first at the initiative in the co-contribution.

The co-contribution is going to be available to a maximum of $1,000 where an employee contributes $1,000 over 12 months to a superannuation fund or RSA. That maximum is going to apply to people who earn less than $27,500. Therein lies one of the fundamental problems of this government initiative. Whilst it is welcome, and it is targeting low-income people, it is targeting people who have the least capacity to contribute in their own right. I know that from being a long-term trade union official. The figure quoted there is getting close to the figure that a number of people earn in the retail industry and the fast food industry, where I have vast experience and know that many of these people live from hand to mouth. They do not have a great deal of discretionary income available to them to salt into something such as a co-contribution.

Whilst it appears attractive on the surface, the first issue that I must raise about the co-contribution is that, even if these people can afford to contribute the maximum of $1,000 and receive the maximum $1,000 contribution from the government, that in reality will be $850, if I read the legislation correctly, because that $1,000 will be subject to the contributions tax. That is something that has not been clarified to date in spite of the inquiries that I have made. You shake your head, Mr Acting Deputy President Watson, but you should not be participating in the debate from the chair. Having said that, though, I have asked sources to clarify that. If it can be clarified in this debate, it will be helpful indeed. But if that is true then it is not the boon that it is made out to be. And if the $1,000 that the person pays in themselves—and that the government pays—is subject to the contributions tax then how is it going to be exempt from the contributions tax? Where in the legislation is it exempt from the contributions tax? Even if the $1,000 is put into the account in full, the fact of life is that, for many of those people, $1,000—which does not sound a great deal to many people—is $20 a week out of discretionary income and $20 which many of them would not have.

If one looks at the sliding scale, as was indicated by an earlier speaker, it cuts out at $40,000. Those people are on a weekly income of about $800 per week. Whilst they may well have a greater capacity to pay, because of the sliding scale from the $27,500 per annum income up to the $40,000, they will not attract anywhere near the same benefit as those who earn less than the $27,500.

Senator Watson—It is an after-tax contribution.

Senator Hogg—Now that you are interjecting from your spot, Senator Watson, if it is an after-tax contribution it has not been made clear and has not been obvious to date. If that is the case, it is still but a mere bandaid in giving people a decent retirement benefit. Those people who have had a cursory look at this could come to the conclusion that this is something that will benefit those who are in a partnership where one of the partners is a high-income earner and the other earns less than $27,500. Of course, in that set of circumstances, it will be quite easy for $1,000 to be contributed on behalf of the lower income earner. But where the household income is only at a level of $27,500—and that was the point made by Senator Wong—then those people are going to struggle greatly to make a contribution anywhere near $1,000 and get the benefit of it.

As I understand it, and this is something else that needs to be clarified for me, the money, once placed in the superannuation fund, is preserved, as are all superannuation fund.
funds. I have no problem with that, but I do not know if the public understands that. I do not know if the public understands that these funds, once placed and once having attracted the benefit, are preserved. I am not saying that it is improper; I am just saying that there may well be confusion out there and that some people will see it as an opportunity to salt away some money for a time of need and then apply to get hold of it. You know and I know the difficulties—

Senator Watson—It’s not a bank account.

Senator HOGG—That is right. I take that interjection from Senator Watson. It is not a bank account, but I just hope the public understands that. This effort, on the part of the government, is not about giving people access to a facility whereby they will be able to get a co-contribution and then, at some later stage, access it. There is no explanation that I can find, in relation to this bill, of the impact on the adequacy of the investment for the retirement of the superannuant.

Senator Watson—Just one measure.

Senator HOGG—Yes, but there is no projection as to how that will pan out for the individual in the longer term. There is obviously a cost to the government of this initiative, and I do not believe that the initiative will be taken up with the force that the government is hoping for at this stage. It would be interesting to see if there is a model floating around which shows what impact this will have on pensions in the longer term. That would be interesting indeed, but I do not think it is available at this stage.

I recall when we were looking at the adequacy of superannuation, and I was then a member of the superannuation committee, we did get a fair deal of modelling of what the benefits would be under certain circumstances, and a range of circumstances were covered. I am not going to go into them in this debate, but we did see the impact that making different changes in the superannuation mix had and how that would benefit individuals in the longer term. From my reading of the information that is around, that is not available. I would suspect, from what I am going to mention in a moment from an earlier report of the Senate Select Committee on Superannuation, that the benefit is not going to impact greatly on the retirement benefit that is available for these people when they do reach retiring age.

On that note, I am going to look briefly at the report of the Senate Select Committee on Superannuation entitled *Superannuation and standards of living in retirement*. It is a report on the adequacy of tax arrangements for superannuation and related policy, and it is dated December 2002. There are some interesting statements on page 140 in the report, where the committee looks at the modelling that was done by Treasury. At 12.30, the report says:

Treasury’s modelling of retirement incomes reinforces the Committee’s concern. As noted, Treasury’s modelling using standard assumptions indicates that a single male aged 65, retiring in 2032 following 40 years in the workforce at 1.5 times AWOTE will draw 82 per cent of the age pension.

The report goes on:

For a single male in the same situation drawing exactly AWOTE, Treasury’s modelling indicates that he will draw 90 per cent of the age pension.

That was the modelling that was done in that instance. The report, at 12.31, goes on:

By 2050, with a mature superannuation system, it is expected that the proportion of people aged 65 and over not receiving the pension will rise to around 25 per cent, and of those that do receive the pension, only about one third will receive the full rate.

The question that I have posed is: how will this initiative of the co-contribution impact, given what we have heard in terms of modelling that was done by Treasury, in terms of one and 1.5 times AWOTE? If my recollec-
tion is correct, we looked at 0.75 of average weekly ordinary time earnings as well.

Senator Watson interjecting—

Senator HOGG—But, Senator Watson, that has not been supplied this time around. It would be handy to see the impact of this measure and just how much it really will bite. The advisers might have it there, but to my knowledge it certainly has not been made available at this stage. The committee report went on to say:

However, in the Committee’s view, to reduce pressure on the age pension, through a heightened emphasis on individual self-reliance, the Government should continue to strive for universal and adequate superannuation coverage for all Australians including employees, the self-employed and non-working people, with a focus on assisting low and middle income earners.

I think that that had it right, but I do not think that the prescription we have been handed up in this bill has got it right. Whilst it is laudable—and the co-contribution is there—and whilst it is targeted at people who are earning in round figures less than $550 a week, as I say, for many of those people the capacity even to start to maximise the return out of the co-contribution is going to be very limited indeed. So the expectations that the government have built around this cause some concern.

The other issue that I want to raise very briefly before I get onto the surcharge is about the indexation of the threshold. Again, this is not clear in what I have read to date in the bill. As I understand it, the threshold of $27,500 will not be indexed until the 2007-08 year. That is when the intention is to move the rate from $27,500. I am not sure what the indexation will be at that time or what it will take the rate to, but if one projects even a three per cent movement in salaries over that period of time then the way I read the initiative of the government at this stage—and I stand to be corrected—is that there will be people slipping down the schedule in the period between now and when the threshold is indexed in the 2007-08 year.

If that is correct—and I have to say that I am basing it on a three per cent increase in wages each year—it means that someone who is currently able to receive the maximum of $1,000, for example, on a salary of just less than $27,500 would move to a salary of roughly $28,000, which would see their co-contribution fall from $1,000 to $960. If the same three per cent applies in the 2004-05 year—if I am interpreting the bill correctly—their co-contribution will fall to roughly $880, then to $800 and then to $720. That is for someone who was just within the maximum limits to start off with. If that is not the case, what protection will there be in the bill for those people, to ensure that their rate of co-contribution is protected in the period between now and 2007-08, when I understand that the rate will be changed?

Of course, it affects those at the other end of the scale—let us say those earning around the $36,000 mark. If the scenario that I have painted there is correct, some of those people will fall off the co-contribution scale by 2007-08. If that is not the case then that needs to be cleared up. But all the inquiries that I have made to date have not had an answer that indicates that what I am saying is incorrect. So, whilst it is an effort on the part of the government to address the issue of long-term superannuation to give people security in their retirement, it falls well short of the mark in achieving what needs to be achieved in this area. A massive government commitment indeed will be needed to fund pensions in the longer term. Any action that can be taken now to alleviate that need is welcome. But, whilst this is an attempt on the part of the government to do so, it certainly does not go far enough.
I turn to the surcharge. One has to say that that is a very disappointing action by the government. As my colleague Senator Sherry has already indicated, the surcharge was a complex tax in the first instance. As Senator Sherry said, we opposed it because it broke the promises of the government. It took the government a long time even to admit that the surcharge was a tax. It took them a great deal of difficulty to come to grips with that. But, now that the government have gone down that path—now that we know that it is a tax—I must say that, in my view, it is a tax that targets people with the greatest capacity to pay. I know that that is not the government philosophy; it is the philosophy that I and my colleagues believe in: that those with the greatest capacity to pay should pay the greatest amount of taxation. It was a bungling tax that was put in place in the first instance—as you know, Senator Watson. It was a tax that was very complex. It was going to be very costly to collect and it was going to be costly to the funds.

Senator Watson interjecting—

Senator HOGG—But it was costly to all the people in the fund; therefore, reducing it and giving those people who are at the lower end of the income scale no benefit whatsoever, and giving those in the middle in particular absolutely no result out of this package, leaves a lot to be desired indeed. Senator Watson knows that when we did some of the modelling—and I am glad Senator Watson is here because he is helping me in this and it is always good to have his help—and looked at the adequacy of superannuation, we saw how the issue of contributions tax could be addressed to ensure that the accumulation that was coming to the superannuants was working to their benefit. The proposal that has been put forward in the second reading amendment by Senator Nick Sherry is commendable indeed because he advocates that there should be a cut in the contributions tax without specifying the amount. (Time expired)

Senator COONAN (New South Wales—Minister for Revenue and Assistant Treasurer) (5.16 p.m.)—I am very pleased indeed to be able to sum up this debate on some landmark superannuation legislation to deliver some real and significant benefits to a wide range of Australians trying to save for their retirement. The government first foreshadowed the superannuation co-contribution for low-income earners and the surcharge rate reduction measures in its pre-election superannuation policy statement, A Better Superannuation System. The Prime Minister announced this policy on 5 November 2001, almost two years ago. The statement was designed to provide greater incentives for voluntary superannuation contributions and to make superannuation relatively more attractive compared with other forms of non-concession taxed savings. It also included measures to remove inequities in the system to improve security of superannuation benefits, to broaden the availability of superannuation to more Australians and to promote the value of lifelong saving.

Among the measures to provide greater incentives for voluntary contributions was the government’s superannuation co-contribution scheme. The government recognised that more incentives were needed for low-income earners to increase their level of voluntary superannuation saving, thereby achieving greater self-reliance in retirement. The scheme will replace the previous $100 low-income earner superannuation contribution tax offset. Another component of this package of measures was the proposal to reduce the maximum superannuation contribution and termination payment surcharge rates to encourage those who can afford to save for their retirement to do so and thereby take pressure off the future age pension system.
As I announced on 7 September 2003, the government negotiated an agreement with the Australian Democrats to enable passage of both these measures, following the failure of the Superannuation (Surcharge Rate Reduction) Amendment Bill 2003 to obtain a second reading in the Senate on 24 June this year. Savings generated from the smaller reduction in the superannuation surcharge rates will be applied to the co-contribution measure, thereby enabling the government to extend the parameters of the co-contribution scheme. The changes mean that the total pool of money spent on the co-contribution and surcharge rate reduction measures is now applied in favour of low-income earners in the proportion of 66 per cent to 34 per cent over the budget years 2004-05 to 2007-08.

I foreshadow that in the committee stage I will move amendments to these bills to give effect to this agreement. In passing, I do commend the Democrats for the constructive approach that they have taken towards ensuring that the government can deliver these very important measures to Australians saving for their retirement. The co-contribution amendments will mean that people earning up to $40,000 will now qualify for a co-contribution if they make eligible personal superannuation contributions. This measure is a significantly greater incentive than the current tax offset it is replacing, which phased out on an income of $31,000, and will be a direct injection into the retirement savings of this category of people.

In addition, the thresholds will be indexed from the 2007-08 income year onwards to maintain the relative target group of the measure. The co-contribution amendments also provide for the measure to now apply to eligible personal superannuation contributions made on or after 1 July 2003. Further to this, the date that superannuation providers must give statements for the purposes of the co-contribution will be prescribed in regulations to enable the government to provide industry groups with time to implement the necessary alterations to their systems.

Finally, the co-contribution amendments also provide for additional reporting to the parliament on a quarterly and annual basis. These reports will cover the operation of the co-contribution measure, including details about the recipients and payments made. The surcharge rate reduction amendments will provide for a smaller reduction in the superannuation surcharge rates. Rather than reductions of 1.5 per cent per year for three years, the maximum surcharge rates will now be reduced by half a per cent in the first year and by one per cent in each of the two subsequent financial years. The reduction in the surcharge rates will also be delayed. Consequently, the reductions will commence from 1 July 2003. Together, these measures—that is, the revised co-contribution and surcharge measures—are significant steps in improving the availability and the attractiveness of superannuation. The measures remove some of the disincentive of the extra charge facing those who are able to save more for their retirement and will no doubt do so, and it will significantly boost the savings of lower income earners. I do commend these bills to the Senate. Whilst I seek the support of the Senate for the requests for amendments and the amendments in the committee, I note that the Labor Party will be opposing some of the amendments.

In the time left to me in my summing-up speech, I want to deal with some of the points raised by earlier speakers. The first point I wish to deal with was made by Senator Sherry. He said that reducing the surcharge rate is inequitable and provides an exclusive tax cut—which I think is what he said—to high-income earners. One of the main themes of the government’s superannuation policy statement, A Better Superannuation System—launched during the election—
was to make superannuation more attractive and to encourage all Australians, no matter what their income, to save for their retirement. The government’s measure to reduce the superannuation surcharge is indeed a modest reduction in the charge over and above the tax that affected Australians pay on their superannuation. The surcharge rate reduction will go towards removing the disincentive facing employees who have the ability to save for their own retirement. This will—and is designed to—take the pressure off the pension system as our population ages so that those who really need it will be able to avail themselves of it.

When you consider whether or not it is equitable to reduce the superannuation surcharge, a measure the government introduced—and, Senator Sherry said, boasted about—it is important to point out that, due to the budget surplus resulting from the economic and other good management of the government, the government can reduce a disincentive facing employees who have the ability to save for their retirement. It is no secret that I would have liked to have reduced the superannuation surcharge much more—and I think Senator Cherry said that he would have preferred to have not reduced it—but politics is all about compromise and about getting outcomes that are ultimately to the benefit of the Australian people. I feel very confident that we got that with this measure.

The next point dealt with by Senator Sherry, I think, was that parliamentarians will benefit from the surcharge reduction. Senator Sherry well knows that members and senators are treated no differently from other taxpayers and that parliamentarians also pay the charge over and above the tax that everyone pays. If the measure is criticised on that ground, there is absolutely no need for any parliamentarian—from the other side or, indeed, in the other place—to accept this reduction. I throw out this challenge to each and every one of you who criticises it: stand up, identify yourselves and say that you are going to give it back and that you will not accept it. I am very surprised that the Labor Party would oppose this modest cut. With all the sound and fury at the time the surcharge was introduced, it seems quite extraordinary that there is now a backflip—a U-turn—and that even a modest cut is opposed. The surcharge reduction is just part of a package of measures that quite rightly includes a generous government co-contribution of up to $1,000 per year that is available only to lower- to middle-income earners. That is why the package is fair.

I think Senator Wong said that only those taxpayers earning more than $94,000 will benefit from the surcharge reduction. I wish to take issue with that because it shows some misunderstanding of how the surcharge works. The surcharge thresholds relate to an individual’s adjusted taxable income. The ATI—or adjusted taxable income—is a combination of taxable income, surchargeable contributions and reportable fringe benefits. Consequently, an affected individual’s income could be significantly less than $94,691 but the individual could still be subject to the surcharge. I think Senator Cherry said that one concern about this is that the people who pay the surcharge are not all from the big end of town; some who pay the surcharge get tipped into doing so by circumstances. They may have had an interrupted work pattern, and that particularly affects women and part-time workers, or they might have been retrenched, got another job and tried very hard to save for their retirement but run up against the surcharge. That is not a desirable outcome. It is important that this is on the record so that those listening to this debate know that at least the Democrats and the government are concerned to try and alleviate some of the bur-
den from that category of person facing the surcharge.

Senator Wong also said that in her view it would be difficult—and, if I heard correctly, she said extremely difficult—for families to save any money so as to qualify for the co-contribution. It is hard to take this as a serious criticism. To assume that somehow or other those on low incomes are too poor to really count and to qualify for the co-contribution is very patronising. The government want to help ordinary workers save for their retirement. We think this is an honourable aim. We think it is important that those on low incomes are treated with some dignity and are given the opportunity to make what contribution they can to their own retirement, to their own savings, and that they should be given some assistance to do this.

The co-contribution measure provides an opportunity for low-income earners to take advantage of greater incentives than those that currently exist—and I have already explained the measure it is replacing—to improve their self-reliance in retirement by saving through superannuation. If they start early, they will do very well out of the co-contribution. Even if they are some way into what one might call their superannuation life—their time of making contributions to superannuation—every bit helps. Once again, it will mean they can have a better outcome than they would have if they were relying on the pension alone. As I have said, the government think this is important. Our estimate is that 540,000 low-income earners will receive a co-contribution in 2004-05. It is not only the government’s view that this is a very positive thing; the Investment and Financial Services Association says that the measure has the potential to boost retirement savings for people on lower incomes. Indeed, they showed us some very high figures with respect to how retirement income could be enhanced by the co-contribution.

Senator Wong also spoke about the inadequacy of retirement savings. I must say I am completely taken aback that Senator Wong can stand in this place, suggest that retirement savings are inadequate and then suggest that the attempts of the government—and indeed, the Democrats—to increase savings should be opposed. It is more like a co-contradiction than a co-contribution. The co-contribution will provide a significant increase in the savings of lower-income earners and the modest surcharge reduction will encourage those who can afford to save for their retirement to do so. That is as it should be. Both of these measures are costed and on the table. It is up to the Senate now to recognise this package and to support these measures.

Senator Sherry also talked about wealthy households being able to use the co-contribution as a tax minimisation vehicle, which would be an important point if it were not jumping at shadows. The co-contribution is not a tax break; it is a contribution to retirement savings. There is also no evidence to support any assertion that only wealthy households will benefit from the co-contribution. Indeed, there is no evidence to suggest that the co-contribution will somehow become a tax minimisation vehicle. If there is some evidence, bring it forward. There is no evidence at all, so far as I can tell, that it is likely to be abused.

The co-contribution was said by Senator Hogg to be subject to contributions tax—at least he raised that question, which to a large extent proves that Senator Hogg is just spouting a speech rather than looking at the
proposed legislation. Neither the original undeducted contribution nor the government co-contribution will be subject to the contributions tax. If Senator Hogg is listening, or if he cares to go back to the *Hansard*, I draw his attention to items 4 to 6 of schedule 1 part 1 of the *Superannuation (Government Co-contribution for Low Income Earners) (Consequential Amendments) Bill 2003*, where he will find his answer. It indicates that those opposite have probably given this legislation a cursory look, or it would have been pretty obvious. Senator Hogg also wondered whether co-contributions are preserved. Of course, co-contributions mirror the treatment of the eligible personal superannuation contributions that they match. All personal contributions since 1 July 1999 are preserved until retirement and so are co-contributions.

Some of the speeches made on the other side took what I would describe as a pretty churlish approach to a landmark agreement that is capable of delivering super benefits to Australians. It is surprising that these measures, which are overwhelmingly in the interests of a broad range of Australians, are opposed at all. Then again, we have to understand that superannuation and everything to do with it seems to excite opposition. The measures that are being brought forward in these bills have been welcomed generally in the community. They are overdue; they should have been delivered earlier than they have been. In the circumstances, it is incumbent on the Senate to support them.

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

The Senate divided. [5.38 p.m.]
(The President—Senator the Hon. Paul Calvert)
Question negatived.
Original question agreed to.
Bills read a second time.

In Committee

SUPERANNUATION (SURCHARGE RATE REDUCTION) AMENDMENT BILL 2003

Bill—by leave—taken as a whole.

Senator COONAN (New South Wales—Minister for Revenue and Assistant Treasurer) (5.42 p.m.)—I table two supplementary explanatory memoranda relating to the government amendments to this legislation, one of which includes a correction to the explanatory memorandum for the Superannuation (Government Co-contribution for Low Income Earners) (Consequential Amendments) Bill 2003. The memoranda were circulated in the chamber on 10 September 2003.

Senator SHERRY (Tasmania) (5.43 p.m.)—I want to clarify the amendment to the explanatory memorandum. Has a copy of that been distributed in the chamber?

Senator COONAN (New South Wales—Minister for Revenue and Assistant Treasurer) (5.43 p.m.)—Our understanding is that it has been distributed, so Senator Sherry should have the correct one.

Senator Sherry—Thank you.

Senator COONAN (New South Wales—Minister for Revenue and Assistant Treasurer) (5.44 p.m.)—by leave—I move government amendments (1) to (31) relating to the Superannuation (Surcharge Rate Reduction) Amendment Bill 2003 on sheet QG218.

