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://parlimweb.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

WEDNESDAY, 17 SEPTEMBER

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—
In Committee ................................................................................................................ 15363

Matters of Public Interest—
Superannuation ............................................................................................................. 15403
Small Business Employment Report: Government Response ....................................... 15405
Resources: Renewable Energy ..................................................................................... 15408
National Dementia Awareness Week ............................................................................ 15411
Middle East: Israeli-Palestinian Conflict .................................................................... 15415

Ministerial Arrangements ................................................................................................. 15418

Questions Without Notice—
World Trade Organisation ............................................................................................ 15418
Automotive Industry: Assistance .................................................................................. 15419
World Trade Organisation ............................................................................................ 15420
Drought: Assistance ...................................................................................................... 15421
Employment: Job Network ........................................................................................... 15422
Education: HECS Debts ............................................................................................... 15423
Health and Ageing: Aged Care Funding ....................................................................... 15425
Housing: Affordability .................................................................................................. 15426
Superannuation: Preservation Age ............................................................................... 15428
Insurance: Medical Indemnity ...................................................................................... 15429
Superannuation: Contributions ..................................................................................... 15430
Health: Prevention ........................................................................................................ 15432

Questions Without Notice: Additional Answers—
Environment: Murray-Darling River System ............................................................... 15434
National Security .......................................................................................................... 15434

Questions Without Notice: Take Note of Answers—
Employment: Job Network ........................................................................................... 15435
Education: HECS Debts ............................................................................................... 15441

Petitions—
Australia Post: Services ............................................................................................... 15442
Immigration: Asylum Seekers ...................................................................................... 15443
Immigration: Asylum Seekers ...................................................................................... 15443

Notices—
Presentation .................................................................................................................. 15443

Committees—
Selection of Bills Committee—Report .......................................................................... 15449

Notices—
Postponement ............................................................................................................... 15451
Health: HIV-AIDS ....................................................................................................... 15451
Trade: Live Sheep Exports ............................................................................................ 15452

Iraq—
Suspension of Standing Orders ...................................................................................... 15453

Indigenous Affairs: Children ....................................................................................... 15458
Trade: Free Trade Agreement ....................................................................................... 15458

Committees—
Rural and Regional Affairs and Transport Legislation Committee—Meeting .......... 15461
<table>
<thead>
<tr>
<th>CONTENTS—continued</th>
</tr>
</thead>
<tbody>
<tr>
<td>Matters of Public Importance—</td>
</tr>
<tr>
<td>World Trade Organisation ................................................................. 15461</td>
</tr>
<tr>
<td>Committees—</td>
</tr>
<tr>
<td>Scrutiny of Bills Committee—Report .................................................. 15475</td>
</tr>
<tr>
<td>Budget—</td>
</tr>
<tr>
<td>Consideration by Legislation Committees—Additional Information .......... 15475</td>
</tr>
<tr>
<td>Committees—</td>
</tr>
<tr>
<td>Public Works Committee—Reports ......................................................... 15475</td>
</tr>
<tr>
<td>Treaties Committee—Report ............................................................... 15477</td>
</tr>
<tr>
<td>Ministerial Statements—</td>
</tr>
<tr>
<td>National Safe Schools Framework ....................................................... 15478</td>
</tr>
<tr>
<td>Documents—</td>
</tr>
<tr>
<td>Genetically Modified Organisms .......................................................... 15479</td>
</tr>
<tr>
<td>Delegation Reports—</td>
</tr>
<tr>
<td>Parliamentary Delegation to the Cambodian National Assembly Elections 2003...... 15479</td>
</tr>
<tr>
<td>International Tax Agreements Amendment Bill 2003—</td>
</tr>
<tr>
<td>First Reading .......................................................................................... 15482</td>
</tr>
<tr>
<td>Second Reading ...................................................................................... 15482</td>
</tr>
<tr>
<td>Family Assistance Legislation Amendment (Extension of Time Limits) Bill 2003—</td>
</tr>
<tr>
<td>First Reading .......................................................................................... 15483</td>
</tr>
<tr>
<td>Second Reading ...................................................................................... 15483</td>
</tr>
<tr>
<td>Bills Returned from the House of Representatives .................................. 15484</td>
</tr>
<tr>
<td>Superannuation (Surcharge Rate Reduction) Amendment Bill 2003,</td>
</tr>
<tr>
<td>Superannuation (Government Co-contribution for Low Income Earners) Bill 2003 and</td>
</tr>
<tr>
<td>Superannuation (Government Co-contribution for Low Income Earners) (Consequential</td>
</tr>
<tr>
<td>Amendments) Bill 2003—</td>
</tr>
<tr>
<td>In Committee .......................................................................................... 15485</td>
</tr>
<tr>
<td>Documents—</td>
</tr>
<tr>
<td>Australia Post ...................................................................................... 15496</td>
</tr>
<tr>
<td>Adjournment—</td>
</tr>
<tr>
<td>Redlands IndigiScapes Centre ............................................................... 15497</td>
</tr>
<tr>
<td>Australia Post ...................................................................................... 15499</td>
</tr>
<tr>
<td>Australian Citizenship Day ................................................................. 15501</td>
</tr>
<tr>
<td>Documents—</td>
</tr>
<tr>
<td>Tabling .................................................................................................... 15504</td>
</tr>
<tr>
<td>Questions on Notice—</td>
</tr>
<tr>
<td>Telstra: RAM 8s—(Question No. 1533)...................................................... 15505</td>
</tr>
<tr>
<td>Telstra: Overtime Hours—(Question No. 1542) ........................................ 15506</td>
</tr>
<tr>
<td>Telstra: Priority Assistance Program—(Question No. 1544) ....................... 15508</td>
</tr>
<tr>
<td>Telstra: Regional Network Taskforce—(Question No. 1546) ........................ 15510</td>
</tr>
<tr>
<td>Human Rights: Burma—(Question No. 1636) ............................................ 15511</td>
</tr>
<tr>
<td>Foreign Affairs: West Papua—(Question No. 1746) .................................. 15512</td>
</tr>
<tr>
<td>Veterans’ Affairs: London War Memorial—(Question No. 1787) ............... 15512</td>
</tr>
<tr>
<td>Defence: Twofold Bay Navy Ammunition Facility—(Question No. 1800) .... 15512</td>
</tr>
<tr>
<td>Afghanistan: War Crimes—(Question No. 1824) ...................................... 15513</td>
</tr>
</tbody>
</table>
Wednesday, 17 September 2003

The PRESIDENT (Senator the Hon. Paul Calvert) took the chair at 9.30 a.m. and read prayers.

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

In Committee

Consideration resumed from 16 September.

SUPERANNUATION (SURCHARGE RATE REDUCTION) AMENDMENT BILL 2003

The CHAIRMAN—The committee is considering the Superannuation (Surcharge Rate Reduction) Amendment Bill 2003. The committee is considering government amendments (1) to (31) on sheet QG218. The question is that the amendments be agreed to.

Senator BROWN (Tasmania) (9.32 a.m.)—I wish to foreshadow that I have some further amendments to the consequential amendments bill that is in hand and will be circulating those during the morning. I just want to alert the chamber to that. I will explain the amendments when they come forward.