(1) Clause 2, page 2 (table items 2, 3 and 4), omit the table items, substitute:
2. Schedule 1 1 July 2003

(2) Schedule 1, item 1, page 3 (line 10), omit paragraph (a) of the definition of higher income amount, substitute:
(a) for the 2003-2004 financial year—$114,981; and

(3) Schedule 1, item 1, page 3 (line 14), omit paragraph (a) of the definition of lower income amount, substitute:
(a) for the 2003-2004 financial year—$94,691; and

(4) Schedule 1, item 1, page 3 (lines 17 to 20), omit the definition of maximum surcharge percentage, substitute:
maximum surcharge percentage means:
(a) for the 2003-2004 financial year—14.5%; and
(b) for the 2004-2005 financial year—13.5%; and
(c) for the 2005-2006 financial year and later financial years—12.5%.

(5) Schedule 1, item 7, page 4 (line 10), omit “2003-04”, substitute “2004-05”.

(6) Schedule 1, item 7, page 4 (line 12), omit “2003-04”, substitute “2004-05”.

(7) Schedule 1, item 8, page 4 (line 14), omit “2003-04”, substitute “2004-05”.

(8) Schedule 1, item 9, page 4 (line 22), omit paragraph (a) of the definition of higher income amount, substitute:
(a) for the 2003-2004 financial year—$114,981; and

(9) Schedule 1, item 9, page 4 (line 26), omit paragraph (a) of the definition of lower income amount, substitute:
(a) for the 2003-2004 financial year—$94,691; and

(10) Schedule 1, item 9, page 5 (lines 3 to 6), omit the definition of maximum surcharge percentage, substitute:
maximum surcharge percentage means:
(a) for the 2003-2004 financial year—14.5%; and
(b) for the 2004-2005 financial year—13.5%; and
(c) for the 2005-2006 financial year and later financial years—12.5%.

(11) Schedule 1, item 15, page 5 (line 24), omit “2003-04”, substitute “2004-05”.
(12) Schedule 1, item 15, page 5 (line 26), omit “2003-04”, substitute “2004-05”.
(13) Schedule 1, item 16, page 6 (line 2), omit “2003-04”, substitute “2004-05”.
(14) Schedule 1, item 17, page 6 (line 8), omit paragraph (a) of the definition of higher income amount, substitute:
(a) for the 2003-2004 financial year—$114,981; and
(15) Schedule 1, item 17, page 6 (line 12), omit paragraph (a) of the definition of lower income amount, substitute:
(a) for the 2003-2004 financial year—$94,691; and
(16) Schedule 1, item 17, page 6 (lines 15 to 18), omit the definition of maximum surcharge percentage, substitute:
maximum surcharge percentage means:
(a) for the 2003-2004 financial year—14.5%; and
(b) for the 2004-2005 financial year—13.5%; and
(c) for the 2005-2006 financial year and later financial years—12.5%.
(17) Schedule 1, item 22, page 7 (line 8), omit “2003-04”, substitute “2004-05”.
(18) Schedule 1, item 22, page 7 (line 10), omit “2003-04”, substitute “2004-05”.
(19) Schedule 1, item 23, page 7 (line 12), omit “2003-04”, substitute “2004-05”.
(20) Schedule 1, item 24, page 8 (lines 7 to 20), omit subsection (3), substitute:
(3) The amount determined by the Authority may not be more than the total of the following amounts:
(a) 15% of the employer-financed component of any part of the benefits payable to the member that accrued between 20 August 1996 and 1 July 2003;
(b) 14.5% of the employer-financed component of any part of the benefits payable to the member that accrued in the 2003-2004 financial year;
(c) 13.5% of the employer-financed component of any part of the benefits payable to the member that accrued in the 2004-2005 financial year;
(d) 12.5% of the employer-financed component of any part of the benefits payable to the member that accrued after 30 June 2005.
(21) Schedule 1, item 25, page 8 (line 24) to page 9 (line 6), omit subsection (3), substitute:
(3) The amount determined by the Trust may not be more than the total of the following amounts:
(a) 15% of the employer-financed component of any part of the benefits payable to the person that accrued between 20 August 1996 and 1 July 2003;
(b) 14.5% of the employer-financed component of any part of the benefits payable to the person that accrued in the 2003-2004 financial year;
(c) 13.5% of the employer-financed component of any part of the benefits payable to the person that accrued in the 2004-2005 financial year;
(d) 12.5% of the employer-financed component of any part of the benefits payable to the person that accrued after 30 June 2005.
(22) Schedule 1, item 26, page 9 (lines 10 to 23), omit subsection (3), substitute:
(3) The amount determined by the Board may not be more than the total of the following amounts:

(a) 15% of the employer-financed component of any part of the benefits payable to the person that accrued between 20 August 1996 and 1 July 2003;

(b) 14.5% of the employer-financed component of any part of the benefits payable to the person that accrued in the 2003-2004 financial year;

(c) 13.5% of the employer-financed component of any part of the benefits payable to the person that accrued in the 2004-2005 financial year;

(d) 12.5% of the employer-financed component of any part of the benefits payable to the person that accrued after 30 June 2005.

(23) Schedule 1, item 28, page 9 (line 32) to page 10 (line 12), omit subsection (2A), substitute:

(2A) The amount of the reduction under subsection (1) may not be more than the total of the following amounts:

(a) 15% of the employer-financed component of any part of the benefits payable to the member that accrued between 20 August 1996 and 1 July 2003;

(b) 14.5% of the employer-financed component of any part of the benefits payable to the member that accrued in the 2003-2004 financial year;

(c) 13.5% of the employer-financed component of any part of the benefits payable to the member that accrued in the 2004-2005 financial year;

(d) 12.5% of the employer-financed component of any part of the benefits payable to the member that accrued after 30 June 2005.

(24) Schedule 1, item 29, page 10 (lines 18 to 30), omit paragraph (b), substitute:

(b) the total of the following amounts:

(i) 15% of the employer-financed component of any part of the benefits payable to the member that accrued between 20 August 1996 and 1 July 2003;

(ii) 14.5% of the employer-financed component of any part of the benefits payable to the member that accrued in the 2003-2004 financial year;

(iii) 13.5% of the employer-financed component of any part of the benefits payable to the member that accrued in the 2004-2005 financial year;

(iv) 12.5% of the employer-financed component of any part of the

(25) Schedule 1, item 30, page 10 (line 33) to page 11 (line 14), omit paragraph (d), substitute:

(d) the total of the following amounts:

(i) 15% of the employer-financed component of any part of the benefits that would have been payable to the member but for the payment split and that accrued between 20 August 1996 and 1 July 2003;

(ii) 14.5% of the employer-financed component of any part of the benefits that would have been payable to the member but for the payment split and that accrued in the 2003-2004 financial year;

(iii) 13.5% of the employer-financed component of any part of the benefits that would have been payable to the member but for the payment split and that accrued in the 2004-2005 financial year;

(iv) 12.5% of the employer-financed component of any part of the
benefits that would have been payable to the member but for the payment split and that accrued after 30 June 2005.

(26) Schedule 1, item 31, page 11 (lines 17 to 37), omit paragraph (b), substitute:

(b) the total of the following amounts:

(i) 15% of the employer-financed component of any part of the value of the age retirement benefits of the member when the fund ceased to be a constitutionally protected superannuation fund that accrued between 20 August 1996 and 1 July 2003;

(ii) 14.5% of the employer-financed component of any part of the value of the age retirement benefits of the member when the fund ceased to be a constitutionally protected superannuation fund that accrued in the 2003-2004 financial year;

(iii) 13.5% of the employer-financed component of any part of the value of the age retirement benefits of the member when the fund ceased to be a constitutionally protected superannuation fund that accrued in the 2004-2005 financial year;

(iv) 12.5% of the employer-financed component of any part of the value of the age retirement benefits of the member when the fund ceased to be a constitutionally protected superannuation fund that accrued after 30 June 2005.


(28) Schedule 1, item 32, page 12 (line 8), omit “2002”, substitute “2003”.

(29) Schedule 1, items 33 and 34, page 12 (lines 10 to 21), omit the items, substitute:

33 Application of items 24 to 30

The amendments made by items 24 to 30 apply in relation to benefits that become payable on or after 1 July 2003.

Note: The Acts amended by items 24 to 30 continue to apply in relation to benefits that become payable before 1 July 2003 as if the amendments made by those items had not been made.


(31) Schedule 1, item 35, page 12 (line 27), omit “2002”, substitute “2003”.

Senator SHERRY (Tasmania) (5.45 p.m.)—I noted the words of the Assistant Treasurer, who stated that the reason for reducing the high-income earners’ surcharge tax rate is to encourage those who have the ability to save to be able to do so. That is not a direct quote but a summary of her explanation. What concerns the Labor Party about that argument, and the reason we do not accept it, is that if that is the case why did the government introduce the surcharge in the first place? It is a contradictory argument about the initial introduction of the surcharge. It is not my intention to spend an enormous amount of time talking about the introduction of the surcharge today, but I just make that point.

More particularly, the argument implies that people who are on taxable incomes below the surcharge rate—where the surcharge rates cut in, which is $94,691 in the 2003-04 financial year—do not need an additional incentive to save, whether it is by way of a co-contribution or a cut in their contributions taxes on superannuation. I would argue that they do. I would argue that it is not just high-income earners who need a tax reduction in order to encourage them to save. It is not just to encourage them to save; the outcome of a tax reduction on superannuation contributions must produce a higher level of super-
annuation retirement savings on compulsory contributions, and there is some incentive effect with respect to increasing the level of voluntary contributions.

So I do not accept this argument that it is high-income earners who need the additional incentive to save. I would argue that all Australians need a tax cut on their superannuation in order to give a higher retirement income on their compulsory superannuation contributions and on their voluntary contributions—these pre tax so-called salary sacrifice contributions—and, in addition, a reduction of the tax on superannuation contributions for all Australians who pay the contributions tax. That would also improve the incentive for those earning less than $94,691 taxable income and would assist them to fill in the gap.

There is no doubt that there is a retirement savings gap for a very significant number of Australians in respect of superannuation. I am not going to attempt to define this gap today. A number of recent reports, including a Senate committee report, have made the point that the sad, unfortunate fact is that a majority of Australians are not going to achieve a retirement income that is at least reasonably close to their pre-retirement income. It is not just high-income earners with a taxable income of greater than $94,691 who will struggle to fill the gap; it is low- to middle-income earners—most Australians earning up to $94,691. They need additional retirement income because of a tax reduction on their compulsory contributions and on their voluntary contributions. This is the great hole in the government’s approach. There is nothing for Australians—2½ million of them—earning between $40,000 and a taxable income of $94,691.

The minister made the point that a number of Australians who have an income of less than $94,691 are caught by the surcharge because the definition of their taxable income is broader than their straight wage or salary income. That is a correct point to make, but it is this government that, three or four years ago, broadened the definition of the income base to include things like FBT. It extended the surcharge application by broadening the definition of income. And here today the minister would have us believe that these people, however many there are earning a money income of less than $94,691, need assistance when the government themselves put them in that definition.

Having made those points, I have a couple of quite specific questions. I believe the government would have these figures because they have had to estimate a financial impact of the reduction in the surcharge tax rate. Could the minister provide an estimate—and I stress the word ‘estimate’ because I am not going to hold to the nearest one, 1,000 or even 10,000—of the number of Australians whose taxable income is at the maximum surchargeable tax rate, and let us use $114,981, or greater?

Senator COONAN (New South Wales—Minister for Revenue and Assistant Treasurer) (5.52 p.m.)—I will try to get Senator Sherry some information in answer to his question in a moment. I will ask the officials. I think Senator Sherry’s remarks indicate that he has failed to grasp that the surcharge is an extra charge over and above the tax that everyone pays. Even if the surcharge were reduced and taken off completely, those on high incomes would be paying tax. The whole point of reducing the surcharge is to remove the disincentive that the surcharge obviously provides to people who otherwise could save more for their retirement, because they not only pay the tax that everybody else pays but also cop the surcharge on top of that.
Senator Sherry seems to suggest that everyone is just on a continuum and that those on a surcharge are going to get some added benefit. According to this arrangement some of the disincentive to making extra voluntary contributions will be removed but they will continue to pay the tax that everyone else pays. I think that the whole nature of the surcharge and what it does provides a disincentive to saving. It is important that that disincentive gets removed while we still retain the tax structure that everybody else pays under. I think when senators look at that, by way of a distinction, they will see that it is of a different character with very different consequences. Removing a disincentive is a bit different under the circumstances to providing some additional tax incentive.

Senator Sherry was seeking an estimate and I think the point he makes is about the government having broadened the definition of income. The original surcharge legislation calculated liability on adjusted taxable income, as I mentioned a little earlier, and this figure is not taxable income. It includes certain super contributions and always has. I think that that is probably the fundamental point that we have not quite come to grips with in looking at the difference between what the surcharge does and what otherwise taxable income does. This figure is not taxable income and that is really the point.

Senator Sherry was seeking an estimate and I think the point he makes is about the government having broadened the definition of income. The original surcharge legislation calculated liability on adjusted taxable income, as I mentioned a little earlier, and this figure is not taxable income. It includes certain super contributions and always has. I think that that is probably the fundamental point that we have not quite come to grips with in looking at the difference between what the surcharge does and what otherwise taxable income does. This figure is not taxable income and that is really the point.

Senator SHERRY (Tasmania) (5.56 p.m.)—I am still waiting for an answer to my quite specific question about the estimated number of Australians who earn $114,981 or more in taxable Australian income. The minister must have that figure available because she would need to know that in order to work out the financial impact of this measure. The minister has referred to the disincentive to save. Senator Cherry and Senator Greig might remember that I used to pepper Senator Kemp, the previous Assistant Treasurer, with questions in question time about disincentives to save. Senator Kemp would always come back and quote me the latest contributions going into super. I think they were somewhat misleading figures because I think he included earnings in that figure as well. Senator Kemp’s contention, at least up until he ended his tenure as Assistant Treasurer, was that there was no impact by the surcharge on saving levels in Australia. Question time in Hansard was littered with quotes. So the minister’s position today is contradictory. She points to the decline in superannuation assets over the last 18 months. I am familiar with the APRA survey figures. The voluntary contributions to superannuation have dropped by about 17 or 18 per cent in the last year and the total level of superannuation savings has already dropped. I cannot recall the exact figures.

My argument is that this is not because of the surcharge. I do not think it has anything to do with the surcharge. It is for the fundamental reason that fund earnings have been negative. For a significant number of fund members, in the last financial year fund earnings were negative, so their balances have been going backwards. For the 2001-02 financial year almost every fund member’s earnings on their superannuation were negative. That is the reason that total savings in superannuation have dropped. It is because of the markets. That has undermined confidence in superannuation and that is why voluntary contributions to superannuation have dropped, as I said, by approximately 17 per cent over a year. It has nothing to do with the surcharge.

It is because of the lack of confidence. People are seeing for the first time in 12 or 13 years widespread negative returns with respect to superannuation. There have been some other factors—for example, increasing concern about fees, charges and commissions; people worrying that they are not getting value for money in at least some cases;
negative comment about the activities of some financial planners; and issues relating to theft and fraud. Again, they are very small in the context of total superannuation savings; but, when you get superannuation lost as a result of theft and fraud and it gets a lot of publicity, it does have a negative impact. For those reasons savings in superannuation have declined significantly. Before I get to my next question I am seeking a response to my question about the estimated total number of people whose surchargeable tax income is $114,981 or greater.

Senator COONAN (New South Wales—Minister for Revenue and Assistant Treasurer) (6.00 p.m.)—The estimate of the number of Australians whose taxable income is at the maximum tax rate is coming across, as I understand it, and will be here shortly. In relation to the other comments Senator Sherry has made, it is very difficult to be categorical about why superannuation savings have declined. There are a number of reasons. As we all know, superannuation is a long-term investment and it cannot be that anyone has any real concern about the safety of superannuation because relatively speaking, as Philippa Smith, the CEO of ASFA, has pointed out on many occasions, compared to the amount of savings in super the defalcations are indeed very small. As Senator Sherry would know, we are very concerned and keen to ensure that proper compensation is made to those who are otherwise eligible under the SIS Act for compensation, and that has been something that I have taken extremely seriously. So that cannot be one of the reasons.

Indeed, you could not be sure that the disincentive of copping an extra surcharge would not be a significant reason why those with more disposable income to make voluntary contributions to super would not wish to, if they are going to pay something over and above the tax that everybody else pays—an extra charge. If indeed any of those who are facing the surcharge are mindful of any of the points that Senator Sherry has raised as reasons why savings have declined, one reason would have to be that people would be disinclined to have to pay an extra charge.

The earnings have been negative but, in conjunction with the surcharge, this does provide a clear disincentive, I would have thought, to somebody being asked to put in a lot of money—somebody who could make voluntary contributions over and above what is otherwise the superannuation guarantee—which would really make a difference to their savings and retirement income. There is no doubt that reducing the surcharge will increase the attractiveness of super as a savings vehicle. That is what it is designed to do and all of the indications are that it will indeed have the effect.

Senator SHERRY (Tasmania) (6.04 p.m.)—While we are waiting for the answer the minister has indicated is on the way, could I also have an estimate—again, it should be available given the estimates of the costs—of the number of people between the lowest level at which the surcharge tax rate cuts in, which is $94,691, and the upper level at which the 15 per cent rate cuts in, which is $114,981?

Senator Coonan—It is on its way.

Senator SHERRY—Could I have an estimate of the number of Australians with taxable incomes that fall between $40,000, which is the upper limit of the low-income earners co-contribution, which we will get to in the next bill, and $94,691?

Senator Coonan—Yes, Senator Sherry, we will get those estimates.

Senator SHERRY—Thank you. The minister has referred to the definition of taxable income and it includes some other items that are assessed for surchargeable purposes. Can I have the breakdown of the number of
persons who have been moved into the surcharge tax range—in other words, there are additional benefits over and above their money income that have shifted them into the surcharge territory, to $94,691—who would not otherwise be in that territory because of the tax being assessable on taxable income?

Senator Coonan—That would probably be quite difficult to do, but I will get some advice about that.

Senator Sherry—Looking at the supplementary explanatory memorandum, I calculate the total cost of this measure over four years to be $415 million. While the individual amounts for each financial year are given, could the minister confirm that the total cost over the four years in the forward estimates is $415 million?

Senator Coonan—That is correct, Senator Sherry, but, for more abundant caution, I will check it.

Senator Sherry—The reason I have asked the questions—to which I would hope we receive answers before we finish tonight—is that, if we look at the supplementary explanatory memorandum and the correction to the explanatory memorandum of the Superannuation (Government Co-contribution for Low Income Earners) Bill 2003, my estimate of the total cost of that is some $880 million over the four years. We will come to that in detail when we get to that bill.

The point I want to make about these costs is that approximately $310 million goes to all the higher income earners, as defined, who fall into surchargeable tax territory. We will be comparing that to the number of people who are estimated to benefit when we get to the Superannuation (Government Co-contribution for Low Income Earners) Bill 2003. Again, I think these figures would be available.

Could the minister indicate the level of voluntary superannuation contributions and also the level of compulsory superannuation contributions—that is, the level of superannuation contributions at the surchargeable tax income levels? I am not sure whether you will be able to get a breakdown. Do we have a figure for the average level of superannuation contributions for people who have a taxable income of greater than $94,691? Secondly, do we have a figure for the level of superannuation contributions—it will probably have to be an average figure—at the present time for people who are at the highest level of surcharge tax of $114,981?

I ask for these figures because I think it is important to know the level of contributions—both compulsory and additional voluntary contributions—that exist at the present time. The minister’s argument is that the incentive to save will be increased. Therefore, in terms of the record in this debate, it would be useful to know the existing levels of contribution to superannuation at the surchargeable tax income level so that, at some future date, the argument can be tested. So we would like to know the level of superannuation contributions at that income level. It may not be possible to give a reasonable estimate at $94,691 and $114,981, but there must be some data about the existing contributions levels at what is broadly known as the higher income level.

Senator Coonan—That would probably be quite difficult to do, but I will get some advice about that.
able income and, indeed, the average level of voluntary and compulsory contributions at the surchargeable rate. Obviously, the ATO records contain information, but they are certainly not set up to provide on a systematic basis that sort of information, because it is just not something that you can do other than, as I say, go to every taxpayer and extract from every taxpayer their details.

In relation to the earlier question that Senator Sherry asked, wishing to confirm the surcharge rate reduction measure to which I said that I would check it for more abundant caution, it is now estimated to cost a total of $475 million over the four years from 2004-05 to 2007-08. That compares to a total of $525 million over three years from 2003-04 to 2005-06.

**Senator SHERRY** (Tasmania) (6.15 p.m.)—Thank you for that information. Following on from that information that the total cost is $475 million to 2007-08, what are the revised estimates of total surcharge tax collections in the four financial years up to and including 2007-08?