(Quorum formed)

Senator LUDWIG (Queensland) (9.33 a.m.)—This debate gives me a great opportunity to talk about superannuation. The involvement that I have had with superannuation goes back some time now. In fact, my involvement goes back to the time when we first introduced superannuation into the system. At that time I was an industrial advocate and I took great pleasure in being able to move many awards so that they included superannuation for the first time. This gives me a wonderful opportunity to be able to apprise the chamber of that and reflect upon where we now are in respect of superannuation. It is a position we have come an exceedingly long way on, mostly without the help of the coalition. In fact the coalition have had difficulty accepting superannuation and moving it forward; the Labor Party on the other hand have been able to be progressive and forward thinking in respect of superannuation. Not only that, the Labor Party have demonstrated their ability to move the debate forward—as I am sure Senator Sherry will be able to do shortly. The Greens have been able to assist where necessary and the Democrats have been tardy in some respects.

On a more serious note, superannuation has, since its inception by the Hawke-Keating government, been able to provide a change in circumstances. I can recall an arrangement in Mount Isa—and I suspect the coalition would have supported this type of arrangement—where the company had company schemes and they had gone on what was called a ‘contribution holiday’. They did this because the work force structure was such that workers went to Mount Isa for short to medium terms. They earned significant incomes during their early productive years but towards their later productive years they left Mount Isa, and the superannuation structure that was in place for many workers in that era meant that they did not accumulate any funds. They had to stay with the company for 20, 30 or 35 years and then their superannuation was calculated as multiples of their final retirement income—as was often the case with company schemes at
the time. That meant that, although miners and the like might have earned significant incomes during their early productive years, later on in life when they were doing less physical tasks their incomes dropped and as a consequence their final average salaries were less and they received significantly less superannuation. In fact, they found that the payouts after 20 or 30 years of work were in the region of $30,000, which was not a significant amount of money even in those days.

With industry funds, the Labor Party have been able to expand the horizon of many workers to ensure that they have accumulation funds. Many companies—and I am sure Senator Coonan would have been on our side in this fight—held on to company funds. They did not want to move to industry funds, they did not want to look at better ways to ensure that workers’ superannuation entitlements were protected and they did not want to ensure that the issue was pursued in at least a progressive and fair way. We found that it took significant industrial pressure to move companies away from the industry funds. Why did they not want to move? It was because the payments made into the funds and the actuarial advice on what they had to pay out in the future meant that many of them had gone on what was called a ‘contribution holiday’—that is, they no longer had to pay any moneys into the superannuation fund during that period. That was because the actuarial advice had built the fund up to a level so that they could then sustain a payout—given the likelihood of an existing worker who had reached the age of 65 within 25 or 30 years in the work force retiring—of what was in those days the significantly low amount of $30,000. On today’s advice, it probably would not have shifted much either.

It took a significant amount of pressure for those companies to come to grips with the fact that they had to change their ways and move forward. In fact, some of them did not really want to shift so they opened up separate accumulation accounts under the award for three per cent occupational super and continued with their company funds because of the savings that they had accumulated through not being able to pay a contribution.

What disturbed me most yesterday was that Senator Coonan talked consistently about union funds in her answers during question time. That is the difference; they are not union funds, they are industry funds. I have painted this little picture to explain what existed before. These company funds were usually only for the elite in management and they were significantly better than what the workers otherwise got. But where companies were pressured industrially to have superannuation funds, they did exactly that: they had small funds and payouts at the end, and they structured them so that they could have contribution holidays and did not have to pay into them. It was not until Labor moved the debate to ensure that we had industry and accumulation funds that we then had boards taking an interest in ensuring that there was growth, that there was a return and that the administration fees were lower. We were able to move the debate and allow workers to realise significant gains.

What we are dealing with here today are the amendments to the superannuation surcharge and the superannuation government co-contribution. You wonder whether the government have learnt anything during that whole period, whether they simply want to drag the debate back or whether they feel more comfortable giving big business those types of funds again. I will not take up too much of the chamber’s time. Given that I have been able to make the point that I had wanted to make yesterday, I will leave it there.
Senator CHERRY (Queensland) (9.41 a.m.)—I rise to support the government’s amendments and to acknowledge Senator Ludwig’s contribution, which obviously filled a small bit of our time there for us. I want to note that these amendments being discussed with the Democrats do significantly expand the number of people who are eligible for the co-contribution. Under the government’s original proposal, 1.7 million Australians were eligible for the full $1,000 co-contribution and up to 3.5 million Australians were eligible for a full or partial co-contribution. Under the amendments that we are now discussing, an extra one million people get access to the full contribution, taking it up to 2.7 million people; and 4.6 million people are now eligible for a full or part contribution. That is almost 60 per cent of the workforce.

I was surprised by the contributions from Senator Sherry and Senator Wong yesterday indicating that this is somehow inadequate because of the fact that it does not pick up all the other low- and middle-income earners. But I reiterate that, from the Democrats’ point of view, when there are limited funds available, which is what we are dealing with in this situation, and you are trying to determine the best way of allocating those funds, I will always be unashamed in seeking to ensure that the benefit goes to the most deserving—that is, the lowest income people in Australia. I would much prefer, and I am quite happy to defend, that the 60 per cent of Australians who are in the lowest income brackets—up to $40,000—are the beneficiaries of the amendments that we are talking about today.

I was trying to work out in my head why the Labor Party has been so emphatic about defending the people earning more than $40,000 a year. To try to make sense of this, I pulled out from the library an interesting statistic on trade union membership by income level. It is worth noting for the chamber that, at the under $20,000 level, 12½ per cent of people are union members; at $20,000 to $40,000, that rises to 24 per cent; at $40,000 to $60,000, it rises to 35 per cent; and at $60,000 to $80,000 it is 33 per cent. Obviously the great mistake the Democrats have made with this agreement in dealing with and looking after low-income workers is that we have forgotten to look after union workers. That is probably the reason why the Labor Party has been so emphatic in saying that we have somehow let down workers by concentrating on low-income workers.

Senator SHERRY (Tasmania) (9.44 a.m.)—At the present time, we are discussing in committee the proposal to deliver an exclusive tax cut to high-income earners. That is the issue we are discussing at the moment, albeit I accept that, because two bills have been packaged together by the government and there is to be a debate in committee on the low-income earners’ co-contribution, it is fair enough for Senator Cherry to cross over, to draw a comparison between the two elements in the package.

I just want to make a fundamental point from the Labor Party’s point of view. We have an exclusive tax cut for high-income earners, those earning more than approximately $94,000. The high-income earners earning more than that all get a tax cut. They are guaranteed a tax cut. They do not have to do anything. They do not have to put any extra money into super; they get the tax cut. They all get it. It is a guaranteed tax cut for high-income earners which logically leads to a higher retirement income—it must—for that group of people.

I contrast that with the other element of the package that Senator Cherry has just been referring to. He is right when he says that, although we do not have the numbers and the estimates from the government yet—
and we will be testing that in more detail when we get to that point in the committee—2.7 million Australians get access to—

Senator Cherry—They are eligible for access.

Senator SHERRY—They are eligible for access, that is right. There is no guaranteed benefit for all of those 2.7 million people. The problem is that, of those 2.7 million people, we know, because the government has to provide costing estimates, that only a small proportion will actually be able to put the $1,000 in to obtain the maximum benefit. They have access to it but they have to have the income to obtain the access.

Of these 2.7 million low-income earners to which you refer, I suspect that about one in 10, if that, will put in a full $1,000. We know that there is not a significant proportion of those 2.7 million people who have a spare $1,000 to put into super. They do not have the money because their disposable income is so low and they are having to pay off a mortgage, pay the rent and pay increased education and health costs. In the considerable majority of cases, their household budgets are totally taken up with meeting day-to-day living expenses. They do not have a spare $1,000.

I am sure that the situation is much worse for joint income, low-income households. Let us look at a joint income, low-income household where both the male and female are working, one with an income of $20,000 and the other with an income of $30,000. They have a joint income of $50,000. I do not think there is a lot of spare income for those people to find $1,000 a year each to put into super to get the $1,000. Nevertheless, Labor supports that initiative because it is an advance. It is a help for some people. But let us not pretend or give the impression that, when the bill is passed and gazetted, 2.7 million Australians at this low-income level will all dash out, put $1,000 into super and get a $1,000 matching contribution. They are not going to do it because they do not have the income to do it.

Labor’s concern with this so-called package from the deal the Democrats have struck with the government is that there is a guaranteed tax reduction for high-income earners. High-income earners are guaranteed the tax cut. Low-income earners get something, but only if they can find up to $1,000 to put into super. We know that it will not be a significant proportion of those people. The low-income earners’ co-contribution is a pale imitation of Labor’s proposal of seven years ago to have a three per cent government contribution for everyone. It was not dependent on capacity to pay. The Labor government funding in the forward estimates, which the Liberal government abandoned, allowed three per cent for everyone, paid by the government. That is the contrast in this package which concerns us.

The government, for obvious tactical reasons, have joined these two measures together. We know why they want to deliver an exclusive tax cut for high-income earners. A substantial number of high-income earners are Liberal Party members who have been complaining about the surcharge tax that the Liberal Party introduced back in 1996. We know that; I hear from them. The Liberal Party are delivering to their constituency of high-income earners who earn more than $94,000 a guaranteed benefit. That is what we are discussing in this committee stage. Low-income earners, if they can find $1,000, which we know many of them cannot, will get another $1,000. It is not a balanced package in that sense. There is a guaranteed tax cut for high-income earners earning more than $94,000 and a much more limited proposal, in the level of take-up, for low-income earners. And, as I have said, there is nothing for middle-income Australia—those earning
between $40,000 and $94,000. There is not a cent for individuals in that income range.

Labor have consistently argued—and we put forward this positive alternative—that all Australians require a tax reduction on both their compulsory and their voluntary superannuation. All Australians require it, not just some Australians—not just high-income earners. And more than 2½ million middle-income Australians miss out from this package. That is just another glaring example of government priority.

They are the sorts of contrasts I draw attention to in the committee stage of debate on this bill. I have concluded my remarks, subject to having to respond to others on the government’s amendments in committee. However, I would like an update on the questions that I posed in the committee stage yesterday. I posed quite a range of questions about costing assumptions, take-up rates et cetera. If the minister has further information that has been obtained since that debate concluded, it would be useful if that could be added. Then Labor is happy to move on to its amendment in the committee stage.

Senator BROWN (Tasmania) (9.52 a.m.)—While the Minister for Revenue and Assistant Treasurer is getting that information for Senator Sherry, I ask: has the minister already given the committee the information on the average advantage of this package to people earning over $114,987 a year—and I think she told us there were some 315,000 of those—and to the 235,000 people earning more than $94,000 a year?

Senator COONAN (New South Wales—Minister for Revenue and Assistant Treasurer) (9.53 a.m.)—I want to first address some comments in response to Senator Sherry’s remarks about the package. I think most of the issues raised have already been talked about at some length; however, I do think it is important to reiterate the objective of the package, because there appears to be some confusion and a very simplistic analysis of the impact of the package because it is being applied in the wrong way. First and foremost, the way in which the agreement between the Democrats and the government works is to provide benefits to those on low incomes. That is what the package is designed to do. It is not designed across the board; it is designed basically to replace a low-income rebate and to provide a much more generous package to a class of people at certain income levels who could be regarded and who are regarded as low-income earners. So the package is not being set up to do what Senator Sherry contended or criticised.

The package is designed to focus on low-income earners and to do so in a way where the benefits will flow to low-income earners, as opposed to their having to apply for the rebate; it is on a scale that is much more generous; and it is specifically targeted to help those who otherwise might not have any incentive to save at all to actually have an incentive to save. It is a tapered rate, and it is obviously acknowledged that there needs to be greater encouragement for those with lower incomes. As I said yesterday, it is patronising in the extreme to confine low-income earners to the scrapheap of the savings culture and to assume that they are not worth an incentive; that they are not going to take it up, that they are not interested in their future and that they should not be given any opportunity to make extra savings if they wish to and if they are able to. That is what the package is actually designed to do, and it muddies the waters completely if you try to make it do something that it is not designed to do.

The other part of the package is equally clear, and that is to remove some of the disincentives on those who are able to put away more for their retirement. This is acknow-
ledged and superannuation works this way: the more money and disposable income you have, the more you may have to make voluntary contributions. That is hardly surprising. It is important that those who do have more disposable income to make voluntary savings do so. The reason it is important that they do so and that we remove some of the disincentives to them doing so—and we know that that has in fact operated over the last couple of years—is that it will take more pressure off the pension system for the very people who are unfortunately down the bottom of the income scale and are going to need to have their retirement supplemented by the pension, if not exclusively provided by the pension. So it makes a lot of sense to the government to remove some of the disincentives for those who do have more disposable income to make voluntary contributions because it helps the very people that the major part of this package is aimed at, without assuming that they should not have the sort of incentive that this package puts together.

As Senator Cherry has said quite accurately, there are about half a million people who will receive the co-contribution—540,000 is the estimate—in the 2004-05 budget year. If you consider that it is not targeted at the whole population, it is a pretty significant figure of those in the low-income range who ought to be able to benefit from it. The important thing also to bear in mind, given that this package is not designed across the board but designed to help a specific income range, is that there are other elements of the government’s superannuation package available to other people. I will provide a few examples, but I do not intend it to be an exclusive list. The measure for splitting superannuation contributions that is about to come into this place will assist people right across the superannuation spectrum. Other measures are the continuing superannuation contributions to age 75 and the increase in the fully deductible amount for self-employed. And, of course, choice of superannuation fund and portability will provide some real assistance to those who wish to move from a fund where they are trapped, perhaps a non-performing fund, to one where they can make some choice about where they want to put their money.

The thing that will most help the retirement system is to connect people to their money so that they have some control over it and some connection with it. The current system, where there is very little flexibility in choice of superannuation fund, has taken its toll over time. We have $7 billion of people’s superannuation money washing around in the system, the owners of which cannot be located because they do not know that they own it; they do not know where their accounts are. That is an absolute disgrace. If people do not have any control over their money, if they do not know where it goes or where it is deposited—and they would have no control over it even if they did know where it was—they tend to lose connection with their money. That $7 billion is a stark figure.