**Senator Coonan**—We will try to get that for you tonight, Senator Sherry.

**Senator SHERRY**—The reason I ask is that it is an important question. What I suspect it will show is that the revenue collected from the surcharge tax, notwithstanding the cut to the rates, will still increase over time. I will be interested to see the figures. The next question relates to the issue that I raised of the benefit to parliamentarians from this tax cut. The minister has argued that the percentage rate reductions are relatively modest—withstanding Labor does not agree with any exclusive tax cuts to high-income earners—but the benefit that would flow to politicians, to judges, to the Governor-General reflects the effective level of contribution into their defined benefit fund. Therefore, you have a defined benefit fund that is paying effective contributions higher than the community norm, which is nine per cent—and I know it is much higher for politicians, judges and the Governor-General. And it is higher for military personnel, for example, although certainly not as high as for public servants in the Commonwealth Public Service and certainly nowhere near as high as for politicians, judges and the Governor-General. Could I have a figure on the estimated average level of benefit for a member of the federal parliament on a backbench salary, after the four years, after the full tax cut has been phased in; the level of benefit that flows to a judge, whatever the basic salary is of a judge; and the same information in respect of the Governor-General? I think that will be sufficient in terms of that category of defined benefit member.

**Senator COONAN** (New South Wales—Minister for Revenue and Assistant Treasurer) (6.18 p.m.)—The answer to that is that for superannuation in respect of politicians and judges—the Governor-General’s superannuation is administered by the Department of Finance and Administration, which is Senator Minchin’s portfolio but nonetheless I will see what I can do—you would need to know the surchargeable contributions. This evidence is certainly not readily available so far as I am aware this is not readily available. I

---

**CHAMBER**
cannot really see how it is possible to calculate it. What I would say is that if, when I have thought about it, it is possible to give any kind of considered response to this, I will do so.

Senator SHERRY (Tasmania) (6.20 p.m.)—I put it to the minister that I believe it would be quite simple to ask and find out the average backbench member of federal parliament’s surcharge tax payments each year. Therefore it must be possible to work out an average level of benefit—I am not seeking absolutely precise figures—to federal backbench politicians as a result of this tax reduction over the next four financial years. Also, while I think of it, I would like to know the average level of benefit to cabinet ministers, ministers in the outer ministry, who are not in cabinet and whose pay is at a different rate, and to—

Senator Brown—The Prime Minister.

Senator SHERRY—let’s start with the Prime Minister, the Deputy Prime Minister—

Senator Heffernan—Shadow ministers.

Senator SHERRY—Shadow ministers do not get any additional pay, sadly, Senator Heffernan. They are regarded as backbench. We obviously have a series of categories of remuneration for members of federal parliament determined by the Remuneration Tribunal, determined independently. So I am asking for the level of average benefit for politicians in each category of pay level as determined by the Remuneration Tribunal. My question in respect of judges applied to Federal Court judges, because I am aware of the problem that the minister mentioned in respect of some state judges. I am not sure how many state jurisdictions there are, but there are some state jurisdictions where the surcharge tax does not apply at all following a court ruling. My attitude is that, if everyone is going to pay the tax, everyone should pay it; there should not be exemptions. Could the minister indicate whether there has been any progress in resolving the problem of some state judges not paying the superannuation tax surcharge as a consequence of the recent court decision?

Senator COONAN (New South Wales—Minister for Revenue and Assistant Treasurer) (6.23 p.m.)—Senator Sherry has suggested that I, my officials or someone—we have not quite worked out who—should go and ask every parliamentarian what their surchargeable contribution is. This approach is perhaps a little unorthodox. I would start by asking Senator Sherry what his surchargeable contribution is and that is the first bit of information that I would compile. It is quite an unacceptable, even outrageous, suggestion that everyone’s surchargeable contribution should be sought by either the minister or officials. Senator Sherry would know, of course, that it is simply inappropriate. It is prohibited in the tax law to get individual information about taxpayers.

What I will do to provide a proper response to some of the questions Senator Sherry asked that have a proper foundation—not the one that he has just asked—is provide some figures to the Senate as part of this debate on the estimated number of taxpayers in the relative income ranges. This is appropriate information to provide. From 1999-2000 data, it is estimated that 2.8 million taxpayers had incomes between $40,000 and $94,691; 235,000 taxpayers had incomes between $94,691 and $114,981; and 315,000 taxpayers had incomes over $114,987. Furthermore, some of the 2.8 million taxpayers that were otherwise identified are likely to be subject to the surcharge. To ask people about their surchargeable contributions is neither a proper request nor achievable.

Senator SHERRY (Tasmania) (6.25 p.m.)—I thank the minister for the latter information about the estimated number of
taxpayers at $114,900-odd and below. It is an advance. But, Minister, I did not ask for the individual details of the surcharge tax payable by each individual member of parliament. I asked for the average level of surcharge tax payable by a backbench member of parliament and then for the various categories of pay level as determined by the Remuneration Tribunal. That is what I asked for; I did not ask for individual details. I want to know the average level of tax surcharge payable by a backbench member of parliament on a backbench salary.

We do not have to identify the individuals; we know there are many individuals on that salary. I want to know the average surchargeable tax payable each year and, secondly, the level of average benefit as a result of this tax deduction. The public servants who administer the parliamentary superannuation fund can provide that data. I am not going on an exercise that will identify individuals; I just want to know reasonable information that can be made available about the level of benefit in this area without identifying individuals.

Senator BROWN (Tasmania) (6.27 p.m.)—I agree with Senator Sherry that information should be available in general terms. The average backbencher is on a salary of approximately $100,000 and we are paying a superannuation component out of that. But, as is well known to everybody who watches this, it is topped up greatly by the public purse in a way that other people can only envy. You cannot have a piece of legislation like this where there is a major benefit to members of parliament which is not recognised as such. That is why the Greens were so keen on keeping the requirement that it be stated during the course of the debate—I did so earlier during the debate on these matters, but I will do it again—that we have a pecuniary interest involved here. Because in getting the legislation through, those who vote for it will gain greatly and those who vote against it will also gain greatly. We should recognise that, because it does influence the way that we think about these matters. It is an important exercise to go through. Unfortunately the need for that provision was taken from the statute books—and that is the way I voted earlier this week—but it is a very good case in point of where we should be aware of it and we should be stating it.

Senator COONAN (New South Wales—Minister for Revenue and Assistant Treasurer) (6.29 p.m.)—Dealing with Senator Sherry’s question, Senator Sherry said that he was not seeking individual details but, in his earlier question, he said that he wanted to know what the Prime Minister’s surchargeable contribution was—and he is only one. He wanted to know about the Governor-General’s surchargeable contribution—and he is only one. It is clearly inappropriate to be identifying individuals.

But, coming to the broader point and the point that Senator Brown makes about average levels for backbenchers and parliamentarians, one of the real difficulties in seeking out some individual class is that the information is not available: how could DOFA possibly know the income details of a parliamentarian and what other income they have? There are many, many parliamentarians who have other business interests, investments and other income. I would have thought that, when you consider that, the only way to find out averages is to go and ask the individuals. You cannot get it from the tax returns. Despite how Senator Brown frames his question, it might be desirable to have the information, but it is not simply not gettable—nor is it fair—to try to estimate averages when you simply cannot know the total income of a parliamentarian.
Senator CHERRY (Queensland) (6.31 p.m.)—I would not mind putting a question to Senator Sherry at this stage. I have been listening to this debate about the benefits that a parliamentarian receives in this legislation, and the fundamental problem arises not from the surcharge bill but from the generosity of the public subsidy of the Commonwealth parliamentary super scheme. I am not sure if I am reading correctly the subtext of what Senator Sherry is saying. Is he saying that the public benefit to the Commonwealth parliamentary super scheme needs to be looked at because it is excessive? In that case, that is something the Democrats would welcome as a commitment from the Labor Party’s superannuation spokesperson. I would be interested in his views on that issue, given that seems to be the underlying issue of what we are actually discussing here.

Senator SHERRY (Tasmania) (6.31 p.m.)—I did indicate in my questions and in the comments to my questions, Senator John Cherry—I think this is one debate where we do not want any confusion as to who is saying what—the reason I was asking about the level of average benefit for categories of politicians from backbenchers up to the Prime Minister and for judges and the Governor-General. Senator Cherry, you make the point that I made: because of the level of effective contribution, because of the defined benefit fund—which I would describe as generous compared to the community standard of nine per cent—we would like to know how the surcharge is going to affect politicians, since the Treasurer, Mr Costello, literally made such a big song and dance about it. I recall him dancing the macarena on TV after he had talked about the surcharge and how it was going to actually affect politicians. He is the one who made it an issue. I did not raise that as an issue at the time; he did. He boasted that it was going to apply to politicians. I think it is quite reasonable, now the government is reducing the surcharge tax, to know what the level of benefit is to categories of politicians—not their individual names.

To answer your question specifically, Senator Cherry, the Labor Party has always argued—at least it has argued this for the last couple of years, and my predecessor, Kelvin Thomson, argued this—that the superannuation benefits of politicians should be determined by the independent Remuneration Tribunal. It should not be determined by an act of parliament, which is what happens at the moment. Politicians actually vote on their own superannuation benefit. It should be removed from the realms of parliament and determined by the Remuneration Tribunal. That should be the approach. Politicians should not vote on their own level of retirement benefit.

I do not accept Senator Coonan’s contention. I have been a touch critical of not the Government Actuary but Mr Gallagher in recent times about the accuracy of at least some of his projections—and he is probably watching this now, I suspect. With due respect to Mr Gallagher, this would be very easy to work out: I would like to know the surchargeable tax paid on a backbencher’s salary. We know the figure; we can work out what is paid. I do not want to know the additional incomes that are taken into account; I would just like to know what the calculation is for them and for other categories of MP.

I did not think this information would be so difficult to get. I did not want to spend 15 or 20 minutes on the impact on politicians; I am just asking for a factual response to the question. I did not want to spend the amount of time we have spent on this. In fairness, when we debated placing the bill back on the Notice Paper—Senator Cherry was certainly there and I know Senator Coonan was represented by Senator Ian Campbell in that plac-
ing of government business—I did indicate on the record to Senator Campbell that there was a range of questions that I would be asking about the level of benefit in respect of particular categories of employee. I have just about concluded the questions, and I have not got the answers to most of the questions. I do not think the questions that I have put are unreasonable. I do not think it is unreasonable to expect someone like Mr Gallagher or the Government Actuary to be online or in the chamber to give us an estimate. I am an obliging senator in respect of these issues. I do not expect to the nearest $1, the nearest $1,000 or even the nearest $10,000; I just expect a reasonable estimate.

The government have given us a supplementary explanatory memorandum and a precise costing of this measure: $475 million over four years—$25 million, $85 million, $165 million and $200 million. They have given us a precise estimate in each year to the nearest $5 million, by the look of it. Therefore, most of the questions that I have asked can be answered, because whoever it was that calculated the financial impact must know the answers to the bulk of the questions that I put in the chamber today and that I gave fair notice that I would be asking.

Since this bill has been put back on the Notice Paper—that is the government’s prerogative; they have to deal with the Democrats, and I do not argue about that, although I do not agree with it—it has significantly changed from that which was originally proposed. There are very significantly different costings. We cannot test this information by referring the bills to the Senate Select Committee on Superannuation. That committee has been abolished or it has lapsed—they are having a barbeque after 12 years, which I am missing—so there is no opportunity to ask those detailed questions.

Senator COONAN (New South Wales—Minister for Revenue and Assistant Treasurer) (6.40 p.m.)—Thank you, Senator Sherry, for a number of observations. I hope I gleaned the questions from your last contribution. Like Senator Sherry, I also claim to
be somebody who tries to provide to the best of my ability information to the Senate that is appropriate to be asked. I have indicated throughout the time that the committee has been sitting this evening which information can be got and which information cannot be got. I have indicated why some information is not available and, where I have information, I am bringing it forward. The level of contributions at specific income ranges is information that Senator Sherry would wish to hear. From the 1999-2000 data file, average surchargeable contributions were in the $94,000 to $114,000 income range. There are surchargeable contributions of $14,300. In the $114,000-plus income range, the contribution is $25,000. That provides some information on average surchargeable contributions within income ranges.

The other thing I can say, and this is an estimate that Senator Sherry has asked for, is that the benefit for most parliamentarians will be in the order of 2.5 per cent of their surchargeable contributions per year after three years. One of the reasons why Treasury does not have information relating to all groups and all contributors, as Senator Sherry would know, is that Treasury and actuaries often work from samples and not from all contributors. Senator Sherry has my assurance that where the information is available or reasonably available it will be brought forward. In his last contribution Senator Sherry got onto compliance cost impact and delay in commencement. My advice is that there are no compliance costs associated with the surcharge.

Senator SHERRY (Tasmania) (6.43 p.m.)—I learnt a long time ago that many people do not understand the impact of a percentage, so I would like money figures with respect to parliamentarians, Federal Court judges and the Governor-General. I think that would give the public a more accurate idea of the level of benefit. Money figures are more easily understood than percentage figures. So, in addition to the costings questions that I have asked, the minister can anticipate that there will be a similar range of questions about the Superannuation (Government Co-contribution for Low Income Earners) Bill 2003 when we get to it. It is not my intention to ask any more questions of significance about this bill. I do not think that the opposition has been unreasonable about the number of questions asked and points it has made about this bill in the committee stage.

We are finishing deliberating on this matter at 6.50, so I ask, Minister, as you will have the opportunity overnight, that you seek further answers to the questions that I have posed to date on this bill. I think it would be unfortunate if we were in a position tomorrow where we do not have most of the answers to the questions I have sought. It would also be unfortunate if we were in a position of not having on hand one or two people who can advise us about the cost estimates for the low-income earners co-contribution, which we will presumably be dealing with tomorrow. I assume that the government will list these bills on the agenda for tomorrow.

The opposition does not want to be in a position where, if we deal with the bills tomorrow and a range of questions are posed about the cost estimates, who benefits, and the level of income with respect to the low-income earners co-contribution, we are not able to get a response to the questions and they have to be given at some future date. I do not regard that as satisfactory. I want to see these bills dealt with in some shape or form tomorrow. I do not want to see the debate go beyond tomorrow, and that is not my intention. I put you on notice, Minister, that a similar range of questions about low-income earners will be asked tomorrow, and we
would like answers tomorrow to what I think are reasonable questions.

A summary of the minister’s argument is that there is an increased incentive to save, the disincentive to save is reduced, and therefore more people will contribute to superannuation at these income levels. There is an assumption that there will be an increased level of contributions to superannuation as a result of these measures. There should be an estimate of that level of increased take-up. I would like to know—it probably will not be tonight—what the estimated level of increased take-up as a result of this measure will be of superannuation savings, assuming the legislation passes because of the government’s agreement with the Democrats.

Senator COONAN (New South Wales—Minister for Revenue and Assistant Treasurer) (6.49 p.m.)—I talked a little earlier in response to one of the questions raised by Senator Sherry about the benefit for parliamentarians in percentage terms. Senator Sherry then said that he wants money figures. He also asked again what the Governor-General’s position was and what his surchargeable contribution was. I thought I had already explained in sufficient detail—at least Senator Sherry did not take issue with the fact—that no estimate can really take account of what other income parliamentarians and backbenchers have.

Progress reported.

DOCUMENTS
Defence Force Remuneration Tribunal

Senator CROSSIN (Northern Territory) (6.51 p.m.)—I move:

That the Senate take note of the report.

I rise this evening to take note of the report of the Defence Force Remuneration Tribunal. It comes at a most opportune time, of course, given the fact that in the last week we have seen one of the most comprehensive bungles by the federal government in the way that it treats some of its Defence Force members. I refer particularly to those 580 Army personnel around this country who are employed as combat clerks and storemen at bases around Australia. It has suddenly been discovered that the Defence Force are going to do something fairly negative about the level of pay that these personnel have been receiving for the last four years.

I take this opportunity to look at what the Defence Force Remuneration Tribunal does throughout the year. While this is in no way a criticism of the tribunal—as I can see by its membership and the clarity and comprehensive nature of its report that it undertakes its tasks in a most professional manner—I am interested to learn that, in the introduction to this report, one of the functions of the tribunal is set out as being:

... to inquire into and make determinations in respect of prescribed matters that have been referred to the Tribunal.

The report says that, under section 58KD of the act under which the tribunal operates:

The Tribunal may, in making a determination, give effect to any agreement reached between the Minister, acting on behalf of the Commonwealth, and the Chief of the Defence Force, acting on behalf of the members of the Australian Defence Force, in relation to a matter to which the determination relates.

I also note that the report outlines the work the tribunal have done through the year and the matters that have been brought before them and dealt with over the period covered by this report.

It is interesting to note what is missing from the report—that is, what is missing not through any fault of the Defence Force Remuneration Tribunal but what is missing from the Australian Defence Force. The Defence Force have not bothered in the last 12 months to refer to the remuneration tribunal a matter relating to 580 combat clerks and
storemen. I suspect that, if I went back three or four years and looked at the three reports published prior to this period of reporting—July 2002 to June 2003—I would probably find that this matter had not been referred to the Defence Force Remuneration Tribunal in that time, either. This alleged overpayment—as the Defence Force would determine it is, for want of a better word—came about because four years ago an agreement was entered into that provided for these Army personnel to be paid at pay group level 4. By and large, most of them have been paid at pay group level 4. They were going to be trained, or have been trained, as riflemen; they have skills over and above those of combat clerks and storemen. I understand that in the Army combat clerks and storemen are usually paid at pay group level 3, so this was probably an exceptional group of employees. But there is no doubt there was an agreement struck for this group of employees that they would be paid at pay group level 4.

Four years later, the Army had a look at this and said: ‘Whoops. We can’t actually do this anymore because the Defence Force Remuneration Tribunal hasn’t sanctioned it, and it hasn’t been sanctioned in law.’ It could have been rectified. I found out tonight that the minute this agreement was entered into—four years ago—the agreement could have been sent off to the tribunal for it to investigate and probably agree to. This matter could well and truly have been rectified by the Army many years ago. In response to a memo from me that was actioned by the Army, the Major General said:

I expect there will be a degree of concern and emotion over this issue.

The issue is this: the Army want to have pay group level 4 storemen and clerks paid at level 3 from the end of November and 1 December. That is without rhyme or reason; it is just because they have decided that is the case. I seek leave to continue my remarks later.

Leave granted; debate adjourned.

Commonwealth-State Housing Agreement

Senator BARTLETT (Queensland—Leader of the Australian Democrats) (6.56 p.m.)—I move:

That the Senate take note of the document.

This report is made under the Housing Assistance Act on the operation of the Commonwealth-State Housing Agreement that was in force between 1999 and June 2003. This is the third annual report. It covers the year 2001-02. It has been tabled today—well over a year since the end of the financial year this report applies to. Indeed, the report that applied to the previous financial year was only tabled on 26 March this year. There is a fair lag in these statistics and reports being provided.

It is appropriate to make some comments on this report at a time when the issue of housing affordability is finally on the national agenda. The Democrats have repeatedly called for the federal government to take responsibility for a national approach to housing affordability. We have been calling for that for well over a year, as have many other people throughout the community. It is pleasing to see at least some initial moves on this by the federal government via establishing a Productivity Commission inquiry, albeit only into first home ownership. It is unfortunate that the inquiry is into just first home ownership because housing affordability goes much wider than just first home owners. It goes to all other buyers, it goes to private renters and it goes to the issue of the availability of public and community housing.

The Commonwealth-State Housing Agreement is—obviously, as the name suggests—an agreement reached between the Com-
monwealth and the states. This year Commonwealth funds totalled just over $1 billion. The different states and territories partially matched that with an extra $364 million. I very much urge state governments to consider putting extra money into public and community housing, particularly at a time when there is a massive investment driven housing boom in the community. Much has been said about the increase in stamp duty revenues for state governments. I do not believe that is in any way the major driver of the problems with housing affordability. Nonetheless, there is a fair point to be made that, at a time when state governments are getting massive windfalls from stamp duty on property sales, they should put at least a percentage of that money back into community housing, public housing and other affordable housing throughout the community. That is not happening, and that is contributing to the lack of availability of affordable housing and to incredible stresses at the lower end of the housing market.

I point to the Commonwealth’s contribution. That figure of around $1 billion goes to a range of specific programs such as crisis accommodation and Aboriginal rental housing and to some GST compensation. The base funding is actually only three-quarters of a billion dollars. That sounds like a significant amount of money but, if you look at some of the other areas where this government spends money by way of forgone revenue, it is not as significant as it should be.

The Democrats have pointed out, and got information through the Senate estimates committee process about, the lack of targeting and the inefficiency of the first home owners grant program. The federal government points to that program as a suggestion of how it is dealing with affordable housing. There is ample evidence that some of those grants are going to help people buy properties worth more than $1 million. There was evidence just last week of over 70 houses in Victoria being subsidised by the first home owners grant even though they cost over $1 million, so it is obviously not targeted particularly well in terms of need. It is also not necessarily efficient in terms of delivering affordable housing because that subsidy or grant can get absorbed into the overall market price and it effectively goes into the pocket of the seller or the real estate agent.

This government has spent as much on untargeted first home owner grants as it has on community and public housing. That is unacceptable. The predecessor to the Productivity Commission, the Industry Commission, highlighted that public housing is the most efficient way of spending public money to deliver housing outcomes. This government should not back away from the prospect of dealing with affordable housing, in part, through better resourcing of public and community housing through mechanisms such as the Commonwealth-State Housing Agreement. I seek leave to continue my remarks later.

Leave granted; debate adjourned.

ADJOURNMENT

The ACTING DEPUTY PRESIDENT (Senator Marshall)—Order! There being no further consideration of government documents, I propose the question:

That the Senate do now adjourn.