We need to move some of these superannuation issues along. It is a tired old argument to say that people cannot have choice or portability. In the year 2003 people want to have some control over where their savings go; they take an interest in their retirement savings. That is exactly what the government wants. There is a need for further education, and $14 million has been allocated to commence an education campaign to connect people with their money and inform them about the system. It is absolutely critical. I would not want to see this debate get sidetracked by trying to get this package of bills to do something it is not designed to do. The legislation is part of a whole package that this government has put forward to make
superannuation more attractive and more available to a range of people.

Yesterday I dealt with a number of questions, as the debate unfolded, that were asked by Senator Sherry—at least where information was available. I will return to Senator Brown’s specific question, which concerned the average advantage to taxpayers earning over $114,981. The impact on individuals will vary according to their level of surchargeable contributions, and not their income. When fully implemented, the benefit will be a reduction in the level of surcharge payable from a maximum of 15 per cent to 12.5 per cent. That way the benefit can be worked out, Senator Brown.

Senator SHERRY (Tasmania) (10.02 a.m.)—What is the figure, Minister?

Senator Coonan—You can work it out.

Senator SHERRY—No—you are here to give us the information.

The TEMPORARY CHAIRMAN (Senator Chapman)—Order! Senator Sherry, address your remarks through the chair.

Senator SHERRY—Chair, we are here to seek information from the minister—which she knows she has—which is critical to the consideration of this legislation. I think even Senator Cherry would concede this point. Give us the information, Minister—through you, Chair. Give us the average benefit for high-income earners. In the committee stage of the legislation that we are discussing, give us the figure. You are obviously very embarrassed because you are hiding the figure. It is quite legitimate of Senator Brown and me to press this point. We want to know the figure. You have to know the figure because you have worked out estimates of the revenue cost of these provisions.

Senator WATSON (Tasmania) (10.03 a.m.)—Perhaps I can shed some light on this matter. It will depend on the individual circumstances of each particular surchargeable taxpayer. As you know, Senator Sherry, the amount of surchargeable income to which the surcharge applies is not just income; it includes fringe benefits tax and the termination benefits of those poor unfortunates who lose their jobs. So a lot of middle-income earners who have lost their jobs suddenly become subject to the surchargeable arrangements.

Senator Sherry appears to be asking the impossible. How do we know how many middle-income earners are going to be subject to the surcharge simply because they have lost their jobs during the year? What I do know, Senator Sherry, is that the impact on the so-called high-income earners to whom you continually refer will be minimal. For example, a person on a $110,000 surchargeable income—which is more than income, as I have explained—will get a benefit in the first year of about $150. What is becoming apparent, Senator Sherry, is that your mathematics are at fault. You have created a black hole by saying that you can substitute—
legations at the minister, wanting information, where the information is going to be subject to individual circumstances and very difficult to quantify. The cap has to be put on your head because the black hole rests with you, not with the coalition.

Senator SHERRY (Tasmania) (10.06 a.m.)—We are starting to open up this debate way beyond the immediate issues we are trying to consider here but, Chair, you have let the debate go, and I have to respond to the committee stage challenges posed by Senator Coonan and Senator Watson. As I have reiterated, the minister’s advisers must know the average level of benefit as a result of the surcharge tax contribution over the four years for people earning $116,000 or more because they have provided a costing of this tax reduction. Within that costing, it is quite easy for the government advisers to work out the average benefit in money terms for these high-income earners. Give us the figure. The government want to hide the figure because they do not want it known just what level of benefit goes exclusively to high-income earners.

Senator Watson has challenged my and the Labor Party’s position that we should be reducing the contributions tax for everyone. Our leader, Mr Crean, in his two previous budget replies has argued that the contributions tax should be reduced modestly from 15 per cent to 13 per cent. It is funded in two ways, Senator Watson. The first element of the funding is not to have an exclusive tax cut for high-income earners.

Senator Coonan—So you are going to reverse this, are you? You are going to put up the surcharge. The Labor Party are going to put up taxes.

Senator SHERRY—No, we will not be doing that, Senator Coonan. It is only you who have increased the tax rates on superannuation. I draw this to the attention of the chamber: since the election of a Liberal government the revenue from the contributions taxes, both the surcharge and the 15 per cent contributions tax, has increased. In the 1996 financial year they collected approximately $1.56 billion. It is now well over $5 billion. It is the most significant increase in revenue for a Liberal government.

Senator Coonan—That might have something to do with more jobs, mightn’t it?

Senator SHERRY—It has nothing to do with that, Senator Coonan. To come back to the challenge posed by Senator Watson, the second element of Labor’s position on the funding of the tax reduction, the 15 per cent to 13 per cent, is that we will not be scrapping public sector superannuation and adding hundreds of millions of dollars to the cash balance on the budget.

Senator Coonan—Now you are going to hop into the public servants.

Senator SHERRY—You are hopping into the public servants; the Liberal Party is proposing to shut down the schemes in a very expensive way. We have not had that bill before the parliament yet. Senator Coonan has, in the committee stage, gone into so-called choice and portability. They are debates for another day, but I make the point for the record and for those people listening that the Labor Party support safe choice and safe portability. They are debates for another day, but I make the point for the record and for those people listening that the Labor Party support safe choice and portability. They are debates for another day, but I make the point for the record and for those people listening that the Labor Party support safe choice and safe portability. They are debates for another day, but I make the point for the record and for those people listening that the Labor Party support safe choice and safe portability. They are debates for another day, but I make the point for the record and for those people listening that the Labor Party support safe choice and safe portability.
sory superannuation nine per cent guarantee products. We have proposed that because commissions, which reward some planners, warp advice to products where commission is payable, which is not necessarily in the interests of the fund member. We will deal with the issue of portability in the consideration of the regulations coming up soon.

Labor’s proposal to resolve the problem of the 25 million scattered accounts—many of the nine million fund members not knowing how many accounts they have—is for automatic portability, automatic transfer using the tax file number. This is the Swiss system. Switzerland is not exactly known as the centre of the communist socialist states. In Switzerland there is compulsory rollover from one fund into your last active or inactive account. Labor propose that these moneys will be tracked down by the tax office and transferred over into a fund member’s account automatically. And they will have the right to say, ‘No, I do not want the money transferred.’ If they say, ‘I don’t want the money transferred,’ then it will not happen.

Senator Coonan—How will they know about it?

Senator SHERRY—They will be informed by the tax office, Senator Coonan. This government has no solutions. The number of accounts keeps growing and growing and growing. The government does not recognise the structural failure in the system and it says that individuals will do it. But they are not doing it at the present time and in most cases, as Senator Coonan is well aware, people could consolidate the millions of lost accounts. They could move them together into one account subject to exit fees.

Senator Cherry—Mr Temporary Chairman, I raise a point of order on relevancy. It is interesting hearing about the ALP’s policy but it is not really relevant to the bill we are dealing with. I would like to get on and actually debate the bill we are dealing with at this stage.

The TEMPORARY CHAIRMAN

(Senator Chapman)—I do believe the debate is straying from the subject matter of the bill itself and, more specifically, from the amendments that are under debate. I ask Senator Sherry to bring himself back to the matters under discussion rather than ranging far and wide on opposition policy.