Australian Citizenship Day

Senator MASON (Queensland) (7.01 p.m.)—Tomorrow we celebrate an important beginning for many Australians, for tomorrow is Australian Citizenship Day. As befitting such an occasion, it is a day we reflect upon sensitive issues of national symbolism. Recently the Hon. Gary Hardgrave, Minister for Citizenship and Multicultural Affairs, released the Australian Citizenship Ceremonies Code. It is a valuable document and I
congratulate the minister on his initiative. Among its many provisions, the code states that ‘there is great value in incorporating appropriate Indigenous elements into citizenship ceremonies’. It goes on to encourage the organisers of citizenship ceremonies to incorporate into proceedings such elements as a ‘Welcome to Country’ ceremony which:

... enhances awareness and understanding by new citizens ... of Indigenous culture and heritage and the status of Indigenous people as the first Australians.

The code also stipulates that the officer presiding over the citizenship ceremony:

... should publicly acknowledge the traditional inhabitants of the land where the citizenship ceremony is taking place.

The formula recommended in the code for presentation at citizenship ceremonies is expressed this way:

I recognise the living culture of the xxx people and the unique contribution they make to the life of the xxx region.

This is the code’s recommendation; however, as we all know, the reality is very different. The formula I always hear at citizenship and other ceremonies is something like: ‘I acknowledge the XY peoples, the traditional owners of this land.’ I believe it is right and it is proper to acknowledge and recognise the Indigenous contribution to Australia. However, in my opinion this formula, commonly used at citizenship and other ceremonies, is deficient. It is deficient for two main reasons: firstly, instead of uniting all of us, it perpetuates the segregation of Australians into two categories; and, secondly, in itself it is insufficient in that it fails to acknowledge the great debt we owe to other Australians who built this country.

Bruce Woodley, of the group the Seekers, writes in his famous song *I Am Australian* that ‘we are one, but we are many’. Unfortunately, for many on the Left we are not one; we are two—there are Indigenous Australians and then there is the rest. Indigenous Australians are the real and authentic Australians, while the rest of us are interlopers and uninvited guests. This is not a healthy world view to promote at citizenship ceremonies. Just when our nation is welcoming its new citizens and should be saying to them that they now belong to Australia and Australia belongs to them—that they own its institutions, its democracy, its rights of citizenship—we are reminding them that they do not and cannot really own this country: their title is defective; their ownership is somehow contingent upon someone else’s. It is as if our new citizens are at best merely tenants in their new home and, at worst, tourists. Citizenship should entail a sense of ownership but this sort of statement fosters division.

This formulation feeds on the Left’s signature polemic: its culture of resentment and its embracing of victimhood. Everyone, in the lexicon of the Left, is either a victim or an oppressor. For the Left, Australian history is the story of exploitation, racism, sexism and imperialism. Equality, or even fairness, is not at the heart of the contemporary bourgeois Left; rather, it is guilt and self-loathing. When the Prime Minister recently addressed the Liberal Party National Convention in Adelaide, he spoke about the loathsome ‘self-appointed cultural dieticians’ that have prescribed what Australians must feel about themselves. While I have no doubt about the sincerity and good intentions of many of those who at citizenship ceremonies acknowledge the traditional owners of the land, I equally have no doubt that often this sort of statement is delivered by cultural dieticians with the intention of force feeding us guilt and self-loathing.

From the day new citizens swear allegiance to this country, they are invited to accept the claim that Australia’s history is simply one of the expropriation of land, ra-
cism, sexism and every other evil characteristic imaginable. It makes you think: why would anyone want to migrate to such a country? Yet in this culture war there are those who do not subscribe to the black armband view of Australian history. For those of us—the mainstream—who do not form our opinion based on fashionable broadsheets and trendy broadcasters or spend our time preaching indignation and resentment, the story of Australia is seemingly more prosaic yet in fact far more moving. We believe that the Australian story is one of great achievement and that despite some shortcomings we are among the most egalitarian, fair and prosperous societies on earth. So when at citizenship ceremonies we acknowledge Indigenous Australians let us also acknowledge those men and women who tamed our harsh continent and, in doing so, brought into being one of the world’s oldest democracies and most successful multicultural nations.

This is not about downplaying the role of Aboriginal Australians but about celebrating in a much more inclusive manner the contribution all our ancestors of whatever race, creed or colour have made to building our country, regardless of whether they have lived here for 1,000 years or only for a few. Our new citizens should learn not only about the importance of Indigenous Australian history, as considerable and unique as it is, but also about the great debt we owe to all those who built our country—whether they be convicts, pioneering men and women, the Anzacs or the migrants who flocked to this country after World War II. So when we recognise the undisputed and valuable contribution of Indigenous Australians to our history, our culture and our society let us also add words such as these: ‘I would also like to acknowledge our debt and gratitude to all our forebears: the men and women of all races and religions who through their courage, hard work and determination made Australia one of the freest, fairest and most prosperous countries on earth.’

I know that the Left—the divisive, guilt-ridden, self-loathing, intolerant Left—will not like this. Recently, Mr Keating described those who rejoice in our national achievement as ‘lickspittles’, ‘tintookies’ and reactionaries with ‘tiny, timorous hearts’. And of course he did all of this before an adoring chorus of swingers and trendies like Phillip Adams, Pat Dodson, Bill Kelty and Robert Manne. Mr Keating said that he and his ilk will win the culture war. Let us disappoint him. Let us amend the Australian citizenship ceremonies code to add a more inclusive and positive recognition of the Australian achievement.

National Security

Senator Faulkner (New South Wales—Leader of the Opposition in the Senate) (7.11 p.m.)—Last week, Senator Robert Hill assured the Senate on seven occasions during question time that he would make inquiries or refer matters to the relevant ministers with regard to the leaked ONA top-secret intelligence document that was written by former ONA analyst Andrew Wilkie. This document somehow got into the hands of tabloid journalist Andrew Bolt. The classification of this document was AUSTEO, and it was code worded.

We are still waiting for Senator Hill’s answers. We trust that these questions were not just taken on notice and then forgotten. What happened is that a highly classified document found its way to a person without security clearance, and that is a crime. The parliament deserves candour from the government on this security breach. Last Tuesday I asked Senator Hill, representing the Prime Minister:

... when was the attention of the Prime Minister’s office drawn to a press article by Mr Andrew Bolt dated 23 June 2003 containing direct quotes from
Tuesday, 16 September 2003

Senator Hill has not come back to the Senate with an answer to any of these questions.

In Senate question time on Wednesday, Senator Ray asked Senator Hill:

... did any department, minister’s office or government agency request a document in the days preceding the publication of Andrew Bolt’s article in the *Herald Sun*?

In reply, Senator Hill said that he would be happy to refer that part of the question to the Prime Minister. The answer does not require AFP input. It can be answered immediately if the government has the will to answer it—no appearance, Your Worship. On Wednesday, 10 September 2003, my colleague Senator Chris Evans asked Senator Hill whether a brief had been prepared by the office of the Minister for Foreign Affairs ‘to assist government senators in their questioning of witnesses before the Parliamentary Joint Committee on ASIO, ASIS and DSD at its public hearing on 22 August 2003’. Senator Evans also asked if Senator Hill would confirm whether any government senators had been ‘briefed in the office of the Minister for Foreign Affairs prior to the public hearings’. Senator Hill was also asked who authorised the briefing—if government senators were briefed—who conducted it and whether Senator Hill would table the document provided to government senators.

In response, Senator Hill confirmed that Senator Macdonald had ‘contacted the office of the Minister for Foreign Affairs seeking a briefing and was provided with one’. He also assured the Senate that ‘at no stage was any classified material or information provided at this briefing—that only publicly available material was provided’. To the questions he could not answer—that is, who provided the briefing, what was contained in the briefing and whether he would table the information provided to Senator Macdonald—Senator Hill said that he would refer that part of the
question to the foreign minister. The silence is deafening. Again, we are still waiting for an answer.

On Thursday, I asked Senator Hill whether ONA referred the leaked ONA document matter to ASIO and, if so, ‘when ASIO was informed of the Bolt security breach’. I asked specifically whether it was ‘immediately after it was known by ONA and the Prime Minister’s office’. Senator Hill could not say when ASIO had been informed about the Bolt security breach. However, he assured the Senate that he would include this question when making inquiries. To date we have not heard back from Senator Hill on any of the questions he said he would refer to other ministers or make inquiries about himself. Is Senator Hill’s lack of diligence in obtaining answers a result of being very busy, or is it just a technique to fob off difficult questions from the opposition—at least until the parliament rises at the end of the week?

Today we find again that the government’s failure to answer these serious questions is not just a problem in the Senate. In the House of Representatives today we saw another clear example of this pattern. My colleague the shadow minister for foreign affairs, Kevin Rudd, asked Foreign Minister Downer:

Will the minister formally confirm to the parliament that neither he nor any member of his staff provided Mr Bolt with a copy of, a summary of or a briefing on the contents of that report?

Mr Downer’s answer said it all. He refused to rule out whether he or anyone in his office leaked the ONA intelligence document to Andrew Bolt. Instead Mr Downer said:

I have said already that my office, and obviously I, will fully cooperate with the police, and we will not be commenting any further until police investigations are completed.

Mr Downer decided to hide behind the excuse of operational matters. This is an issue that goes directly to Mr Downer and the staff in his own office—his own behaviour and that of his staff.

If Mr Downer and his staff are not involved, he should just front up in the House of Representatives and say so—that is easy enough for any minister—and not hide behind some excuse of operational matters. But if Mr Downer and his office are involved, then he is also required to go on the floor of the House of Representatives when asked a straightforward question by a shadow minister and admit it—to be frank, to be straightforward, to be honest and to be direct in his answer. If it is the case that there is an involvement by Mr Downer or someone in his office, then obviously it is an offence for which a resignation is in order. On this matter, the government cannot hide behind the excuse of operational work of the Australian Federal Police. This is a matter of national security. The government must answer the opposition’s direct questions on this matter. They are serious issues, they are serious allegations, and it is a requirement of this parliament and the Senate that government ministers come clean. (Time expired)

We the People Conference

Senator BARTLETT (Queensland—Leader of the Australian Democrats) (7.21 p.m.)—I would like to speak tonight to the Senate about a conference, titled We the People, which addressed a range of issues of peace and justice in a world which, post the Iraq war, is at risk of being increasingly dominated by United States unilateralism. I think it is important because, whilst a lot of people were opposed to undertaking the attack on Iraq, that has obviously happened and, for those of us who are looking for ways to work constructively towards alternatives to military action wherever possible, we have
to try to develop credible alternatives rather than simply attack the decision that has been made.

This conference was a follow-on, the first conference having been held two years ago, and there will probably be another in 2005. The conference covered a wide range of topics and brought together a diversity of viewpoints. The final session adopted a statement that raised a range of economic, security and social justice issues, as well as electoral reform. I hope to get permission to incorporate information on that conference, or at least to table it a bit later on. That does not in any way suggest that the Senate has to indicate its agreement with everything in it. I do not agree with the entire content of the document, but I believe it is a useful contribution to moving the debate forward, particularly for those of us who are looking for alternatives that involve multilateral agreements and arrangements that seek to avoid military options wherever possible.

I want to highlight some sections of the statement that deal with how to make peace and justice a reality through building alliances. As I said, I do not agree with every single word of the statement but I agree strongly with the importance of finding areas of agreement. The statement notes that the decision by some nations to invade Iraq defied world opinion and thus in many ways was an affront to democracy. The administration of the USA is trying to impose new rules of international relations which create a precedent enabling it to invade countries, ignore the UN Security Council and charter, withdraw from treaties, and undermine cooperative efforts to limit the arms race, protect human rights and protect the environment.

The conference statement acknowledges that the US had to respond directly to the terrorist attacks of September 2001 but recognises that what has occurred has not in many ways targeted those who are actually responsible. Further, unlike activity which defends people’s rights, terrorism—which was clearly demonstrated by the attack on the World Trade Centre and the Pentagon on 11 September 2001 and by the Bali bombing on 12 October 2002—is a real threat to ordinary people everywhere. The invasions of Iraq and Afghanistan show that the military response has had the effect only of expanding the violence and provoking more terrorist outrages. The conference statement says:

We must ensure that terrorism is met with international cooperation for firm police action and not military invasions ...

The conference noted:

Prime Minister Howard’s support for the Bush Administration’s war policy has exposed the great flaws in the Australian Constitution. The war decision was taken without approval by both Houses ...

The Democrats have pursued for over 20 years in the Senate constitutional change to require the support of both houses of parliament to send Australian troops to war overseas. We have a private member’s bill on this topic, which was first introduced some 20 years ago and is before the Senate again in an updated form, and we have a petition in support of this approach.

The Democrats believe that it is vital that there are stronger controls on the Prime Minister’s ability—that is any Prime Minister of any government—to take us to war. In the case of Iraq, the war was not supported by the United Nations, by the Senate or by a majority of the Australian people at the time. Recent events have made it clear that military action, particularly without broad international support, is not a catch-all solution to the problems posed by rogue nations or by nations developing or threatening to develop weapons of mass destruction. It seems like a simple solution—send in the marines—but
usually the only time it is right to go to war, under the criteria of what is a just war which has been followed by many Christian religions for some time, is in response to an attack or an imminent attack by another nation.

Hugh White of the Australian Strategic Policy Institute has observed:

Choosing to go to war is something we do more often these days. We hardly used our defence forces from the time Australia withdrew from Vietnam in the early 1970s until the late 1980s ... Moreover, we are choosing to go to war in a more significant sense: our recent wars—such as the occupation of Iraq in March this year—have been ‘wars of choice’ ... not wars forced on us by overwhelming threats of great immediacy, in which the resort to war was the only alternative to imminent catastrophe. Our recent decisions to go to war in Iraq and Afghanistan, like our decision to join the coalition to expel Iraqi forces from Kuwait in 1991, were choices made from a range of plausible policy options.

That is not to say that all of those decisions were necessarily wrong; it is simply to highlight that there has been a shift in Australian policy—in effect, making a proactive choice to engage in military action rather than the approach we have tended to take in the past.

I note that on the front page of the Australian newspaper of last Thursday, 11 September, yet again the word ‘terror’ dominated headlines. In that case it was not just because of the second anniversary of the attack on the World Trade Centre but because of another suicide bombing in the Middle East. On the same front page the Prime Minister has an opinion piece about the war on terrorism. I found it astonishing that that article did not mention the war in Iraq, although that was clearly waged under the banner of fighting terrorism—even though it does not necessarily seem to have achieved a reduction in the threat of terrorism. Amongst other things, the Prime Minister’s article says:

... the question that those who oppose American leadership must ask is simple: who else would they prefer in the role of the world’s superpower? If we did have a choice I for one would probably prefer to have Australia in that role, but that is obviously not really the choice. Choosing between superpowers is not the challenge we face. Rather we must choose global democracy, international cooperation and a system of international law respected by all, or a world where might makes right. I suggest that the second option may be easier to achieve but it is far less likely to achieve a secure future.

The war on terrorism cannot be won by one country or even by a small coalition of countries acting against the opposition of most of the world. It can only be won through global cooperation. The United Nations, for all its faults, is clearly the predominant forum for international cooperation to occur. Yet the government’s new foreign affairs and trade policy white paper, *Advancing the national interest*, considers the United Nations only briefly. Similarly, Australia’s defence white paper update released in February this year mentions the UN only once, although it contains dozens of mentions of the United States.

This government sees the Australian alliance with the United States as the primary defence solution. I should emphasise that I am not against the US alliance or indeed the ANZUS treaty, but I do believe we should be putting more effort into encouraging global cooperation and global disarmament as a vital part of the pursuit of peace and security. We cannot just rely on a powerful friend and cheer on that friend whilst they are moving away from global disarmament agreements, whilst they are pursuing the option of developing new nuclear weapons and whilst there is clearly a degree of disreguard, at a minimum, for some aspects of international law.
The Senate last week passed a motion in support of the Comprehensive Test Ban Treaty. International agreements such as this one are one path, amongst many, to greater global peace and security, but what we are seeing in some respects is the US turning away from these initiatives. I think that is unfortunate. I believe we should be using the positive alliance we have with the United States to try to encourage greater use of those initiatives rather than encouraging or supporting or tacitly allowing unilateral action. I seek leave to incorporate the statement I have referred to.

Leave granted.

The statement read as follows—

Now We The People Conference Statement
Challenging the US Empire—Australia for peace and justice

The New Threat to Peace and Justice

Events since the first Now We The People Conference in July 2001 have underlined the importance of the democratic, inclusive directions outlined in the convening and concluding statements. In particular, the aim of developing a broad unity of opinion and action capable of asserting alternatives to economic rationalism, war and attacks on human rights continues to be vital.

The Howard government has slammed the door on Aboriginal and Torres Strait Islander rights and denied the original Australians their rightful place. While preaching ‘practical reconciliation’, the government has continued to squeeze resources and programs for indigenous communities. A new compact between the original owners of the land and the Australian governments, and a real Social Justice Package, are needed to affirm Indigenous Peoples’ rights and ensure sufficient levels of service.

When George Bush’s ‘coalition of the willing’ decided to invade Iraq, they defied world opinion and thus attacked democracy everywhere. Bush and his allies cannot win their fight against the peoples of the world, but the people need to be much more united to take the world on a new path to peace, justice and a sustainable environment.

The neo-conservatives of the United States have qualitatively changed the global role of the USA by adopting more openly and aggressively a general unilateralist approach and using its overwhelming trade and military power on several fronts at once. While US governments have always been prepared to overthrow other governments and to use military power, ‘regime change’ used to be by covert means, and military adventures were contained by the Cold War.

Now the Bush Administration is trying to impose new rules of international relations which will allow it to openly invade countries, to ignore the United Nations Charter, to withdraw from treaties, and undermine international cooperative efforts to limit the arms race, to protect human rights and to protect the environment.

While the US had to respond directly to the terrorist attacks of September 11, 2001, this intense, aggressive unilateralism was a pre-conceived shift developed by the neo-conservative policy makers now dominating the Bush Cabinet. The use of September 11 to trigger this broader agenda was clearly expressed in the invasions of Afghanistan and Iraq and increased support to repressive regimes in the region. These neo-conservatives openly argue that the US is in a unique historical moment as the sole superpower and that its consequent opportunity to dominate the world in its own interests should be grasped and maintained by denying any challenger the chance to develop a counter-power.

In the USA, the Bush Administration with corporate backing has attacked civil rights in the guise of the ‘war on terror’ and launched a broad attack on progressive policies in welfare, women’s rights, human and civil rights, labour relations and the environment.

The Challenges to Australia and the Region

This change in the global role of the US is forcing all progressive and democratic organisations and movements to shift out of their comfort zones and to change their ideas and priorities. In Australia and Britain in particular, the 2003 invasion of Iraq was a direct challenge to democracy. We must re-examine our ideas and priorities in order to combat authoritarian regimes in Australia and the Region and to support people’s movements that stand for a just and peaceful future.
The Howard government closely mimics Bush Administration policy and now threatens to take part in military adventures anywhere in the world in coalition with the US. There is a particular danger that Australian forces will be deployed to the Korean Peninsula or the Philippines. These wars are low-level nuclear wars involving deadly depleted-uranium munitions. Unilateralism must be replaced by a return to international law and cooperation.

Unlike mass-based revolutionary activity which defends people’s rights, terrorism—as demonstrated by the attack on the World Trade Centre and the Pentagon in September 11, 2001, and by the Bali bombing on October 12, 2002—is a real threat to ordinary people everywhere. The invasions of Afghanistan and Iraq show that the military response only expands the violence and provokes more terrorist outrages. The war is not over in either Afghanistan or Iraq. The bombings in Riyadh, Casablanca and Jakarta show that the terrorism is not over either. We must ensure that terrorism is met with international cooperation for firm police action and not military invasions, together with positive political initiatives to redistribute wealth, to prevent the suppression of democratic rights and to address the environmental crisis, particularly in developing countries.

The Howard government’s push for a US Free Trade Agreement, which would damage Australia’s national interests, is another dangerous expression of Howard’s deep commitment to the US for good or bad. Similarly, Howard’s own deep conservatism echoes the US neo-cons in his drive to break down a universal Medicare, quality aged care, public education and welfare system, to be replaced by a two-tier system in which public provision is restricted and under-funded. Universal access to publicly provided health and dental care, education and social services is crucial for a just Australia.

The Howard attacks on the public education system are unfair, create inequality and so add to social stress, insecurity and resentment that can divide us. Young people face acute pressure in the education system and graduates start their employment with a significant debt. We must demand the right to a free public education including TAFE and university education to ensure that students from poor or disadvantaged backgrounds can develop their full potential to the benefit of all, and that Australia maintains a high level of education and skill.

The global capitalist economy has now shifted clearly out of the hyper-speculative growth of the 1990s and into a serious recession, undermining savings and threatening jobs and job security everywhere, including in the USA. While the neo-conservatives provide the Bush Administration with a lofty justification for their aggressive unilateralism, these policies are also a convenient screen for the ever-worsening economic crisis in the US and world-wide. This crisis is now developing deflationary aspects, combining low interest rates, low inflation and low economic growth. The economic rationalists have no answer to this problem, and continue to push the policies of deregulation, privatisation of efficient and effective publicly-owned corporations and service providers, liberalisation of trade and investment and attacks on labour rights all of which has led to the current crisis. We must replace discredited free market doctrine with expanded public investment and job creation in key areas such as the environment, education, health, transport, housing, youth and community services, arts, public broadcasting and regional sectors of the economy.