Senator SHERRY—Yes, I respect your ruling, Chair. Senator Coonan opened up this area of debate.

Senator Coonan—One line!

Senator SHERRY—Come off it; it was not one line. Senator Coonan started going into choice and portability. She raised the issues and it is quite legitimate of me to respond to her initiating that and opening up the debate. I have made the comments I wish to make on that area.

Senator Coonan has just disclosed to the committee that there will be 540,000—that is, the estimated take-up of the low-income earner co-contribution—out of 4.6 million low- to middle-income earners, depending on how you define low- to middle-income. What we now know is that four million low- to middle-income earners will get nothing—not a cent—and we know that 2½ million people whose incomes range between $40,000 and $95,000 will get nothing. So six million people will not get one cent from this package, compared with the issues we are debating in committee—an exclusive tax cut for all the high-income earners, all those earning more than $94,000.

Senator Cherry—How many of them are there?

Senator SHERRY—Approximately 550,000. So half a million—550,000—high-income earners will get a tax cut. At the other end of the scale, at the low-income end
of the scale, about the same number of people—$40,000 low-income earners earning up to $40,000—will get $1,000 or part thereof, and six million people will get absolutely nothing from this package. That is this government’s approach; it is not the Labor Party’s approach.

I am keen to conclude this debate on the costings, and I wonder whether the minister has any further information on the questions that I posed yesterday, particularly this very important issue that Senator Brown has raised this morning about the average level of benefit going to those high-income earners on the highest tax rate who are on incomes of more than $115,000. Labor would certainly strongly support Senator Brown in the request for that information.

Senator WATSON (Tasmania) (10.16 a.m.)—This has been a very interesting debate, but it has strayed a bit a times. But some things have emerged in this debate, particularly this very important issue that Senator Brown has raised this morning about the average level of benefit going to those high-income earners on the highest tax rate who are on incomes of more than $115,000. Labor would certainly strongly support Senator Brown in the request for that information.

Senator WONG (South Australia) (10.20 a.m.)—I have a couple of comments on the contribution just made by Senator Watson. He claimed that we have a dictatorial attitude...
because we want to ban exit fees. Senator Sherry has made it quite clear that the Labor Party’s position, as we signed off on in the recent report, is that we should ban exit fees because they are a barrier to portability, but we say that they should be replaced with an administrative charge associated with a reasonable administrative and rollover cost of a transfer out. That is what the Labor Party set out in the report. We do want to ban exit fees, which is a grand sight better than the government’s position.

I note that the minister still has not indicated a clear policy in relation to exit fees other than that the market will sort it out. An example was put to the Minister for Revenue and Assistant Treasurer in question time yesterday of fees of over $5,000 being levied against an account with a little over $5,000—in other words, almost all the funds transferred would be eaten up by exit fees. These are the sorts of examples that this government is failing to address in its policy. One wonders how many hard-earned savings of Australians will be eaten up through unreasonable exit fees, with the government waiting for the market to supposedly sort it out.

Senator Watson accuses us of not being interested in tax justice. I would have thought it was quite clear that we do not think a guaranteed income tax reduction for high-income earners, as opposed to a take-up by some 540,000 low-income earners, is a reasonable balance. We simply say that, if you are going to have a tax cut, it should be directed at low- and middle-income Australians rather than people earning over $114,000 a year. I am still waiting for the minister, if she is able to do so, to provide us with some indication of what sort of monetary value these tax cuts will have for high-income Australians.

Senator BROWN (Tasmania) (10.23 a.m.)—I am finding this debate very interesting because it means that there are major changes coming down the line. Whether there is a Howard government after the next election or a Crean government, there is an interesting divergence in points of view. The legislation before us, however, and the information that we have from the government point to the fact that there are 540,000 low-income earners, which is about one in nine, who might get an advantage from this government prescription. But there are 540,000 very wealthy people on over $94,000 a year who will all get an advantage unspecified by the minister.

Senator Watson—It is about $150.

Senator Cherry—It is less than that.

Senator BROWN—The figures vary there. The interesting thing about Senator Watson saying it is $150 per wealthy person and Senator Cherry saying that it is less than that is that the minister is not giving us the figure anyway. If it is such a small amount, one has to wonder how the government calculates it—$3 a week is going to make a big difference. I can tell you that it does at the other end of the scale; it makes a very big difference. That is the problem here. There is an enormous social inequity in this package.

Senator Cherry—By giving it to low-income people?

Senator BROWN—It is only one in nine low-income people. Senator Cherry says all low-income earners are eligible. That reminds me of a famous saying. I think it was the Mayor of Paris who said, ‘Everybody has a right to sleep under the bridges, but some take it up and some don’t.’ There is the view that it is there and if people do not take it up, it is their fault. But those with that view fail, Senator Cherry, to understand that poor people cannot just find $1,000 to take advantage of this prescription. If you extrapolate to the
rich people who are advantaged, including every one of us in this place, then we would have to raise $10,000 to get some advantage here. That would make us think, wouldn’t it? You would require $10,000 to get an advantage from this scheme. That is what you are saying to the people on low incomes on a pro rata basis. It is even more skewed than that because when you are on that low income it is all taken up through rent, housing costs, food costs, transport costs—the costs of simply raising families and living. To say, ‘If you can find $1,000, you will get the advantage,’ is cruel to low-income earners. It means that those who cannot find it are being taunted by the $1,000 incentive through this government and Democrat package. Senator Cherry can laugh but eight out of nine people, on the government figures, will not be able to—

Senator Cherry—It is a patronising speech.

Senator BROWN—It is a direct social analysis. You can get up and respond to it, but that is what it is. Eight out of nine people on low incomes will not be able to take advantage of this. That is cruel. It is winner takes all here. Either you sign up to the inducement from the government and the Democrats or you do not. Eight out of nine people, on the figures the minister has given us, simply will not be able to. That is what is unfair about it.

Senator Watson—How do you know?

Senator BROWN—I am taking the figures from your minister; that is how I know. Senator Cherry does not think it is 540,000, so the government and the Democrats are now having a disagreement about the impact of this package. They should have sorted that out when they were coming to an agreement on it. It is inequitable and Labor is right: the package should have been spread across all the people who need it. Clearly, the government has been able to get the Democrats aboard by offering an advantage that may go to one in nine poor people, while giving all the rich, without exception—nine out of nine—the advantage coming out of this package. It is designed to be socially inequitable and when, or if, it goes through that social inequity will come into play. I think it is very tough on the poor people who are then going to have to decide whether—

Senator Cherry—You would deny it to those 540,000 who do want to save then.

Senator BROWN—Oh dear! Let me say everybody wants to save. You say I am patronising, Senator Cherry, but what about that comment as far as the eight out of nine who cannot get into this scheme are concerned? Are you saying that they do not want to save? Is that not patronising? Is that a failure to understand the circumstances that they are in? This is the problem with this package. That is why, when we get to it, I will be supporting the direction that Labor is taking on this over the direction that the government and the Democrats have put forward.

Senator CHERRY (Queensland) (10.29 a.m.)—I was hoping that the minister would speak before I did, because I am waiting for the figures, as everyone is, on how many people pay surcharge, but I do want to respond to a few things in the debate so far. I do believe that the contribution we have just heard from Senator Brown was very patronising to low-income people. The notion of this package is that, if people are prepared to save, the government will double the contribution if they are earning less than $27,500 and will provide them with incentives up to $40,000. That is 60 per cent of the workforce. Someone on $35,000 will get $400 from the government and someone on $30,000 a year will get $800 from the government. I expect the pick-up rate will be higher in the $30,000 range and the higher
$20,000 range. As I said in my speech earlier, the people I expect to pick up this particular incentive will be older workers who are starting to save for retirement—those over 40, when they have a bit of spare cash hanging around—

Senator Sherry—Do they?

Senator CHERRY—They do—once the kids have left and they have got them off their hands. The other group I expect to pick this up will be part-time workers who are returning to the work force after having children—people like that. They are the sorts of categories I expect will be actually targeting this measure. The government has estimated that 540,000 people will pick up this measure based on the current pick-up rate of the 10 per cent superannuation rebate for low-income people. The Senate committee received excellent evidence from Dr Vince FitzGerald from Allens Consulting, suggesting that the pick-up rate will be much higher. He suggested, based on some detailed survey work of people in this category, that the pick-up rate could be as much as 50 per cent higher than that estimated by the government. That is 800,000 people who will be picking it up on that basis.

I accept that the vast majority of low-income people will not pick it up, but I think you should encourage and reward thrift; you should encourage and promote a savings culture. This country has a zero per cent savings rate, according to the most recent OECD statistics. Why don’t we encourage people to save? The ALP’s alternative to encourage people to save is to give everybody a tax cut of two per cent, regardless of whether they are saving or not. The ALP’s alternative to encourage people to save is to give everybody a tax cut of two per cent, regardless of whether they are saving or not. The vast bulk of that would be a tax cut on the compulsory superannuation they are forced to save as a result of the SG. Will that actually increase national savings? I doubt it very much. The vast bulk of that will be dead weight loss to the economy, because you would reward savings people have to make anyway under current law.

I would also point out that this measure targets two groups: we are encouraging 60 per cent of workers to save more through their co-contribution and we are rewarding those prepared to save more. That will directly affect savings behaviour. We are actually encouraging high-income people to save more, too. As Senator Sherry pointed out yesterday, voluntary contributions of superannuation in this country fell by $3.8 billion last year. That was a response to two things: one was the low returns in super funds last year, the worst returns in 28 years; the other was the enormous returns to be gained out of the property market, which attracted money. If we can encourage high-income people to start putting money back into super, we would actually be doing the country a favour. That is something that is worth noting.

The other thing I note for the record, and just in case people have forgotten, is that in 1997, when the government introduced the surcharge, Labor opposed it. Labor voted against it and Senator Sherry was on this side voting against it. The Democrats were over there voting for it, because we thought it was an equity measure. We thought it was a fair and reasonable approach at the time. We had said to Labor for the last nine years they were in government that they needed to put increased taxes on high-income earners, but they never did. They actually ensured that high-income people had a 33 per cent tax break on their superannuation compared with a tax break of only about five per cent for people on lowest incomes.

I will not accept any speeches from Senator Sherry today on the Labor Party’s approach to equity for high-income people, because Labor’s record is flawed. Not only did they oppose the surcharge in 1997 but they also introduced dividend imputation...
back in 1986—the biggest single tax cut high-income people in this country ever got out of the Hawke-Keating government. They also reintroduced negative gearing in 1991, the second biggest tax cut that high-income people ever got, and in this place in 1998 they supported a halving of the capital gains tax, an $800 million tax benefit to high-income earners. So I will not accept speeches from the Labor Party about how, all of a sudden, this particular measure is actually going to provide a benefit to high-income people when their record has been consistently to support very big tax cuts, inappropriate tax cuts, for high-income people over a long period of time. I would also point out that the Labor Party have consistently opposed the Democrats’ view that the private health insurance rebate should be means tested, and I look forward to seeing their policy on that one. Again, it is a benefit of around $1 billion a year to high-income households. So I will not accept being lectured to.

One thing I would like to point out with this particular measure is that the benefit to high-income people in this next financial year is $25 million, while the benefit to low-income people is $230 million. You would think from the speeches we have just heard that the benefit is going to go to high-income people by some enormous percentage, but 90 per cent of the benefit in the next year is going to go to low-income people. Over the next four years, 66 per cent of the benefit under this package will go to low-income people. More importantly, if the take-up rate ends up being higher—closer to the figures that Vince FitzGerald estimated rather than to the figures that Treasury estimated—that percentage will be even higher, probably around 75 per cent. You would think, having listened to Labor and the Greens, that we are providing some huge concession to high-income people. I would like to take the committee through a couple of very quick back-of-the-envelope calculations.

Senator Sherry—They’re dangerous.

Senator CHERRY—I love back-of-the-envelope calculations. This is an easy one—even Senator Sherry will understand this one, because it is an easy one. Assuming a high-income earner puts $10,000 into super a year—that is pretty reasonable; 10 per cent of their income of $100,000—the benefit they get from the surcharge cut this year will be $50.

Senator Sherry—What is the full impact, though?

Senator CHERRY—I will get to that in a second. In the second year it is $150; in the third year it is $250. The benefit they will get under the Labor Party’s two per cent cut to contributions tax this year would have been $200; next year $200; the year after $200. Let us not forget that Labor is coming here saying, ‘No tax cuts for high-income people.’ They are offering them the same two per cent tax cut as they would offer anybody else. So, from that point of view, I am quite happy to say that, given the Democrats were responsible for the surcharge coming in in 1997 because Labor opposed it, at this point in time, reluctantly, I am prepared to accept a small cut in the surcharge to ensure that we get this package for low-income people and encourage a savings culture in this country. When you have a zero per cent savings rate and a record foreign debt, you have got to start encouraging a savings culture, and that is what this is about.

Before I conclude, I want to read an article out of this morning’s Melbourne Age. It was very interesting. It has some figures and, again, I am looking forward to Senator Coonan’s response, because I am sure it will be better than mine. In the Melbourne Age this morning there was a story by John Collett. It states, ‘Reducing the superannuation
surcharge will have less impact than you might think,' and goes on to state:

The research director with Rainmaker Information, Alex Dunnin, says for someone earning $100,000 a year with $50,000 in superannuation, over 10 years the new surcharge rate will increase their benefit by just $2386 ...

Anna Carrabs, a director of William Buck, is quoted as saying, ‘It is a tiny change that will really make no difference.’ The article goes on to say:

Dunnin says the “real” costs of superannuation for high earners, especially as they are likely to have or will have big account balances, are the ongoing fees.

Dunnin says the fees paid inside superannuation, which are usually levied as a percentage of the account balance, will have a much bigger impact on the size of the eventual benefit than small reductions in the contributions tax.

Professor Ian Ramsay, director of the Centre for Corporate Law and Securities Regulation at the University of Melbourne, noted in his report ... that for each 1 per cent of annual fees, over 20 years the final benefit is reduced by 18 per cent.