We must renew efforts to close the ever-widening wealth gap and to create secure jobs, and at the international level support initiatives such as the Tobin Tax to reduce speculation and fund ecologically sustainable and socially desirable development.

The Howard and Bush governments seek to further transform global and domestic regulation to serve the interests of the major corporations. The resistance to the growing inequality and injustice created by these policies is centred on trade unions and other community organisations. The development of an alternative program for global and national governance depends on these organisations, which is why they are under such strong attack. Trade unions in particular now operate in an environment which breaches International Labour Organisation standards. Defence of trade union rights and opposition to further anti-union laws and industrial police forces is essential for the protection of our democracy.
The endless war on terrorism also screens the severe moral crisis in management of transnational corporations and finance institutions, shown in the wreckage of giant companies like Enron and Worldcomm—so closely associated with George Bush—and HIH and OneTel in Australia. Rather than being a “few bad apples”, this corporate crime embodies the arrogance of capitalist high-flyers and is part of a deeper economic and political crisis being borne by everyone. We need to expose attempts by conservative forces to shift the costs of this crisis from directors and managers onto the general public, and corporate governance must be re-regulated to make it socially and environmentally accountable.

Impact on Australian society

Howard’s support for the Bush Administration’s war policy has exposed the great flaws in the Australian Constitution. The war decision was taken without approval by both Houses, ASIO now has powers to detain without trial, refugees are denied their human rights, and the Governor-General continues to be appointed by the Prime Minister alone. We must work towards a Republican Constitution with a Bill of Rights that will protect our basic rights and broaden democratic control over our lives. Mandatory detention of refugees and the ‘Pacific Solution’ must be ended.

We call for an independent judicial inquiry to investigate electoral reform, including the proportional representation system used in New Zealand, and to propose models to be put to the Australian people in a referendum. Across the board, we advocate greater citizen participation in the processes of government.

The current economic phase has seen a massive expansion in property development and speculation, raising prices for homes and destroying the environment. State governments have allied themselves with developers and sought to undermine local councils where grass-roots democracy has grown. We must develop a viable system of local and regional government with Federal Constitutional protection in order to defend our communities.

The banking, insurance and finance system has robbed ordinary users of basic services and overcharged them, while at the same time, promoting speculation in shares and property rather than investment in social and environmental needs. The narrow interests of shareholders have been allowed to set policy. The current privatised system of banking, insurance and finance cannot be left to the marketplace alone but must be operated in the long-term public interest with its responsibilities to the community clearly identified and enforced. This requires new regulation such as a Banking Social Charter, and a return to public and community banking and insurance enterprises, including a public insurance office.

The war on terrorism and its associated war on refugees is degrading Australia’s respect for human rights and dividing our multicultural society. Muslims are the current target group. We need to respect and protect differing religious and secular belief for everyone, and removing sources of insecurity, especially in jobs and incomes.

The Afghanistan and Iraq wars both featured oil and oil pipelines as underlying objectives of US policy. The world continues to deal with the looming peak of oil production and the subsequent decline, with war. This can only increase instability and terrorism and release ever-increasing amounts of greenhouse gases into the environment. A global sustainable energy program is urgently required and Australia should play its role as a significant player in its development. Australia should sign and implement the Kyoto Protocol of the Climate Change Convention immediately, as a first step to a major reduction in Greenhouse Gas Emissions. Australia must prepare to accept so-called climate refugees who lose their homes because of rising sea levels.

A stark choice lies before Australia and the world—endless war led by George Bush and John Howard and their ideological successors—or a world of peace and justice created by democratic people’s movements and parties. We commit ourselves to the path of peace and justice.

Next Steps

To further build the alliance for peace, justice and a sustainable environment, we commit ourselves to:

- Strengthen the networks and alliances of organisations and movements required to
create a progressive majority at the next federal election

- Link Now We The People with similar people’s movements in the Asia / Pacific region and beyond
- Develop links between Now We The People and youth political networks
- Organise a regional speaking tour on the themes of this conference in late 2003 and early 2004
- Continue to develop web-based and other innovative campaign tools as well as traditional educational and campaigning publications, from local to national
- Hold a third Now We The People national conference in 2005, in Melbourne if possible
- Develop a national consultative structure for Now We The People to provide more resources for this movement, to build its networks both locally and in the region and project its ideas more forcefully in the national and global debate
- Raise the necessary resources for this coalition building.
- A shorter Now We The People action statement should be released based on the italic sections of this statement and the “Next Steps”.
- A one page media statement should be released based on this Conference Statement

Adopted by acclamation at the final plenary, August 24, 2003

**Senator BARTLETT**—I believe that we do need to put more resources into intelligence as a vital tool in the real fight against terrorism. We obviously have to ensure, however, that the powers of the intelligence community are transparent and that their actions are accountable. We need to have faith in that intelligence. We need to be able to have faith that the intelligence our agencies provide in secret to the government is accurately represented to the Australian people.

**Stockman’s Hall of Fame**

**Senator SANTORO** (Queensland) (7.31 p.m.)—In July it was my very great pleasure to again be in western Queensland, a part of my state and a part of our country that I have visited many times and in which I have a deep and abiding interest. It is quintessential Australia—the dinkum Australia of our bush lore and our history. Yet it is home to people who continually astonish me with their energy in pursuit of local solutions to national goals, their innovation in their rural based industry and their social organisation and interests.

I was in Longreach on this occasion, courtesy of the Minister for the Arts and Sport, to help officiate at the unveiling of a plaque at the Australian Stockman’s Hall of Fame commemorating its expanded and enhanced services to visitors, real and virtual. One particularly interesting aspect of the new look Stockman’s Hall of Fame is the proposal to substantially enhance the capacity for ‘virtual’ visitors. That is something I will come back to in a minute. The story of the Australian Stockman’s Hall of Fame is an interesting example of determination on the part of its many backers and of the true regard with which Australians view their country’s bush heritage.

In 1988 the Commonwealth supported the establishment of this wonderful monument to our outback pioneers, with funding through the bicentennial program. It is fitting that the Commonwealth should again be involved in the first major upgrade of the Stockman’s Hall of Fame—this time through a fund set up to mark another milestone on our national journey, the Federation Fund. The $1 billion federal fund was created to help communities such as Longreach celebrate Australia’s Centenary of Federation. Around the country more than 1,100 projects were funded, creat-
ing hundreds of lasting legacies to the centenary year.

The dividends from this investment have been immense. Not only have communities been helped to secure and cherish the past but also, in securing the artefacts of the past, they have helped ensure the viability of true Australian culture into the future, via tourism, the heritage experience, job creation and enhancement of local infrastructure. In my own state of Queensland, 43 projects received Commonwealth funding through the Federation Fund. The amount of $48 million went to the Queensland Heritage Trails Network, of which the upgrade of the Stockman’s Hall of Fame was a part. The Commonwealth contribution through the Federation Fund to this project alone was $1.5 million.

The network is a wonderful example of what can be achieved when the different tiers of government work together with the community to create something of lasting value. The Commonwealth’s $48 million to the Queensland Heritage Trails Network was supplemented by $39 million from the Queensland government and another $23 million from local government and the private sector, giving a total investment of $110 million. I believe this outstanding partnership deserves to be acknowledged as something that has created jobs and given a new lease of life to communities across the state.

The Australian Stockman’s Hall of Fame has been a great favourite with Australians from right around the country for the past decade and a half. More than three-quarters of a million people—the vast majority of them Australian—have gone out of their way to come to Longreach to visit this monument to an all but vanished way of life. Here is proof that remoteness is no barrier if there is something worth seeing at the end of the journey. The upgrade will ensure that the Stockman’s Hall of Fame remains one of the premier attractions of this state—a must for anyone wanting a feel for how the outback was opened up for pastoralism after European settlers reached further and further west in pursuit of adventure and fortune. In particular, the upgrade will ensure that the tales that are told—and now they are being told with state of the art imaging—encompass the multiple histories that make up our national story.

Women are given a greater voice and their role in opening up the outback is acknowledged more fully. So is the tremendous contribution made by Indigenous Australians to the development of the pastoral industry. A country that celebrates its history and honours its pioneers thereby keeps faith with itself and with the unique ethos that drives it. That is a truly great idea.

There is another great idea I want to briefly canvass—the proposal to create a videoconferencing facility at the Australian Stockman’s Hall of Fame. This is a project that will require a modest outlay of new funds and I am happy to admit in this chamber that I have made representations in the right quarters for consideration of that funding request. The Chief Executive of the Australian Stockman’s Hall of Fame, Mr Peter Andrews, tells me a six-month study of appropriate videoconferencing technology has been completed. It involved an innovative trial link-up with schools in the inland Queensland area, something that Telstra, among others, assisted. Mr Andrews says that research on visitor numbers to other mainly overseas locations where such technology has been installed reveals increased visitation directly attributable to the use of this technology.

The Australian Stockman’s Hall of Fame is a long way from the mass market that might find its exhibits and interactivity a big
draw. Hitching the star of our past to the planetary web of the future seems a great idea. On the subject of actual rather than virtual visitors—and in the certainty that more and more Australians and overseas visitors will want to experience the inland in person—Longreach Shire Council has proposed upgrading Longreach Airport to accommodate aircraft of Boeing 737 size. I am happy to report to the Senate that I have received representations from the Mayor of Longreach, Councillor Joan Maloney, and have subsequently made my own representations to the Minister for Transport and Regional Services.

I agree with the mayor of Longreach that enhancing the capacity of the airport to service future needs is important. It is important in the context of the central role that Longreach plays in the economy of central western Queensland, and the anticipated growth in inland tourism traffic. Increasing the capacity of the regional airport to handle traffic growth and larger aircraft is something I believe should be looked at in terms of appropriate upgrading of transport infrastructure in a time frame and at a pace that reflects growing passenger traffic and freight requirements. I hasten to add that the state government, together with the local government to which I have referred, also has real obligations in the funding of any future upgrade. I am sure that, with the goodwill that exists toward the Longreach region in both those levels of government, support will be forthcoming if plans are finalised.

I am also pleased to inform the Senate that I have invited the Minister for Small Business and Tourism, Joe Hockey, to visit that great part of Queensland and that great part of Australia. Minister Hockey has displayed a great amount of enthusiasm and commitment to doing so as soon as his schedule permits, and this is something that I know will please the people who are part of that great tourist attraction and tourist destination, the Stockman’s Hall of Fame, and all the other wonderful tourist attractions which exist in that part of Queensland.

You can see that I was very invigorated by the experience of visiting Longreach and being involved in the rededication of the Stockman’s Hall of Fame and also experiencing the tremendous hospitality of the people there, who are very keen to welcome visitors—not just because there are dollars involved but because they are so proud of what Longreach and its environs have to offer in displaying our history, displaying our culture and making sure that it is preserved for future generations.

Radio Frequency Identification

Senator GREIG (Western Australia)  
(7.38 p.m.)—Tonight I rise in the chamber to speak about a new technology which could well revolutionise the transport and tracking of shipments around the country and around the world. Its applications are broad, but it does come with a very real threat of contravening consumer privacy protections. I am talking about radio frequency identification, or RFID.

For the uninitiated, an RFID system works on the same principle as a scanner and bar code system, but it offers much more scope. The RFID chip needs no power—the power is in the reader or scanner—yet it can be scanned through packaging, such that, for example, a pallet load of goods can be scanned without unloading to check each individual item’s bar code. Goods trains and semitrailers can pass through scanners en route, providing shippers with up-to-the-minute information on the location of their goods.

RFID technology is very new, currently very expensive and particularly useful for large shipments of goods. It heralds the arrival of a new weapon in the fight to stream-
line inventory management and improve market control by allowing for more efficient tracking of products. In time, this has the potential to bring down costs for producers, manufacturers and distributors and, hopefully, lower prices at the sales ‘coalface’. These savings can be substantial. For example, when Wal-Mart, a large supermarket chain in the United States, proposed the introduction of RFID technology in June 2003, it was estimated that its savings could amount to as much as $US1.5 billion based on a six to seven per cent reduction in supply chain costs. However, these savings are based solely on cost cutting in the distribution area.

While the current focus of RFID technologies is in the tracking of cartons and pallets, the technology is not expected to really take off until the price of the chips, known as ‘tags’, drops to the point where their versatility allows them to be used in stores to more accurately monitor sales and stocking issues for consumer items. As production increases, it is expected that the tag price will drop from approximately US50c to $US1 down to just a few cents.

It is here, however, that the business community should pause to consider an increased recognition of consumer rights. Consumers are no longer content to accept what is offered without question. The Internet has not only been responsible for informing but it has also on occasion misinformed, allowing conspiracy theorists to have a field day. But when there is some basis to these theories the misinformation spreads much more easily and is much more believable.

The introduction of RFID overseas has been a lesson in how not to introduce such technology. Ignorance of consumer issues has seen some companies face serious consumer backlash. Problems of security and privacy will arise when the technology is used in consumer goods such as clothing, shoes or other personal items. Privacy activists have the very real concern that the uncontrolled use of these tags will allow shops to gather large amounts of data about customer or store activities and link this to their customer information databases. It is possible that this monitoring could continue after the goods have left the shop. Any reader can scan the tags and it is proposed to put such readers in shop doorways. Effectively, the owner of a new garment or product can be tracked as easily as a pallet full of spare parts by simply walking into a shop fitted with such readers.

Such systems may reduce theft and improve stock monitoring, but allowing retailers to increase their knowledge base in this way would be seen by most people as an unacceptable intrusion into shoppers’ privacy. A large multinational manufacturer introduced a trial project using RFID tags on their Mach 3 razor blades in conjunction with UK grocery giant Tesco. However, protesters began gathering outside the stores when it was found that the supermarket was automatically taking photos of customers picking up the blades. Despite claims by the company that they were only using the chips to improve their supply network, the result has been a worldwide call to boycott the company by the US based group Consumers Against Supermarket Privacy Invasion and Numbering or CASPIAN. The group’s director, Katherine Albrecht, is quoted as saying: ...

... consumers will not tolerate being spied on through the products they buy.

A proposed similar trial by the company in stores in the US was subsequently cancelled in July.

Of further concern is that the data gathered could be stored overseas to remove it from Australian consumer protection and
privacy laws. As one witness to RFID hearings in a Californian Senate hearing said: How would you like it if, for instance, one day you realized your underwear was reporting on your whereabouts?

With such emotive aspects surrounding this issue it deserves more than the offhanded one-liners we have come to expect from the government’s information technology minister. Senator Alston’s approach to the rapid build-up of broadband usage in South Korea was to suggest that ‘they like pornography’, and his advice for handling the spam deluge was ‘just don’t open it’. Senator Alston’s sole response to the problems surrounding the introduction of RFID is that it is a matter for the Privacy Commissioner, but this ignores the fact that the commission is already underresourced for current activities. The prospect of a long investigation over several countries to follow the data path would stretch the commissioner’s resources to the extent that all other mandated work would suffer.

We Democrats believe that the only solution is a legislative framework which respects the right of business to work as cheaply and effectively as possible while at the same time respecting the privacy concerns of the consumer. At the very least, this means mandating that all goods carrying such tags be identified as such, that these tags be switched off at the point of sale unless the consumer gives informed consent to the contrary and that no personally identifying information is connected with the data gathered by the RFID tags.

Environment: Hydrogen Energy

Senator EGGLESTON (Western Australia) (7.45 p.m.)—In this year’s State of the Union address, the President of the United States, George W. Bush, committed the United States to a hydrogen-powered future. At the World Hydrogen Conference held in Broome in May this year the Senior Adviser for Climate Change in the Office of Energy Efficiency and Renewable Energy of the United States Department of Energy, Dr Dixon, referred to the United States having a long-term vision for ‘a transportation system powered by hydrogen derived from a variety of domestic resources’. Other nations also recognise the potential of hydrogen as a future energy source. Professor Thorsteinn I. Sigfusson, Chair of Icelandic New Energy Ltd, said to the conference:

The government of Iceland has announced that it is aiming to transform Iceland into a hydrogen society in the near future.

As the Chair of the Senate Environment, Communications, Information Technology and the Arts Legislation Committee, I attended the World Hydrogen Conference in Broome which, as I have said, was held in May this year. The hydrogen conference had an international flavour and was invaluable in drawing together delegates from government, energy and transport industries, scientific bodies and research institutes from all over the world who had the opportunity to take the first step towards the future integration of hydrogen as a major source of energy by exploring the strategic, technical, economic, environmental and commercial issues surrounding the use of hydrogen.

The specific aims of the conference were to review existing Australian and international knowledge relating to the use, potential and safety of hydrogen as a significant new energy source; to identify and examine the key issues for Australia at national and international levels relating to the production and use of hydrogen energy; to share information on opportunities and impediments to the production and use of hydrogen energy; to develop actions that Australia might take in response to these opportunities and impediments; to discuss the potential for regional Australia to be involved in the produc-
tion and use of hydrogen energy from renewable and other sources of hydrogen; and to showcase Australia’s existing and potential capabilities for hydrogen production from both renewable and non-renewable sources, together with our capabilities in the related fields of science, technology, engineering, manufacturing and finance. I am sure that, in the future, hydrogen will be used in fuel cells and even as a direct fuel in combustion engines to power vehicles, electrical plants and buildings.

The Australian government recognises the significant potential of hydrogen as a future energy source and has commissioned a national hydrogen study. According to the Minister for the Environment and Heritage, the Hon. Dr David Kemp, who spoke at the conference in Broome, the aim of the study is:

...to gain a better understanding of the issues and the potential for utilising hydrogen as an energy carrier to improve energy security and reduce environmental impacts. The study will also assess whether the general optimism for hydrogen is justified and examine strategies and actions that may be appropriate for governments and key stakeholders.

The national hydrogen study team in their presentation referred to the Draft Australian Vision for Hydrogen. It says:

Australia recognises the potential of hydrogen to contribute to a more environmentally friendly and sustainable energy mix and will continue to play an active role in the national and international development of hydrogen and related enabling technologies. In doing so, Australia will focus on areas where it has scientific, technical or other advantages.

The Senate will be interested to know that there are two significant factors providing an impetus towards a hydrogen economy: energy security and environmental considerations. At the conference, Professor T. Nejat Veziroglu, who is President of the International Association of Hydrogen Energy and Director of the Clean Energy Research Institute at the University of Miami, referred to projections that by the year 2020 international demand for non-renewable fluid fossil fuels—petroleum and natural gas—will outstrip production. Australia is becoming increasingly dependent on imported oil. According to the Minister for Industry, Tourism and Resources, the Hon. Ian Macfarlane:

...by 2010 we will be importing about 60 per cent of our crude oil—racking up an annual debt of about $8 billion.

Not only does this pose an important economic consideration but also it poses the question of energy security for this country. Oil is, after all, the lifeblood of the world economy, including the Australian economy. In this respect it is important to note that most known reserves of oil are located in the politically volatile Middle East region. In fact, almost two-thirds of known oil reserves in the world are located in just five nations: Saudi Arabia, Iraq, Iran, Kuwait and the United Arab Emirates.

Conversely, hydrogen has the distinct advantage of being available everywhere and can be derived from a variety of domestic sources, which significantly include renewable energy sources such as water and biomass. There are a variety of environmental considerations driving interest in hydrogen. Unlike petrol or diesel, hydrogen is a non-toxic, clean source of energy that will deliver significant environmental benefits in terms of decreasing pollution and greenhouse gas emissions. According to the presentation of the Minister for the Environment and Heritage at the conference:

Hydrogen usage in most applications can be regarded as greenhouse neutral, producing only water, and little or no other emissions. Where a fuel cell is used, the hydrogen usage produces no greenhouse gas emissions, so it is not difficult to see the attraction of hydrogen fuels to urban transport authorities.
Emissions from hydrogen production will ultimately depend on the method of production and energy source used.

Hydrogen is the most abundant element in the universe but it does not occur by itself. In fact, it combines with other elements, meaning that it has to be separated. The most cost-effective method of hydrogen production is the steam reformation of methane from natural gas. However, this has the undesirable effect of producing carbon dioxide and the challenge will be to capture and sequester this greenhouse gas. Where hydrogen is produced from the electrolysis of water using renewable power, such as wind or tidal power, there is zero greenhouse gas emission and that, of course, gives it a significant advantage.

In relation to the hydrogen economy, Australia has a number of competitive advantages. In respect of research and development, the National Hydrogen Study team referred to Australia’s internationally recognised research bodies, our good skills base and the fact that we are a credible and respected research and development partner, which will help us to participate in international research efforts. The second competitive advantage that the study team identified is the fact that Australia has an abundance of the inputs required to make hydrogen: coal, gas and renewable energy such as solar, tidal and wind power. Dr Michael Jones, General Manager of Hydrogen, BP International, told the conference that the lowest cost route to hydrogen is from natural gas. The North West Shelf off the Pilbara coast of Western Australia, of course, is blessed with abundant reserves of natural gas.

It is likely that in future, rather than powering our cars with fossil fuels—as we do today—we will probably power them with hydrogen, either by fuel cells or providing liquid hydrogen directly into internal combustion engines—which BMW plans to do and have a production car on the road by the end of next year. So the development of a hydrogen fuel is a very exciting possibility which will do much to reduce our dependency on Middle Eastern oil and certainly help to ensure that we reduce greenhouse gases.

Veterans: Entitlements

Senator MARK BISHOP (Western Australia) (7.55 p.m.)—I rise on the adjournment this evening to address a controversial issue, which has been led by the government as part of the proposed new military compensation scheme. This particular matter concerns the proposed offsetting of superannuation paid by Defence to former ADF members incapacitated for work due to their service-related injuries against the special rate also paid to those same ex-service personnel under the Veterans’ Entitlements Act by the Department of Veterans’ Affairs. I make it clear, however, that this proposal is not part of the new military compensation scheme. It is a proposed amendment to the Veterans’ Entitlements Act and it affects only those with VEA entitlements now and into the future for injuries incurred during service prior to any new legislation being enacted, effective from 1 July next year—according to the government’s timetabling anyway.

To some extent, therefore, in the context of the proposed legislation, this is either a deliberate distraction to muddy the waters with respect to the new scheme or an attempt to use the new scheme as a smokescreen to conceal the government’s motives with respect to the TPI community in particular. Veterans should not fall for this. They should deal with the new scheme as it stands and as it is proposed, but they cannot be blamed for their anger at the way these matters have been deliberately confused.
In essence, the facts of the matter are as follows. Under the VEA, provision is made for those who are so injured by their service that they are considered to be totally and permanently incapacitated—that is, their injuries and illness are such that they are unable to work for more than eight hours per week. This is the TPI. This is a category of disability which has been in existence since World War I and, at present, there are some 26,500 such people, mostly veterans with overseas service, but also a small number who obtained dual eligibility under the VEA and the MCRS between 1972 and 1994 and who have peacetime service only.

At a slightly lower level are those on what is called the intermediate rate for whom the work limitation is 20 hours per week. Both the special rate and the intermediate rate are tax-free pensions payable for life and are indexed by the CPI. They have never been means tested. The Senate will be aware that the TPI Federation of Australia has been waging a campaign to have the government redress the real erosion of this pension over the years due to the form of indexation—namely the CPI—as opposed to another index, such as MTAWE, which better reflects the changes in the standard of living. I do not intend getting into that issue now, suffice it to say that the government’s response to the TPI Federation can only be described as bellicose.

It is a very complex matter steeped in history, but the government has refused to deal with these people intelligently or even to pursue a range of options which are clearly available. The minister’s consistent response to TPIs has in fact been that they are greedy and that there are many others in society in greater need—to the extent that a so-called typical income for families of $1,900 per fortnight is used to exemplify the greed, which is not the slightest bit representative.

This is deliberately misleading, but it is also indicative of the belligerence which I ascribe to government attitude. The minister avoided the rally outside Parliament House on 16 June last and consistently refuses to address this issue. Moreover, this belligerence towards TPIs is also evident from the government’s failure to respond to the report of the review of veterans entitlements by Justice Clarke. This report was released late last February but, as we know, despite the opportunity presented by the intervening budget to respond, the 109 recommendations—with one exception—remain gathering dust in the government’s big pigeonhole. Having used the inquiry as a stalling device, the government has now shelved the whole report—including a major piece of work on the TPI issue.

This issue, I remind those listening, formed almost one-third of the report and, although many did not like the recommended new model—and quite rightly—the analysis was invaluable. It provided plenty of detail and fact on which to properly deal with the issues. But, as we know now, the government is not the slightest bit interested in the TPIs. The Clarke report was never to be anything other than a cruel hoax, misleading people, holding out false hope, and spending $1.6 million in doing this. That background is highly relevant because we now have, deliberately mixed in with the new military compensation bill, a proposal to change the TPI special rate and its relationship to other compensation benefits, which was not a central plank in the Clarke report.

The real assault on the TPI special rate in this package containing the new Military Compensation Scheme is a consequential amendment to the special rate where effectively, for the first time since its inception, it is to be means tested. The background is that a growing proportion of TPI recipients are now former full-time members of the ADF.
For those with service overseas, as well as those with service between 1972 and 1994, there is dual eligibility under both the Veterans’ Entitlements Act and the Military Compensation Scheme as we know it today or its predecessor, the Commonwealth Employees Compensation Act. Quite frankly, this dual eligibility is a mess, as has been found by three inquiries in the last six years. The tabling tomorrow of the report of the Senate Foreign Affairs, Defence and Trade Legislation Committee on the matter of offsetting compensation claims between the two schemes is just another example.

The proposal by the government is that, in future, superannuation payments made to former ADF members with dual eligibility, and also in receipt of the special rate, should be offset against the above general rate portion of the special rate—which is that element paid for work incapacity—and also, in turn, the service pension where it is payable. Because the special rate is tax free, the superannuation is to be offset at 60c in the dollar. This will first be deducted from the above general rate and then against the service pension at the normal taper rate of 40c in the dollar, consistent with the standard means test. Technically speaking, the first is a straight offset; the second is standard means testing.

The argument is that the Commonwealth is effectively paying this group of TPIs twice for their work incapacity: once through the special rate and second through the superannuation paid as an incapacity payment. This, however, is not a new phenomenon and has been technically possible while ever there has been dual eligibility. Yet action is only now taken in the context of the new legislation—but, more importantly, politically speaking, it is also in the context of the government’s belligerence towards TPIs. This is no mere coincidence; it is a deliberate ploy.

The most offensive element of this assault on the TPIs, however, is that it is a fundamental reform to the special rate in isolation from the TPI Federation’s legitimate campaign. It is also done in complete isolation from the broader need for reform as discussed by Justice Clarke. To be blunt, it is an opportunistic and ad hoc attempt to ‘fix’ the TPIs, and so it is no wonder these people are so hopping mad. They have every right to be. For four years they have been trying to engage in a dialogue and to explore some solutions to what we on this side acknowledge as very real problems. The Clarke review was their day in court, and that has been thrown out as well. So it is no wonder they feel cheated.

This in fact has been a totally duplicitous stunt on the part of the government and the Repatriation Commission to make a major reform by subterfuge. Whatever the merits of the case, it is dishonest in that it has been brought up in complete isolation from all the other issues surrounding the special rate. Quite naturally, the TPI community is incensed not just at the deceit of this surprise but also by the detail. A great proportion of the TPI community is in receipt of superannuation. They are not to be affected but, in the usual discriminatory way, those who apply in the future will be. This is a legitimate complaint. It will, for example, create a new class of TPI veteran who will clearly be worse off than his peers who had the good fortune to apply earlier. Nor is it clear that there is complete policy legitimacy to the government’s proposal simply because, under Commonwealth superannuation law, there is an entitlement to access superannuation at the age of 55, for MSBS members at least. Many TPI applicants are now over 55, so does this not mean that the MSBS superannuation pension is legitimately theirs as a retirement benefit at 55 and, therefore, cannot be legitimately offset after that age?
None of this has been explained. Nor has the detail on the impact on the DFRDB scheme been explained because the proposal in its raw form would offset the whole incapacity payment, including that to which the member would normally be entitled after 20 years service—namely 35 per cent of final salary. Nor has there been any explanation of any other Commonwealth superannuation payable as a result of employment elsewhere after discharge. In fact, this is a very common feature of post-service careers. What is more perplexing is that this issue is presented as a case of double-dipping—but one which has remained in place unattended for many years. It is also effectively imposing a means test on the special rate—as it is for the war widows pension, paid regardless of other means. For the purposes of these benefits, millionaires and the poor are treated alike. The fact, though, is that there is a far greater proportion of TPIs struggling to raise families than there are those with greater means.

**The ACTING DEPUTY PRESIDENT (Senator Chapman)**—Order! The honourable senator’s time has expired.

**Senator MARK BISHOP**—I seek leave to incorporate the last page and a half of my remarks. I have not declared them to the whip.

**Senator Ferris**—Are they on the same topic?

**Senator MARK BISHOP**—They are on the same topic.

Leave granted.

*The speech read as follows—*

Frankly, if the government want to come at this as a real policy issue, then they should do so up front.

The suggestion has been made many times that the one size fits all nature of the Special Rate and its life long term, are historic features requiring attention—as Justice Clarke tried to do but failed.

The Government should not try and do as they are here, and seek amendments by stealth, which have far reaching consequences, not just for veterans, but on the fundamental questions of long standing veterans policy.

The bottom line is simply this: whatever the merit of this proposal, it will fail if it is pursued dishonestly as it has been, and without a broader focus on the needs of TPIs.

Veterans will not be fooled, and nor will the ALP.

If the Government wants serious policy reform, as foreshadowed by Clarke, then let’s have it up front.

On this side we support good policy.

The Government should stop its cowardly secrecy and come clean with a total package.

They should not do it or expect to do it through the backdoor or behind a smokescreen.

**Employment: Hours of Work**

**Senator MARSHALL (Victoria)** (8.06 p.m.)—I rise tonight to inform the Senate about the excessive working hours currently being undertaken by Australian workers. A recently completed study by the International Labour Organisation has determined that Australians are working more hours per person annually than their counterparts in comparable economies. The ILO key indicators of the labour market study have found that the annual hours worked per person in Australia is 1,824, which is higher than the United States at 1,815 and significantly higher than European countries such as France and Germany at 1,545 and 1,444 respectively.

Whilst we would like to think that as an industrialised economy Australia has been able to develop fair and reasonable working conditions, the excessive annual working hours per person that Australians endure compares with countries such as the Czech Republic and Slovakia, where annual working hours are 1,980 and 1,978 respectively.

The economies in these countries are at a
transitional stage, and they have succeeded in reducing annual hours worked per person. Further development will most likely see a reduction in annual working hours to levels that are less than ours here in Australia.

Ireland’s transition from an agricultural based economy to a manufacturing and service based economy demonstrates how economic development should reduce annual working hours per person. Following the transformation of the Irish economy, annual working hours per person fell from over 1,900 hours annually in the early 1980s to 1,668 hours in 2002. This decline represented a drop of nearly six 40-hour work weeks per employed person, whilst productivity per person employed between 1980 and 2002 doubled.

The reduction of annual working hours in countries such as Ireland, France and Germany and in many other economies across the world demonstrates the need for the issue of working hours—more specifically, excessive working hours—to be placed on the public agenda in Australia. Whilst the long-term trend in Australia has been towards a reduction in working hours, over the past two decades Australia has reversed this trend and has been one of the few economies in the world that has witnessed an increase in annual working hours per person.

Prior to the 1980s, full-time weekly working hours reduced from 48 to 44, and then to a 40-hour week. By the early 1980s, a weekly standard of 38 hours was the norm. Between 1992 and 2001, the average full-time weekly hours worked in Australia increased from 38.2 hours to 41.3 hours, an increase of 3.1 hours per week. The increase in average full-time weekly working hours in Australia puts us in unique company, with only the economies of the US and the UK having had an increase in full-time weekly working hours during this period. The increase in working hours in the US, however, has largely been in the form of paid overtime, and the extra hours in the UK appear to be made up of an increase in both paid and unpaid overtime. Significantly, in Australia the growth in extended hours is composed of increases in unpaid overtime. The mean in annual working hours in Australia has been pulled upwards due to a large and growing group of full-time employees who are working excessive hours above the standard.

In Australia, the proportion of full-time employees working in excess of 45 hours per week has increased considerably, from 17.7 per cent in 1985 to the current level of 26.1 per cent, and 28.8 per cent of Australians work at least part of the weekend every month. The percentage of the work force who only work Monday to Friday decreased from 64.3 per cent in 1993 to 58.6 per cent in 2000.

As a parliament, we need to recognise the impact of excessive working hours on the health of Australian workers and on the health of the economy. Many Australians have communicated that they are under increasing pressure as they attempt to balance work and family commitments. An increase in working hours results in less time committed to family needs and a decrease in leisure time. There is compelling evidence to suggest that the growth in the average working day for full-time employees has placed significant strain on families and relationships.

Demands for workers with family responsibilities to work longer hours can lead to people feeling obliged to leave jobs or to refrain from applying for jobs in which long hours are expected. Increased working hours and, subsequently, less time for family commitments and leisure time is leading to work related stress, which is having a negative effect on Australia’s social fabric and has been identified as a potential cause of alco-
hol and drug misuse. Long working hours, poorly managed shift work and negative managerial styles have been identified by the House of Representatives Family and Community Affairs Committee as a potential reason for employees to misuse alcohol and other drugs to deal with work related stress.

In addition to the impact on family and leisure time and the negative health effect of longer working hours, it is widely recognised that the impact of longer working hours and job related stress is leading to a less productive work force and a less productive economy. The demand for people to work longer hours has resulted in a work force that is becoming increasingly fatigued, leading to lower productivity and an increase in the risk of workplace accidents. Generally it is becoming a negative for business, particularly with respect to customer relations. Further, a culture of ‘presenteeism’ is developing amongst the Australian work force. Employees are going to work despite being sick and tired, resulting in less productivity than if employees took time off, recovered and then returned to work. It has been estimated that the cost of presenteeism to employers is around seven times more than that of productivity lost through absenteeism.

Statistics demonstrate that shorter working hours can have a positive impact on the economy. The ILO-KILM report showed that Norway, France and Belgium all have a higher output per hour worked than the US— with levels of $US38, $US35 and $US34 respectively—which is estimated at $US32. Annual working hours in the economies of Norway, France and Belgium are between 270 and 473 hours fewer than annual hours worked in the US. The OECD Productivity Index, using 1995 as the base year, demonstrates that in Ireland the percentage change in productivity between 2001 and 2002 was 4.6 per cent compared with the US at 3.4 per cent and Australia at 1.5 per cent. I remind the chamber that Ireland’s annual working hours are significantly less than those of the US and Australia.

As a parliament we need to consider legislative standards and limitations on total hours and overtime worked by Australians and the redistribution of excessive hours to Australia’s unemployed, particularly the long-term unemployed. In various economies across the world, legislative standards and limitations on total hours and overtime worked have been implemented. France’s 35-hour law requires French companies to pay 39 hours worth of wages for 35 hours of work, places a cap on overtime and sets out maximum daily working hours and maximum weekly working hours.

Following the introduction of the 35-hour standard week and a limit on maximum daily hours and overtime, unemployment in France fell sharply and French GDP growth averaged three per cent per year between 1998 and 2001, which was on average higher than most other European countries. Anecdotal evidence suggests that shorter working hours have resulted in fewer coffee breaks and smarter work habits, increasing the productivity of output per hour worked.

The UK has been introducing legislation regulating working time patterns since 1997. The legislative changes in the UK established a minimum period of annual leave, a maximum average working week, minimum rest periods and maximum daily hours for night workers. Subsequently, annual hours worked per year in the UK have declined from the high 1,700s at the beginning of the nineties to an expected level in the high 1,600s in 2003, reversing the trend of an increase in working hours during the 1980s and the 1990s. (Extension of time granted) Australia has traditionally been at the forefront of introducing progressive reforms which have resulted in shorter working
hours. Currently, we are headed in the opposite direction, whilst many other countries continue to benefit from a reduction in working hours. It is an issue that Australia must act upon with great urgency to ensure that Australian workers are able to appreciate recent gains of economic growth.

As a parliament we need to consider introducing reforms which will ensure Australians are not expected to work unreasonable, excessive hours and which will have the legislative support of the parliament in doing so. Reforms that introduce shorter working hours will free up much needed hours that Australia’s unemployed and part-time and casual workers who seek full-time work will be able to benefit from.

International experience demonstrates that shorter hours can result in a more productive, more vibrant economy and a healthier society. Long working hours are creating an inefficient use of resources, with resources being tied up in unproductive, excessive hours rather than being directed towards more efficient forms of production. All sides of parliament must address this issue, and I will continue to promote and support campaigns aimed at implementing shorter working hours, which will benefit the Australian economy and, more importantly, the Australian people.

Veterans’ Affairs: Fraud Control

Senator MARK BISHOP (Western Australia) (8.18 p.m.)—I rise in the adjournment debate this evening to address a serious issue within the administration of the Repatriation Commission—namely, a most apparent contradiction, to say the least, of the values and policies which are applied by the Department of Veterans’ Affairs with respect to fraud control and the overall waste of public money. I begin by relating a very sad and troublesome story concerning representations made to me almost 18 months ago by a young man, the son of a Vietnam veteran, who, as a youngster watched his father die and who with great determination is trying to make his way in the world. In addition to enormous personal pressure caused to him by sexual abuse by his church—a matter which is still unresolved—this young man also had the great misfortune to have claimed allowances under the Veterans’ Children’s Education Scheme. While his intentions to study were no doubt good, clearly his study slipped, but the payment of allowances continued to be claimed. There is no doubt that this was wrong. Of the $30,000 debt claimed by DVA, $10,000 was repaid as a down payment in recognition of the wrongdoing. The difficulty was that the department refused to retreat from its hard line and the matter was referred to the DPP for prosecution, notwithstanding offers to repay the debt in full in the hope that a criminal conviction could be avoided and a failure to recognise the mitigating circumstances of his father’s death and the stress of the ongoing litigation with the church.

For the record, I personally wrote to the Minister for Veterans’ Affairs on this young man’s behalf only to be rebuffed, as everyone else is, the excuse being that of Pontius Pilate—no care, no responsibility. I next raised the matter at estimates and the department undertook to review the case, with the same result—Pontius Pilate: ‘The matter is out of our hands.’ Through his solicitors, the young man sought to parley to negotiate a settlement whereby a substantial sum of the debt would be repaid, but again to no avail. It seems that the wheels of justice once engaged had to grind on without mercy. The end result was a good behaviour bond, and so the matter is finished, but the process and the contradiction by the department was amazing. Seemingly, its will to have this young man punished, regardless of the miti-
gating circumstances, makes one wonder about its values and competence.

There are other examples of these worrying values, and here I refer to the sums of money written off each year by waivers and write-offs—that is, decisions not to pursue the collection of outstanding debts. In 2003 the amount written off was in total $163,000, in 2002 it was $230,000-odd—no simple sums of money—yet in the case I have just mentioned we had a relentless pursuit with the apparent determination to obtain a conviction. How is this attitude explained?

Let me turn to the selective application of fraud control policy, for here it seems it depends on who you are. Moreover, it seems that, within a global budget now reaching almost $10 billion, there is little fraud in DVA at all. In answer to my Senate question No. 1004 I was advised that in the calendar year 2002 the number of medical providers counselled was 239 and the number of providers prosecuted over the last five years was only 10. It is true that there is the odd spectacular case—for example, the neurologist who had to repay $130,000 and a physiotherapist caught for $10,000.

The ANAO estimate, based on experience elsewhere in the health system, is that DVA can expect medifraud of between $6.7 million and $15.3 million per year, yet nothing like this is realised. Indeed, ANAO report No. 6 of 2002-03, on the DVA administration of recovery of overpayments and fraud control in the health area, is damning. The report is highly critical of the dilution of fraud control procedures. It states:

Monitoring and investigation, leading to detection and recovery of overpayments is widely seen as a non core activity...

Further, page 68 of the same report reads:

... during Financial Year 2001-2002 ... overpayments raised against allied health and transport providers in New South Wales as a basis for administrative recoveries totalled $668 000 and s.93 recoveries amounted to a further $1.01 million. However, in States other than NSW there had been minimal recovery action and in some States no recovery action had occurred.

We can only hope that by now this has been remedied. Nevertheless, the reference is indicative of the attitudinal problem I have been addressing. As we know, DVA is subject to constant staff cuts, which lead to fewer controls, more so-called risk management and higher spending from a budget which is not capped. Overall, the record is poor. What has proven to be the most outstanding contradiction is between the attitude towards the young man I spoke of earlier and the pursuit of others. It must be said that the circumstances and record are most uninspiring.

The greatest contradiction with respect to attitude and fraud investigation can perhaps be best illustrated with respect to the concern expressed publicly earlier this year when it was alleged that serving ADF personnel were able to access veterans’ benefits without the ADF knowing, with the result that people with serious disabilities were being deployed overseas. The accusation was that some of those claims were fraudulent as well. Simply put, the Department of Defence had no idea which of its personnel were being compensated by DVA. We were given a whole lot of baloney about privacy provisions, which allowed seemingly fit people to continue to serve even though they were in receipt of disability compensation from another agency. Unfortunately, I suspect we will never find the truth to this. There is either no coordination or a conspiracy to avoid the fact that the administration of compensation for the military and health care are simply two processes which never, or rarely, come together.

At estimates on 12 February this year, when I asked the Repatriation Commission
about its follow-up action, I effectively received no response—except a challenge that, should I be aware of such cases of alleged fraud, I should refer them across. For the record, I did just that with one typical case referred to me. On 12 March I passed it across to the President of the Repatriation Commission in full expectation that an investigation would be conducted at least as a test of the system. Fraud investigations are clearly very selective. As we know, in this jurisdiction there have always been a large number of denunciations in the compensation area, few of which ever see any remedial action. With respect to my letter of 12 March, which I was invited to send, I received what can only be described as a non-response in its refusal to come to grips with the allegations made. The letter read:

... for privacy reasons I cannot disclose the outcome of the investigation, but please be assured that any appropriate action will be taken ...

That was effectively the brush-off. I point out it was not my allegation but an allegation from a member of the public. But, having been given the challenge at estimates to refer such denunciations received from a constituent, I was then essentially ignored. Where the matter is up to, I cannot know; but it is hardly inspiring. One can only wonder how serious the investigation was, and there again seems to be a dramatic contrast between that and the vigour shown towards pursuing a conviction of the young VCES claimant I referred to earlier. My bottom line impression is that the Repatriation Commission are at sixes and sevens on this matter and I must say, as a senator responsible for obtaining accountability from the bureaucracy on matters such as this, I am appalled. They must come clean and tell us what they are doing on fraud policy and administration across the board. They need to tell us what their policies are on which debts they intend to pursue and on prosecution. Looking on from the outside, it certainly seems arbitrary.