When we are talking about the surcharge cut, let us remember that we are not talking about a big amount. For someone putting $10,000 a year into superannuation, even after three years when it is fully phased in, we are talking about $250. That is actually less than what someone earning $37,000 or less, who is entitled to the co-contribution, receives, if my maths is right. They are entitled to $250 or more from this package. That is well over half the workforce. Certainly from this point of view the Democrats believe that, whilst this package is not perfect—nothing that we produce in this place ever is, because it is done by compromise—it makes a significant equity contribution to encouraging a savings culture, through encouraging people to save both at the bottom end and the top end.

Senator CHAPMAN (South Australia) (10.39 a.m.)—Having listened to the debate for the past hour in the chair, I really want to address some of the red herrings that the Labor senators and Senator Brown have drawn across this debate. The first of those is that low-income people will not benefit from this co-contribution initiative of the government because a lot of them will not be able to afford to put in $1,000 a year. The fact is that they do not have to put in $1,000 a year; they can put in $1 a year and they will get a $1 a year benefit from the government’s co-contribution. They can put in $100 or $500. Whatever amount they can afford to put in will be doubled as a result of a contribution made by the government to match that dollar for dollar. That is the first point that needs to be made.

The other red herring that Labor are drawing across this is that this is an initiative that only benefits the rich—the high-income earners who are subject to the surcharge. Of course, the opposition are ignoring that in Australia we have a progressive tax system. Our income tax system is progressive and our system with regard to tax on superannuation contributions is progressive because we have a rate of 15 per cent that applies to most income earners—those earning a grossed up income of up to $94,000 a year, which includes fringe benefits and other income. Those who earn above $94,000 are subject to the surcharge and therefore have a rate in excess of 15 per cent on superannuation contributions—a rate of 30 per cent. So, both our income tax and superannuation contributions tax systems are progressive. Therefore, if you reduce the surcharge, obviously there will be a benefit to high-income earners because they are paying a higher rate of contributions tax.

I think it was Senator Sherry who said that there are 2½ million middle-income earners—those earning between $40,000 and $94,000 a year—who will not get a benefit from this initiative. But they are already get-
ting the benefit of only paying a 15 per cent contributions tax, whereas those earning above $94,000 are paying a 30 per cent contributions tax. This initiative reduces that by 2½ per cent over three years, which, as Senator Cherry said, gives a benefit of some $250 in the third year. That is a very important point to remember—that the great bulk of the Australian community who are making contributions to superannuation are only paying a rate of 15 per cent, whereas there is a group that is paying double that. This particular initiative deals with that. It also deals with low-income earners also having the opportunity to make a contribution.

Senator SHERRY (Tasmania) (10.42 a.m.)—To inform those in the gallery, who I hope are enthralled by this debate, and those listening to the broadcast, we are dealing here with a proposal for an exclusive tax cut on superannuation for high-income earners. Those earning more than $94,000 get a tax cut. The millions of Australians earning less than $94,000 get no tax cut—not a cent. That is the important point of principle that we are debating. I will illustrate this. As I consult with people in the superannuation industry about this surcharge tax cut—many of whom are friends of mine, and many of whom I have a good working relationship with—who are overwhelmingly high-income earners who benefit from this measure, they say to me, ‘Nick, we want this tax cut. We are high-income earners and we want the surcharge tax. Please reduce the rate for us.’ I say, ‘No. That is not what the Labor Party stands for.’

I have gone back to Tasmania and spoken to people in the community who are low-income earners earning up to $40,000. I have said to them, ‘The Liberal Party is proposing to give you $1,000 if you can find $1,000 to put into super. That is if your income is $27,500 or less.’ They have looked at me and said, ‘That sounds wonderful. There is just one problem, Nick: we don’t have $1,000 to put into super because we’re paying off the mortgage’—or they are renting—‘we’re paying increased health costs, paying increased education costs, putting food on the table and bringing up our families. We haven’t got $1,000.’ That is a contrast that shows the inequity in this proposal.

I want to make this point clear. The 540,000 persons who the government estimates will benefit from this measure, out of 4½ million approximately, are not all going to get $1,000. This is the 540,000 people who are estimated to put some additional money up to $1,000 into super. I do not want the impression abroad that the 540,000 are all going to put $1,000 into super; we know they will not. I will be asking for a breakdown of these estimates when we get to the next stage of the committee debate—when we get to deal with this issue in greater detail.

Senator WONG (South Australia) (10.45 a.m.)—I want to make some brief comments about the contribution of Senator Cherry. It was an extraordinarily inconsistent contribution, if I may say so, on the one hand trying to have a go at the Labor Party about its previous position in relation to varied issues regarding dividend imputation and capital gains tax—and we can have an argument about the policy issues associated with those—in a vain attempt to try to establish progressive credentials for the Democrats in relation to this bill. From the party that gave us the GST we now have an extraordinary deal where the Democrats are trying to pretend that they have somehow extracted some fantastic concession from the government in relation to low-income earners in return for the guaranteed tax cut. The facts are very simple: if you earn over $94,000, you get a tax cut—without doing anything. If you are a low-income earner in the range of salaries that enables you to get the co-contribution, you might get a government contribution if
you can save enough money to put more into your super.

Senator Cherry says that we should reward thrift—it seems extraordinary to hear something quite so Thatcherite coming out of the Democrats. I think it is extraordinarily patronising to be telling families on $25,000 a year that we want them to save and we will reward their thrift. Thrift for people on those sorts of incomes, Senator Cherry, is a way of life. If they were not thrifty about how they spent their money, they would not be able to house themselves and their children; they would not be able to afford to send their children to school; they would not be able to go to doctors; they would not be able to clothe themselves and their children. We are not talking about people who are profligate in their spending; we are talking about low-income Australians. To try to paint your deal with the government as some victory for low-income Australians is really stretching credulity. What you are saying to the Australian people is: we will give a guaranteed tax cut to high-income earners with a maximum benefit cutting in for those people earning over $114,000 a year and, in return, if the poor people manage to scrimp and save, the government can make a co-contribution. If you were really serious about low-income earners in your negotiations with the government, you would have looked at something that was guaranteed in terms of either tax cuts or additional contributions for low-income Australians.

**Senator Cherry** (Queensland) (10.47 a.m.)—I just want to respond very quickly, because I am a bit confused by Senator Wong’s position now. I thought the Labor Party’s position was that they wanted a two per cent tax cut to go to everybody—

**Senator Wong**—What about middle-income earners?

**Senator Cherry**—Exactly. What about middle-income earners? The Labor Party want a two per cent tax cut to go to everybody. Therefore, of the tax cut that we are giving to high-income people for the surcharge, Labor would have given them 80 per cent. I think it is—my maths is failing me this morning; my brain is too tired. So that money goes to high-income people anyway. The Labor Party would transfer most of the money that we are allocating for low-income people to encourage them to save to middle-income people. So I am very confused now about the Labor Party’s position, because it seems to be suggesting that they would take a little bit of money—20 per cent of the tax cut off high-income earners—and give it to middle-income earners, a perfectly fine and equitable position, but they would also take money from the low-income co-contribution and give it to middle-income earners. That confuses me from an equity point of view.

**Senator Coonan** (New South Wales—Minister for Revenue and Assistant Treasurer) (10.55 a.m.)—The debate has ranged over a wide spectrum of issues and has strayed a bit off the point, so in my response I am going to confine myself to the issues that relate to the bills before us. I think it is very important, however, to state again—as I did earlier today—that what we are looking at with the design of this legislation is not to have the cuts across the board but to target low-income earners with a view to replacing an existing provision, the low-income rebate, with a much more generous and better targeted assistance for low-income earners. Taken as a package—and, indeed, I think these bills should always have been considered as part of a package—the money available is weighted significantly in favour of low-income earners. I will just put the figures on the record.