At a very minimum, a complete review of the management of fraud in the Department of Veterans’ Affairs needs to be undertaken. It is simply not good enough that those with what seems to be more political power, including doctors and suppliers of medical services, should simply get counselling while others are threatened with jail terms. If there are problems with evidence and making charges stick then that perhaps says something about the quality of administration and the effectiveness of the guidelines in place. In fact, it raises the question of whether there are any guidelines at all. If there were, how could performance with respect to who is prosecuted be so erratic and selective? It also says something about resource levels in the fraud area and the support the area receives from management. Overall, however, it is a matter of attitude. From what I have seen and described, it is hypocritical, weak or just plain negligent.

Ministerial Reply

Senator IAN MACDONALD (Queensland—Minister for Fisheries, Forestry and Conservation) (8.27 p.m.)—In closing the adjournment debate tonight, I want to thank senators for their contributions—although one would thank some more than others. I appreciate Senator Bishop’s passion, but I hope anyone listening would not be confused about some of his opinions that were dressed up as facts and would know they should be checked before they are believed. Senator Bartlett spoke passionately about some group that seems to have a very strange view on life. Fortunately, he kept indicating that he did not agree with all of the items he had incorporated.

I was very pleased to see my Queensland colleagues Senator Mason and Senator Santoro speaking on the debate, with Senator
Mason giving a sterling account of some of the left-wing latte drinkers—a lot of whose thought transpires as opposition policy these days. Senator Santoro demonstrated why the Liberal Party does so well right across the state of Queensland: he has been out in the west of Queensland, where we often go. I might say that you never see a Labor senator out that way; you rarely see one outside the Brisbane CBD. Senator Eggleston demonstrated a very keen appreciation of some of the more delicate and interesting aspects of energy. He obviously has an expertise in that area that few others in Parliament House would.

I did want to urge Senator Faulkner, the Leader of the Opposition in the Senate—the Labor Party leader in this place—to get on with life and forget about things that have happened in the past. Most of Australia has appreciated the government’s involvement in the Iraq war. They have been very grateful, as citizens of the world, to see the downfall of Saddam Hussein and his brutal regime that was the cause of many deaths of his own people—men women and children. The Labor Party cannot seem to let that go. They seem to want to live in the past and nitpick on these particular points. They should really take a lesson from the public of Australia, who are more interested in interest rates and the economy and in matters in rural and regional Australia than the Labor Party ever seem to be. It is no wonder the opinion polls for the Labor Party are so appalling at the moment. Nobody knows what the Labor Party stand for. Nobody understands what they are doing in this parliament. They certainly have no policies that the Australian public can have a look at to see whether they might at some time be considered as an alternative government.

The big issue for most Australians is the interest rates they pay on their housing loans. Many Australians remember the days, as I do, when Labor were in charge and we were paying 17 per cent on our home loan interest rates. I suggest there may be young people listening to this broadcast tonight who have bought a house in the last five or six years who would not believe me when I say that many of us were paying 17 per cent, when interest rates are now around six to seven per cent. That did not happen by accident. That happened as a result of good financial management by John Howard, Peter Costello and their colleagues on this side of the chamber in parliament.

In spite of some of the worst trading circumstances in recent times—the drought in Australia, the collapse of the Asian economy a few years back, the difficulties with the American economy—the Australian economy has continued to power ahead. It has not grown quite as strongly this year as in past years but it is still going in the right direction. Most Australians understand that you cannot run up debts all the time, as the previous Labor government did, and expect the economy to go well. One of the very significant achievements of the Treasurer and the Prime Minister has been to pay off $60-odd billion of the debt that Labor ran up.

Those are the sorts of things that Australians are interested in. They are not interested in hearing Senator Faulkner repeat, as he did tonight, questions he had been asking during this week and last week. Why he feels the need to repeat all those questions yet again simply escapes me. It does demonstrate, unfortunately, that the Labor Party has no forward agenda for Australians—nothing that Australians would be interested in looking at. I can only urge Senator Faulkner and his colleagues to get with the present, have a look to the future and try to offer the Australian people some policies that will enhance the economic and political debate in Australia—forget the past, forget the nitpicking, forget the attempts to score political points, move
on and get with what most Australians want: some idea of what the Labor Party might stand for in relation to the things that interest most Australians.

Senator Mark Bishop—I was not aware that, on the adjournment debate—

The ACTING DEPUTY PRESIDENT (Senator Chapman)—Senator Bishop, can I ask why you are speaking?

Senator Mark Bishop—I wish to make a contribution in response to the comments just made by Senator Macdonald. I understand I did not exhaust my time.

The ACTING DEPUTY PRESIDENT—You did.

Senator Mackay—You can do two lots of 10.

The ACTING DEPUTY PRESIDENT—He has done that.

Senator Mark Bishop—When I finished, the clock had something in the order of a minute and a half left for me on my second contribution.

The ACTING DEPUTY PRESIDENT—There is no capacity under the standing orders for you to rise for a third time, even if you had a brief period of time left in your second address. You cannot speak on a third occasion.

Senate adjourned at 8.35 p.m.

DOCUMENTS

Tabling

The following government documents were tabled:

Defence Force Remuneration Tribunal—Report for 2002-03.


Reserve Bank of Australia—Report for 2002-03.


Tabling

The following documents were tabled by the Clerk:

Acts Interpretation Act—Statement pursuant to section 34C(6) relating to the extension of specified period for presentation of a report—National Competition Council Report for 2002-03

Australian Capital Territory (Planning and Land Management) Act—National Capital Plan—Amendment 46.

Approval of Amendment 46.

Christmas Island Act—List of applied Western Australian Acts for the period 22 March to 12 September 2003.

Cocos (Keeling) Islands Act—List of applied Western Australian Acts for the period 22 March to 12 September 2003.

Sydney Airport Curfew Act—Dispensation granted under section 20—Dispensation No. 7/03.

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—Veterans’ Affairs portfolio agencies.
QUESTIONS ON NOTICE

The following answers to questions were circulated:

Telstra: Australian Telecommunications Network Inquiry
(Question No. 1532)

Senator Mackay asked the Minister for Communications, Information Technology and the Arts, upon notice, on 18 June 2003:

1. What internal resources has Telstra allocated to the monitoring of the Environment, Communications, Information Technology and the Arts References Committee inquiry into the Australian telecommunications network.

2. At how many hearings of the inquiry has Telstra had a staff member present for monitoring purposes.

3. What is the name and position of the Telstra employee who has been attending inquiry hearings on a regular basis.

4. Of what Telstra Business Unit is he a part.

5. Who does he report to in Telstra.

6. What is his annual salary.

7. What has been the cost of travel and travel allowance for the purpose of monitoring this inquiry.

8. What is his position description and/or brief with regard to this inquiry.

9. What hearings of the Australian telecommunications network has this person attended.

10. (a) Does he present a report to Telstra after each hearing; and (b) who is given a copy of that report.

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

This answer is based on advice from Telstra and is substantively the same as the Telstra response to Question on Notice 123 from the Budget Estimates Hearings in May 2003.

1. Telstra has monitored the Australian Telecommunications Network (ATN) Inquiry by having staff present at Inquiry hearings. Telstra has attempted to minimise the cost of this by using local staff as much as possible, supported by staff from its corporate and government relations groups, as required. Telstra has advised that its decision to monitor the Inquiry by having staff present at the hearings reflects the company’s concern to ensure that any relevant public interest and customer issues arising out of individual hearings can, if possible, be dealt with by the company on the day.

2. Of the 18 hearings held to date, Telstra has given evidence at 5 of the hearings, and had at least one staff member present at 12 others.

3. As outlined in the answer to part (1) above, Telstra has monitored the Inquiry through using a combination of local staff supported by other staff as required. Leaving aside the hearings at which Telstra has appeared as a witness, around 15 staff have attended at least one of the other hearings. Whilst some staff have been to more than one hearing, no single staff member has been in attendance at more than half of the hearings. Therefore it is not clear which staff member the Senator’s question refers to.

4. See answer to part (3) above.

5. See answer to part (3) above.

6. See answer to part (3) above.

7. On the assumption that this question relates to the individual staff member being referred to by the Senator, see answer to part (3) above.

8. See answer to part (3) above.
(9) See answer to part (3) above.

(10) (a) Telstra staff in attendance at individual hearings will generally provide feedback on the proceedings. (b) Feedback on individual hearings is generally given to relevant staff in Telstra’s Corporate and Government Relations group so that they can progress any customer or service issues raised.

**Telstra: Customer Network Improvement Database**

*(Question No. 1535)*

**Senator Mackay** asked the Minister for Communications, Information Technology and the Arts, upon notice, on 18 June 2003:

With reference to the Customer Network Improvement (CNI) database:

(1) How many CNIs are there in the database at present, given that on 6 December the total figure quoted by Telstra was 112,159, an increase from the number quoted by Mr Estens in his report, which was 104,500 for February 2002.

(2) How many CNIs are there in each of the five priority classifications at present.

(3) What is the oldest CNI in each of the five priority classifications at present.

(4) What is the volume of CNIs that have been cleared from the database since 6 December 2002, in each of the priority classifications.

(5) Is it true that Telstra has changed the reporting process for CNIs, given the evidence presented by the Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services Union at the Environment, Communications, Information Technology and the Arts References Committee hearing into the Australian telecommunications network in Sydney on 19 May 2003 that there is a new process which involves a telephone call to the CNI phone number, and that the paperwork that used to be utilised is no longer required under this new process.

(6) (a) When did this system change; and (b) what is the rationale behind it.

(7) How are CNI tasks now allocated to customer field staff.

(8) Who can access the CNI database.

(9) Can team leaders in specific regional areas access the CNI database.

**Senator Alston**—The answer to the honourable senator’s question, based on information provided by Telstra, is as follows:

This answer is based on advice from Telstra and is substantively the same as the Telstra response to Question on Notice 127 from the Budget Estimates Hearings in May 2003

(1) Telstra has advised that as at 10 June 2003, there were 123,803 CNIs in the database.

(2) Telstra has advised that numbers of CNIs in each of the 5 priority classifications were as follows:

<table>
<thead>
<tr>
<th>Priority</th>
<th>Volume</th>
</tr>
</thead>
<tbody>
<tr>
<td>Priority 1</td>
<td>587</td>
</tr>
<tr>
<td>Priority 2</td>
<td>1,706</td>
</tr>
<tr>
<td>Priority 3</td>
<td>17,697</td>
</tr>
<tr>
<td>Priority 4</td>
<td>7,238</td>
</tr>
<tr>
<td>Priority 5</td>
<td>96,575</td>
</tr>
</tbody>
</table>

Telstra has advised that as of 1 July 2003 the CNI recording system changed from a ‘priority’ based system to a ‘category’ based system. The ‘priority’ to ‘category’ change occurred during the last week of June. Telstra has indicated that the purpose of the change is to simplify the process and make CNI types clearer and more logical and to aim to reduce cycle times.
Telstra has advised that the new categories are:

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Category 1</td>
<td>Safety Related Specifically related to safety CNIs</td>
</tr>
<tr>
<td>Category 2</td>
<td>Customer Escalations ESD, NRF and Cicero related CNIs</td>
</tr>
<tr>
<td>Category 3</td>
<td>Potential Service Affecting Assessed as possessing a higher risk of causing future disruption to service.</td>
</tr>
<tr>
<td>Category 4</td>
<td>Programmable Work Identified (from a business perspective) as needing to be programmed for completion (utilising the CNI Decision Framework)</td>
</tr>
<tr>
<td>Category 5</td>
<td>Asset Management Managed by the Cyclic Management process. A robust initial evaluation is conducted and ongoing monitoring occurs (by way of auto triggers) to escalate or archive as required.</td>
</tr>
</tbody>
</table>

Comparison of old and new categories:

<table>
<thead>
<tr>
<th>Old Priority</th>
<th>Old Category</th>
<th>New Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Escalated CNIs</td>
<td>Category 1 Safety Related</td>
</tr>
<tr>
<td>2</td>
<td>ESD / Service Affecting</td>
<td>Category 2 Customer Escalations</td>
</tr>
<tr>
<td>3</td>
<td>Safety</td>
<td>Category 3 Potential Service Affecting</td>
</tr>
<tr>
<td>4</td>
<td>Not Used</td>
<td>Category 4 Programmable Work</td>
</tr>
<tr>
<td>5</td>
<td>Low Priority</td>
<td>Category 5 Asset Management</td>
</tr>
</tbody>
</table>

Telstra has advised that as part of the new process the current outstanding volume of low priority (Priority 5) CNIs will be effectively managed with a focus on using business rules to determine the appropriate management action. Experts from the National Fault Reduction Group are reviewing existing Category 5 CNIs to ascertain appropriate management plans.

Telstra has indicated that the majority (80%, or over 90,000) of outstanding CNIs are priority 5, of which 22,000 are over 2 years old and have never had a re-report. Telstra expects that the new approach will significantly reduce outstanding volumes through validation of the low priority CNIs.

(3) Telstra has advised that as at 10 June 2003, the oldest CNI in each of the 5 Priority classifications was as follows:

<table>
<thead>
<tr>
<th>Priority</th>
<th>Age</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1997—Currently under field investigation</td>
</tr>
<tr>
<td>2</td>
<td>1997—Required construction now completed – waiting cutover to new plant.</td>
</tr>
<tr>
<td>3</td>
<td>1996—Currently under investigation.</td>
</tr>
<tr>
<td>4</td>
<td>1996—Waiting selection under pro-active rehabilitation/growth projects</td>
</tr>
<tr>
<td>5</td>
<td>1996—Waiting selection under pro-active rehabilitation/growth projects</td>
</tr>
</tbody>
</table>

(4) Telstra has provided figures for the numbers of CNIs as at 31 December 2002 and the volume of CNIs cleared from the database between 6th December 2002 and 10 June 2003, in each of the priority classifications. These are:

<table>
<thead>
<tr>
<th>Priority</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>373</td>
</tr>
<tr>
<td>2</td>
<td>1,087</td>
</tr>
</tbody>
</table>
CNIs cleared from the database between 6th December 2002 and 10 June 2003

<table>
<thead>
<tr>
<th>Priority</th>
<th>Volume</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>690</td>
</tr>
<tr>
<td>2</td>
<td>2,670</td>
</tr>
<tr>
<td>3</td>
<td>5,049</td>
</tr>
<tr>
<td>4</td>
<td>1,799</td>
</tr>
<tr>
<td>5</td>
<td>19,971</td>
</tr>
</tbody>
</table>

(5) Telstra has advised that a new CNI process is being implemented that changes the CNI reporting process from paper entry to a phone-in system for direct entry to the CNI record database.

(6) (a) Telstra has advised that the new CNI process has been progressively implemented nationally starting from 1 December, 2002. (b) Telstra has advised that the new process is designed to reduce the cycle time on Safety and Service Affecting CNIs. The phone-in process allows immediate recording of CNIs while the paper based process caused a delay between CNI identification and recording. Telstra has advised that it considers that it is a simpler and less onerous option for field staff to make reports by telephone.

(7) Telstra has advised that CNI jobs are issued either as a ‘local’ job via DIRECTOR (work dispatch system) or as a ‘ticket of work’ despatched via DIRECTOR (current system) or CONNECT (new system).

(8) Telstra has advised that access to the CNI database is provided on job need basis, controlled via a register, and only registered users may access the database.

(9) Telstra has advised that Team Leaders have access to reports produced from the CNI database.

Senator Mackay asked the Minister for Communications, Information Technology and the Arts, upon notice, on 18 June 2003:

(1) At what date did Pracom commence supplying contractors to Telstra in Perth.

(2) (a) How many Pracom contractors, by dates of contracts, have been contracted by Telstra for the 2002-03 financial year.

(3) How many Citadel Securix contractors, by dates of contracts, have been contracted by Telstra for the 2002-03 financial year.

(4) How does the Corporate Sourcing Group operate; and (b) is there a separate Corporate Sourcing Group in each Telstra region.

(5) Who does the General Manager of Metro Services Infrastructure Services report to in the Telstra organisation.

(6) Can details be provided of which expenses are covered by Telstra and which expenses are covered by contractors when contractors are flown in to a capital city to do work for Telstra; for example does Telstra pay for the cost of travel, travel allowance and other expenses.

(7) If any of these expenses are covered by Telstra, which part of Telstra’s budget are these costs covered by.
(8) Has Telstra made any changes in the 2002-03 financial year to the way these expenses are recorded.

(9) What investigations has Telstra done into the connections between Ms T Jakszewicz, or members of her immediate family, and the contracting company Pracom.

(10) (a) Is Ms Jakszewicz still an employee of Telstra; and (b) can the dates of her employment with Telstra be provided.

(11) With regard to the use of contractors generally: For each Telstra region, on how many occasions has the inspection of work done by contractors resulted in a re-report of that work.

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

This answer is based on advice from Telstra and is substantively the same as the Telstra response to Question on Notice 128 from Budget Estimates Hearings in May 2003.

(1) Pracom commenced supply of contractors to Telstra in Perth on 10 April 2003. According to Telstra, this decision was taken to accelerate Telstra’s customer service response to high fault volumes in Perth as a result of extreme weather conditions.

(2) (a) Pracom was engaged by Telstra to provide five resources in Perth as part of a short-term contract. With respect to Telstra having a longer-term arrangement with the company, Pracom have been engaged by Telstra to provide four resources in Perth and 16 in Adelaide.

(3) Telstra has advised that it has no record of having a contractual relationship with Citadel Securix.

(4) Corporate Services has the responsibility for procurement within Telstra. Their role is to provide a standardised and coordinated approach to sourcing, vendor management and distribution activities across Telstra at a price and quality consistent with Telstra’s business objectives.

The group is structured into the following two key streams:

- Strategic Sourcing, which is a team of sourcing specialists responsible for managing sourcing projects for Telstra’s major and/or critical purchases and executing the necessary contracts to support the outcomes of those projects.

- Vendor Management, which is made up of several sections that are responsible for the ongoing monitoring and pro-active management of Telstra’s commercial relationship with its suppliers. This includes both arrangements implemented against major contracts established by Strategic Sourcing as well as contracts established by the Vendor Management sections themselves.

(b) The Corporate Services group is aligned to the Financial & Administration Business Unit and is nationally focussed with offices in most states.

(5) The Head of Metro Services reports to the Group Managing Director, Infrastructure Services, Mr Michael Rocca.

(6) Telstra does not typically pay for a contractor’s costs associated with travel or other expenses. Generally, costs such as travel are incorporated in to the contract price and in some instances, contracts include a set mobilisation cost.

If a requirement for travel arose in a way which was not anticipated by the relevant contract, Telstra would negotiate the costs on a case by case basis.

(7) Negotiated expenses for the cost of mobilising staff would generally be recorded against a specific Region’s expenses, most likely under budgets for Service Contracts and Agreements or Contract/Agency costs.

(8) There have not been any significant changes to the way these expenses are recorded by Telstra in the 2002-03 financial year.

(9) Pursuant to Telstra’s whistleblower policy, the Telstra Ethics Committee has conducted an investigation into issues raised at Senate Estimates concerning alleged conflicts of interest or
improper business practices against Telstra employee Ms Tessa Jakszewicz, General Manager Customer Service – Metro Service.

The findings of the investigation revealed that there was no evidence to confirm the allegations against Ms Jakszewicz.

It is not within the power of Telstra, and nor is it appropriate for Telstra to conduct investigations of persons external to the company.

(10) (a) Ms Jakszewicz is a current Telstra employee. (b) She commenced work with Telstra on 21 October 2002.

(11) Telstra is uncertain as to what the Senator means by “re-report”. Nevertheless, data available in relation to contractor compliance by region is shown in the table below.

Access Network Commercial Contractors
Contractor Compliance April- June 03

<table>
<thead>
<tr>
<th>Division Name</th>
<th>Region Code</th>
<th>Inspected</th>
<th>Passed</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Country</td>
<td>NSW</td>
<td>1574</td>
<td>1447</td>
<td>91.93%</td>
</tr>
<tr>
<td>Country</td>
<td>QLD</td>
<td>1216</td>
<td>1183</td>
<td>97.29%</td>
</tr>
<tr>
<td>Country</td>
<td>SANT</td>
<td>988</td>
<td>911</td>
<td>92.21%</td>
</tr>
<tr>
<td>Country</td>
<td>VCTS</td>
<td>642</td>
<td>625</td>
<td>97.35%</td>
</tr>
<tr>
<td>Country</td>
<td>WAUS</td>
<td>686</td>
<td>635</td>
<td>92.57%</td>
</tr>
<tr>
<td>Metro</td>
<td>ADEL</td>
<td>996</td>
<td>916</td>
<td>91.97%</td>
</tr>
<tr>
<td>Metro</td>
<td>BRIS</td>
<td>1909</td>
<td>1867</td>
<td>97.80%</td>
</tr>
<tr>
<td>Metro</td>
<td>MELB</td>
<td>3526</td>
<td>3412</td>
<td>96.77%</td>
</tr>
<tr>
<td>Metro</td>
<td>PERT</td>
<td>1286</td>
<td>1243</td>
<td>96.66%</td>
</tr>
<tr>
<td>Metro</td>
<td>SYDN</td>
<td>2472</td>
<td>2383</td>
<td>96.40%</td>
</tr>
<tr>
<td>National</td>
<td></td>
<td>15295</td>
<td>14622</td>
<td>95.60%</td>
</tr>
</tbody>
</table>

Telstra: Employees
(Question No. 1540)

Senator Mackay asked the Minister for Communications, Information Technology and the Arts, upon notice, on 18 June 2003:

(1) Can a list be provided of the names of the cities and towns that have had Telstra employees from other home base locations working in them, the number of employees in each, and the city or town of origin and number from that place of those workers for each month of the 2002-03 financial year.

(2) How much does Telstra pay in travel allowance for its employees for each night away from their home base.

(3) How many nights of travel allowance has Telstra paid its employees in the customer field workforce in the past financial year.

(4) What is the total amount of travel allowance paid in the past financial year by Telstra to its customer field employees.

(5) What is the total cost of: (a) airfares; and (b) other travel expenses, ie, car travel, to transport Telstra customer field employees from their home base to another location for this financial year.

(6) Have the internal accounting or costing codes that Telstra uses to classify these expenses changed at all in the past few years; if so, how.

(7) What section of the Telstra budget are these costs reported in.
**Senator Alston**—The answer to the honourable senator’s question is as follows:

This answer is based on advice from Telstra and is substantively the same as the Telstra response to Question on Notice 137 from the Budget Estimates Hearings in May 2003:

1. Telstra has advised that this detail is not readily available.
2. Travel Costs Allowance – Effective 1 July 2003

<table>
<thead>
<tr>
<th>Location</th>
<th>Accommodation</th>
<th>Breakfast</th>
<th>Lunch</th>
<th>Dinner</th>
<th>Total</th>
<th>Incidentals</th>
<th>Nightly Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adelaide</td>
<td>$108.20</td>
<td>$16.00</td>
<td>$18.00</td>
<td>$32.00</td>
<td>$66.00</td>
<td>$13.00</td>
<td>$137.20</td>
</tr>
<tr>
<td>Brisbane</td>
<td>$115.20</td>
<td>$16.00</td>
<td>$18.00</td>
<td>$32.00</td>
<td>$66.00</td>
<td>$13.00</td>
<td>$144.20</td>
</tr>
<tr>
<td>Canberra</td>
<td>$91.20</td>
<td>$16.00</td>
<td>$18.00</td>
<td>$32.00</td>
<td>$66.00</td>
<td>$13.00</td>
<td>$135.20</td>
</tr>
<tr>
<td>Darwin</td>
<td>$108.50</td>
<td>$16.00</td>
<td>$18.00</td>
<td>$32.00</td>
<td>$66.00</td>
<td>$13.00</td>
<td>$134.20</td>
</tr>
<tr>
<td>Hobart</td>
<td>$84.20</td>
<td>$16.00</td>
<td>$18.00</td>
<td>$32.00</td>
<td>$66.00</td>
<td>$13.00</td>
<td>$132.20</td>
</tr>
<tr>
<td>Melbourne</td>
<td>$137.00</td>
<td>$16.00</td>
<td>$18.00</td>
<td>$32.00</td>
<td>$66.00</td>
<td>$13.00</td>
<td>$212.00</td>
</tr>
<tr>
<td>Perth</td>
<td>$110.00</td>
<td>$16.00</td>
<td>$18.00</td>
<td>$32.00</td>
<td>$66.00</td>
<td>$13.00</td>
<td>$129.00</td>
</tr>
<tr>
<td>Sydney</td>
<td>$140.00</td>
<td>$16.00</td>
<td>$18.00</td>
<td>$32.00</td>
<td>$66.00</td>
<td>$13.00</td>
<td>$163.00</td>
</tr>
<tr>
<td>Elsewhere</td>
<td>$74.05</td>
<td>$14.00</td>
<td>$16.00</td>
<td>$30.00</td>
<td>$60.00</td>
<td>$13.00</td>
<td>$107.05</td>
</tr>
</tbody>
</table>

3. Based on the total cost of travel allowance paid during the year and an average nightly rate of $131.20, Telstra estimates that in the vicinity of 65, 348 nights of travel allowance were paid in the 2002/03 financial year.

It is important to note that this figure includes non field-based staff Travelling Allowance (TA) payments. In addition, the vast majority (approx 90%) of incidences are likely to be for regional intrastate and not necessarily interstate travel. According to Telstra, in most cases it is preferable for technicians to travel with their work vehicle so that they have tools and equipment with them.

4. Telstra estimate that approximately $8.6m was spent on travel allowance during 2002/03. This figure is adjusted to remove the cost of non-field based staff. Whilst this amount is significant, in the context of total field workforce labour costs, Telstra considers it appropriate expenditure to provide flexibility for movement of staff to meet customer demand and manage peak load.

5. YTD costs to 21 June 2003:

<table>
<thead>
<tr>
<th>Item</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Airfares</td>
<td>$100,235</td>
</tr>
<tr>
<td>Mileage</td>
<td>$8,803.40 (use of private vehicle, generally by office-based staff)</td>
</tr>
<tr>
<td>Taxi</td>
<td>$16,139.86 (generally to and from airport - generally utilised by office-based staff)</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$125, 178.26</strong> (These costs are likely to include regional management travel as well as field workforce travel.)</td>
</tr>
</tbody>
</table>

6. These have not changed.

7. Travel & Fares budget, which is part of Telstra’s OTHER GENERAL & ADMIN budget.

**Western Australia: Centrelink Debt**

(Question No. 1561)

**Senator Webber** asked the Minister for Family and Community Services, upon notice, on 20 June 2003:

1. For the state of Western Australia, for each of the financial years ending 30 June 1997, 30 June 1998, 30 June 1999, 30 June 2000, 30 June 2001 and 30 June 2002: what was the proportion of total Centrelink debt incurred for each of the following benefit categories: (a) age pension;
(b) Austudy; (c) disability support pension; (d) Newstart allowance; (e) parenting payment; (f) partner allowance; (g) youth allowance; (i) carer allowance; and (j) family tax benefit.

(2) For the state of Western Australia, by local government authority: (a) what is the total number of debts incurred for each of the benefits listed above; and (b) what is the average amount of these debts for each of the benefits.

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

(1) For the state of Western Australia the proportion of debts by benefit category for the financial year ending 30 June 1999 was:

(a) Age Pension 5.5 per cent; (b) Austudy 1.2 per cent; (c) Disability Support Pension 3.6 per cent;
(d) Newstart Allowance 32.3 per cent (e) Parenting Payment 22.4 per cent (f) Partner Allowance 1.1 per cent; (g) Youth Allowance 7.8 per cent (i) Carer Allowance 0.3 per cent (j) Family Tax Benefit - not applicable.

For the financial year ending 30 June 2000 was:

(a) Age Pension 4.5 per cent; (b) Austudy 1.1 per cent; (c) Disability Support Pension 3.4 per cent;
(d) Newstart Allowance 32.5 per cent; (e) Parenting Payment 22.1 per cent, (f) Partner Allowance 1.2 per cent; (g) Youth Allowance 11.3 per cent (i) Carer Allowance 0.8 per cent (j) Family Tax Benefit - not applicable.

For the financial year ending 30 June 2001 was:

(a) Age Pension 7.1 per cent; (b) Austudy 1.1 per cent; (c) Disability Support Pension 5.0 per cent;
(d) Newstart Allowance 31.1 per cent (e) Parenting Payment 20.4 per cent (f) Partner Allowance 1.5 per cent; (g) Youth Allowance 11.1 per cent (i) Carer Allowance 0.9 per cent (j) Family Tax Benefit 10.6 per cent.

For the financial year ending 30 June 2002 was:

(a) Age Pension 5.2 per cent; (b) Austudy 0.7 per cent; (c) Disability Support Pension 3.7 per cent;
(d) Newstart Allowance 19.5 per cent (e) Parenting Payment 15.1 per cent (f) Partner Allowance 0.9 per cent; (g) Youth Allowance 7.0 per cent (i) Carer Allowance 0.8 per cent (j) Family Tax Benefit 36.8 per cent.

The honourable member should be aware that the list of payments given was not exhaustive, and in particular Family Tax Benefit was not paid before the 2000/2001 financial year. Information pertaining to the financial year ending 30 June 1998 is not readily available in consolidated form. I do not consider it appropriate for the expenditure of resources and effort that would be involved in collecting and assembling information for the sole purpose of answering questions of this nature.

(2) For the state of Western Australia by Local Government Authority:

The detailed information required to answer the honourable member’s question is not readily available in consolidated form. I do not consider it appropriate for the expenditure of resources and effort that would be involved in collecting and assembling information for the sole purpose of answering questions of this nature.

Indonesia: Mining and Forestry

(Invoice No. 1662)

Senator Brown asked the Minister representing the Minister for Foreign Affairs, upon notice, on 25 July 2003:

With reference to the actions of Australian-owned mining companies operating in Indonesia:

(1) Does the Australian Government support overturning Indonesian Forestry Law 41 of 1999 to give access to protected forest areas in Indonesia to mining companies.
(2) What support of any kind has the Australian Embassy in Jakarta given to mining companies, in particular BHP Billiton or its subsidiaries, in their efforts to overturn Indonesian Forestry Law 41 of 1999?

(3) Has the Australian Embassy made any space or resources available to those employed by, or associated with, mining companies lobbying for the overturn of Indonesian Forestry Law 41 of 1999; if so, can details be provided.

(4) Has any person representing the Australian Government in Indonesia or elsewhere had any meetings with Indonesian Government officials regarding Forestry Law 41 of 1999; if so: (a) who was the Australian representative; (b) with whom did they meet; and (c) what was discussed.

(5) Have any protests been held outside the Australian Embassy in Jakarta regarding this issue; if so: (a) when were these protests held; and (b) were there any arrests.

Senator Hill—The Minister for Foreign Affairs has provided the following answer to the honourable senator’s question:

(1) The Australian Government supports Indonesia in its efforts to protect its forests through appropriate and effective regimes. The Government contends that the evidence shows that illegal logging is the principle cause of deforestation, not the legal activities of Australian mining companies. According to Indonesia’s Department of Forestry, illegal logging activities result in the loss of 2.1 million hectares of Indonesian forest every year, costing the country $US600 million annually. By contrast, legal mining activities have disturbed less than 135,000 hectares of forest area (or less than 0.1 percent of Indonesia’s land mass) in total since 1967.

The Forestry Law, in its present form, contradicts the legal rights of mining companies, which have been operating under contracts of work agreed with the Indonesian Government before the law came into effect. As a key point of principle, the Australian Government has been encouraging Indonesia to uphold its legal commitments under its existing contracts with mining companies.

The Australian Government remains committed to working closely with the Indonesian Government to end illegal logging, which will only be achieved when local government authorities and the legal system work effectively to enforce conservation legislation. To that end, Australia’s aid program is helping Indonesia to improve its governance, including by building local government capacities and strengthening the legal system.

(2) The Australian Embassy in Jakarta has encouraged the Indonesian Government to uphold its legal commitments in respect to its existing contracts with mining companies.

(3) No.

(4) Yes.

Between 3 April 2000 and 4 June 2003, Embassy officials made 16 representations on various Indonesian interlocutors in regard to Indonesia upholding legal commitments in respect to its existing contracts with mining companies.

(5) Yes. (a) 2 July 2003. (b) The protest was peaceful in nature and the Embassy is not aware of any protesters having been arrested.

Defence: Military Compensation Scheme
(Question No. 1699)

Senator Mark Bishop asked the Minister for Defence, upon notice, on 1 August 2003:

(1) Did the Chief of the Defence Force (CDF) in a letter to the review of Military Compensation in 1999 express ‘a strong view that the ADF must take a more integrated and holistic approach to occupational health and safety, compensation and rehabilitation that best suits its needs. The current arrangements are less than satisfactory because the shared functions across a number of...
organisations limit the visibility, sense of ownership and commitment to the whole function within Defence; if so, what has changed in the attitude of the CDF whereby in the proposed new military compensation scheme, policy responsibility for compensation is further divorced from Defence by transfer to what is effectively the existing Repatriation Commission.

(2) Under the proposed new military compensation scheme, what responsibility does Defence assume for occupational health and safety (OH&S) policy within the Australian Defence Force, as opposed to the current arrangements whereby that authority is vested in the Safety, Rehabilitation and Compensation Commission.

(3) Did the CDF express a preference to the Tanzer Review that the creation of a separate OH&S regulatory authority within Defence had the potential to give more direct and substantial impetus to that function than was currently possible; if so, is this still the view held.

(4) Under the proposed new scheme, will funding be allocated to the Department of Defence, or to the new commission based on the Repatriation Commission, or to the Department of Veterans’ Affairs.

(5) Under the proposed new model, how will medical costs be attributed between the Defence Health Services and the scheme with respect to compensable injuries.

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

(1) Yes. However, a number of factors led to the decision that the Department of Veterans’ Affairs (DVA) be responsible for policy relating to the new Military Compensation Scheme.

First, a decision was taken by the Government shortly after the Review of the Military Compensation Scheme (the Tanzer Review) reported that the ADF would continue to be covered by the Occupational Health and Safety (Commonwealth Employment) Act 1991. Consequently, occupational health and safety and compensation will continue to be prescribed by separate legislation with separate regulatory arrangements.

Second, the nature of military service, and particularly operational service (warlike and non-warlike), is such that there are extensive time lags before veterans may seek compensation, in some cases many years. As a result, the vast majority of compensation administration concerns personnel who are veterans or former members of the ADF.

Finally, if Defence were to be responsible for policy relating to the new scheme, it would be required to take on additional responsibilities such as health studies, veterans’ health and provision of veterans’ medical services. Such responsibilities are DVA’s core business, not Defence’s.

(2) Given the Government’s decision that the ADF will remain covered by the Occupational Health and Safety (Commonwealth Employment) Act 1991, the existing arrangements relating to occupational health and safety will continue to apply once the new Military Compensation Scheme becomes operative.

(3) Yes. However, the Government decision that the ADF will continue to be covered by the Occupational Health and Safety (Commonwealth Employment) Act 1991 removed the need for any further consideration of a separate OH&S regulatory authority.

(4) Under the proposed new scheme funding will be allocated to the Department of Veterans’ Affairs.

(5) The health care of serving ADF members is the responsibility of the Defence Health Services irrespective of whether their condition is compensable or not. Unlike present arrangements, serving members will not be able to access medical treatment under the new military compensation scheme unless the Service Chief agrees it is appropriate. Under the new scheme all treatment costs for serving members will be attributable to the Defence Health Services and post-discharge treatment costs for compensable conditions will be attributable to the Military Compensation Scheme.
Indigenous Affairs: Sandon Point
(Question No. 1772)

Senator Brown asked the Minister representing the Minister for the Environment and Heritage, upon notice, on 13 August 2003:

With reference to the order of the Senate of 16 October 2002, which requested the Minister to grant a request from the Wadi Wadi Coomaditchie Aboriginal Corporation for an emergency declaration under section 9 of the Aboriginal and Torres Strait Islander Heritage (Interim Protection) Act 1984 in relation to the development at Sandon Point:

(1) Was such an emergency declaration made: if so, what was the outcome of the assessment referred to in the order; if not, why not.

(2) What other actions, if any, has the Minister taken in relation to Sandon Point.

(3) What other actions, if any, has the Minister taken that may have an indirect effect on development or Aboriginal Heritage at Sandon Point.

(4) Does the Minister intend to take any action with respect to Sandon Point: if so, what actions or activities is the Minister intending to take; if not, why not.

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

(1) I did not make an emergency declaration under section 9 of the Aboriginal and Torres Strait Islander Heritage Protection Act 1984 because I was not satisfied that the area specified in the application is a significant Aboriginal area within the meaning of the Act.

(2) Stockland ( Constructors) Pty Ltd referred the proposal to develop Stages 1 to 10 of Sandon Point on 4 October 2001 pursuant to the Environment Protection and Biodiversity Conservation Act 1999. A decision was made on 13 November 2001 that the proposal was not likely to have a significant impact on any of the matters of national environmental significance protected by the Act and that it was therefore not a controlled action.

(3) See above.

(4) No. There is no basis for me to intervene in a State matter except in relation to an application under sections 9, 10 or 12 of the Aboriginal and Torres StraitIslander Heritage Protection Act 1984, or a referral under the Environment Protection and Biodiversity Conservation Act 1999.

Rio Tinto Foundation for a Sustainable Minerals Industry
(Question Nos 1791 and 1792)

Senator Brown asked the Minister representing the Minister for Industry, Tourism and Resources and the Minister representing the Prime Minister, upon notice, on 14 August 2003:

(1) Has the Minister or have his officers discussed the Rio Tinto Foundation for a Sustainable Minerals Industry with Dr Robin Batterham at any time; if so, can the dates on which the discussions took place and a summary of the issues discussed be provided.

(2) On what date and in what form was the proposal to establish the Rio Tinto Foundation first communicated to the Government or to its Strategic Investment Coordinator.

(3) (a) On what date was the Advisory Board of the Rio Tinto Foundation established; (b) When did the Government appoint its representatives.

Senator Minchin—The Minister for Industry, Tourism and Resources has provided the following answer to the honourable senator’s question:
QUESTIONS ON NOTICE

1. Answers have previously been provided regarding all communications between Dr Batterham and the Government, including its Public Service representatives, in relation to the Rio Tinto Foundation for a Sustainable Minerals Industry (Questions 1331 - 1333 tabled 16 June 2003). The Government’s representative, Mr John Ryan, obviously discusses Rio Tinto Foundation matters with Dr Batterham and other Advisory Board members at Advisory Board Meetings. The Advisory Board meets quarterly: 2 December 2002; 21 March 2003; and 26 June 2003 to date. Matters discussed at Foundation meetings are either process matters in relation to the operation of the Foundation such as determination of meeting dates, reporting protocols and budgets or the consideration of project presentations and proposals.

2. Again, the response to questions 1331-1333 advised that the Rio Tinto Foundation was established as a joint initiative of Comalco and the Commonwealth. The proposal on the delivery method for the research and development component of the incentive was submitted by Rio Tinto in July 2001 during ongoing negotiations for the total incentive package.

3. (a) Comalco confirmed the membership of the Advisory Board, other than the Commonwealth representative on 26 June 2002, at this point it was agreed that for all intents and purposes the Foundation was operational. The Charter and Rules were finalised by the Commonwealth and Rio Tinto on 25 October 2002. The Foundation was launched on 1 November 2002 and the Advisory Board held its first meeting on 2 December 2002. (b) The Commonwealth nominated its representative, John Ryan on 17 July 2002.

Environment: FutureGen

(Question No. 1793)

Senator Brown asked the Minister representing the Minister for Science, upon notice, on 15 August 2003:

With reference to a media release of 27 June 2003, in which the Minister stated that Australia will invest $120 million to develop affordable solutions to deal with greenhouse gas emissions from domestic power generation:

1. Can a list be provided of projects that make up the $120 million, including aims, timelines and agencies undertaking these projects.

2. Has the Australian Government committed funding or in-kind support to Futuregen or any other United States carbon sequestration research or demonstration projects; if so, how much has been committed.

Senator Alston—The Minister for Science has provided the following answer to the honourable senator’s question:

1. The opening line of my media release of 27 June 2003 states that, “Australia will invest $120 million to develop affordable solutions to deal with greenhouse gas emissions from domestic power generation.” This refers to the estimated total value of contributions expected to be made by all participants of the new Cooperative Research Centre (CRC) for Greenhouse Gas Technologies. That figure includes the contribution by the Australian Government, through the Cooperative Research Centres Programme of a total of $21.8 million over 7 years, which I announced on 10 December 2002. The contract to establish this CRC is still being finalised. However, much information about the expected work programme of this CRC, a list of its participating organisations and indicative budgets is publicly available on the CRC’s website: http://www.co2crc.com.au/.

2. In regard to FutureGen, I am advised by my colleagues, the Ministers for Industry, Tourism and Resources and for Environment and Heritage, who have responsibility for Australia’s international collaboration in this field, that they are not aware of any funding or in-kind support that the
Australian Government has provided, to date, to the FutureGen project or to any other United States carbon sequestration research or demonstration project. However, Australian research organisations are having discussions with their United States counterparts about a range of collaborative projects and it is possible that some Australian support may, in future, be provided to geo-sequestration projects in the United States and that the United States may provide assistance to such projects in Australia.

Communications: Subscription  
(Question No. 1821)

Senator Webber asked the Minister for Communications, Information Technology and the Arts, upon notice, on 25 August 2003:

Will the Minister seek to amend copyright legislation to make it easier to prosecute all individuals involved in subscription television service piracy, including both the providers and the users of pirated goods: if so: when is it expected these amendments will come before the Parliament; if not, why not.

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

The Copyright Amendment (Digital Agenda) Act 2000 introduced specific amendments to the Copyright Act 1968 to enable broadcasters to bring actions in relation to subscription television signal piracy. These provisions allow actions to be taken against individuals who manufacture and supply devices that allow unauthorised access to encoded broadcast signals, and individuals who access these signals in relation to a business or trade (eg to display a pay television service in a hotel without paying a subscription fee).

The Government is currently conducting a 3-year review of the Digital Agenda reforms, to ensure that they provide an appropriate balance between the rights of copyright owners, users and distributors such as pay television providers. The scope and application of the pay television piracy provisions will be considered as part of this review. The review is scheduled to be completed in 2004.