The co-contribution payments are now estimated to total $920 million over the four
years from 2004-05 to 2007-08, and the surcharge rate reduction on the other hand is now estimated to cost a total of $475 million over the four years from 2004-05 to 2007-08. As Senator Cherry says—and he is absolutely correct about this—we are talking about a weighting significantly in favour of the co-contribution and the benefit going to low-income earners. That is a fact. They are the figures and I think they are absolutely irrefutable.

There has been some confusion, I think, about the need to put in $1,000 in order to get any benefit at all. That is an erroneous concept and I need to correct that. We have already made it quite clear that the co-contribution is designed to replace a low-income rebate and that any contribution of any amount can attract a co-contribution. It is a bit disingenuous to say that people have to find $1,000 in order to get a contribution. In fact I think it is important that I also mention how advantageous $20 a week could be by providing a few estimates—and these are obviously pretty conservative estimates.

If somebody earning $20,000 this year were to put in $20 a week and receive the superannuation guarantee from an employer and also were to make an additional personal contribution of $20 a week during a 30-year working life, the contributions would be matched with the government co-contribution of $1,000 in each of those years of a person's working life. On retirement, they would have a superannuation account balance of $389,769. This is $89,561 more than that person would have had without the government co-contribution. That is an improvement of 30 per cent. Obviously, as people earn more in the low-income range, you can do the figures with equally significant improvements to people's nest eggs and their ability to save for their retirement. So this is not a cursory measure or even a cruel hoax on low-income earners—far from it. It is a very targeted and useful way to allow low-income earners to get a co-contribution to assist them with their savings.

I am assuming from this debate that there is no-one in the chamber who would not support the fact that it is good policy to encourage voluntary contributions from those who are able to and wish to make them in order to improve their retirement outcomes. I am assuming that, and that is why the Labor Party's proposal of a two per cent cut to contributions tax is not well-targeted policy, because it does not encourage savings. It just gives a cut and does not encourage anything at all. It would also apply to superannuation guarantee contributions. How silly is that if one is trying to encourage both a culture of saving and to improve the overall savings of Australians, particularly those on low incomes? It would simply discourage people from making increased voluntary contributions rather than providing any incentive for voluntary contributions to be made.

I want to talk about percentages and figures and see if we can draw this debate to a conclusion. I can now say that information about the average dollar reduction available to higher income earners is simply not available. I did say in response to a remark by Senator Sherry in the debate last night that estimates are based on data samples used by Treasury, so they are only samples. If any senator interested in this debate has specific examples in mind, it is open to him or her to apply the reduction to those examples. I have already given the percentage position. In 2007-08 when this measure is fully implemented, high-income surchargeable taxpayers would benefit by approximately $350 in that year. But all surchargeable taxpayers, not just those with a taxable income over the upper threshold, will benefit. The estimate is based on the total cost to revenue in 2007-08 divided by the number of surcharge payers. Last night we went into great detail about the
fact that it is almost impossible to know the surcharge paid by all taxpayers because you simply do not know the individual circumstances of each taxpayer. I would have thought that that is pretty self-evident. We can only do things with samples. That is the information I can provide to the chamber.

Senator BROWN (Tasmania) (10.56 a.m.)—I thank Senator Coonan for those figures—they reveal quite a lot. She says that the surcharge reduction is $475 million over four years. If you look at the mathematics of that, it comes out at something more than $200 a year each for people in that high-income category. On the other hand, Senator Coonan has said that the deal for low-income earners will cost $920 million over four years. If you look at that, it averages out at $50 per person in that category, remembering that the advantages will be inequitable in that category because only one person in nine is going to get it. But on average—and you have to look at that if you are going to see the social impact of this package—a person in the income bracket over $90,000 is going to be four to five times more advantaged compared with a person in the income bracket below $40,000. Those are the figures the minister has given us. That is what is so unjust about this package.

There will be 4.6 million people sharing a benefit of $920 million as against 540,000 people in the upper income bracket sharing a benefit of $475 million, in each case over four years. It means the rich will be four to five times better off than the poor when you allocate and distribute that money, even though many of the poor people will get nothing at all. Most people will get nothing at all. That is what is so inequitable about this package. That is why the Greens will not be supporting it. The government needs to understand that we live in a society in which the gap between rich and poor is growing. That in itself is a recipe for social disruption and discontent. In a democratic system it is our job, while giving people the benefit of private enterprise and free enterprise, to bring some social equity into the matter.

This legislation is about social inequity. It increases the gap between rich and poor. It accelerates that process which opened up under serial Labor governments in the eighties and nineties with market fundamentalism, and is now increasing. This package simply puts the foot on the accelerator. That is why we will be opposing it. You will have noticed, Temporary Chairman, that the Australian Council of Social Service, the Australian Institute of Superannuation Trustees and the Australian Consumers Association point to the added problem—and it has been raised before and we will be raising again—that it will be people on lower incomes who have partnerships with people who are wealthy who will be able to take up the government offer of $1,000 if they put in $1,000. It is not the people who are struggling to make ends meet on low household incomes. It is a very socially unjust package.

Senator WONG (South Australia) (11.00 a.m.)—I want to raise two matters. Firstly, Senator Brown in his comments made some criticisms of what he called 'serial Labor governments', and market fundamentalism associated with those governments. I make the point very clearly: it was a Labor government which put in place and built this system of compulsory superannuation which primarily benefits low- and middle-income earners. Until the time of Labor’s initiatives, superannuation was very much the preserve of high-income earners. The fact that ordinary working, low- and middle-income Australians have any superannuation at all is due to the reforms of a Labor government in bringing in compulsory superannuation.

Secondly, I have a question of the minister. I may have misheard her figures. Do I
understand the minister to be saying that the $920 million is for low-income and middle-income earners up to $40,000 eligible for the co-contribution, and that is predicated upon the take-up rate of around 540,000 persons? Was the $475 million the total benefit to people earning over $94,600-odd where the surcharge reduction cuts in?

Senator SHERRY (Tasmania) (11.01 a.m.)—I have to respond to the Assistant Treasurer Senator Coonan’s condemnation of Labor for proposing a contributions tax cut on the compulsory nine per cent superannuation guarantee. Labor has proposed to reduce the contributions tax which applies to almost all superannuation—defined benefits is a different issue. Most Australians have accumulation funds. Money goes in from their employer—nine per cent compulsory contribution—and they pay a 15 per cent contributions tax. There are other taxes as well, but I will not go into those. People who have a high income pay up to another 15 per cent. The minister is arguing that, when the nine per cent is going in compulsorily from the employer, the 15 per cent should continue to apply.

Senator Coonan—No I am not.

Senator SHERRY—That is exactly what you said, Minister.

Senator Coonan—I am talking about encouraging voluntary savings.

Senator SHERRY—I will get to that point in a moment. My point about reducing the 15 per cent contributions tax on the compulsory contributions that go into superannuation is that that guarantees a tax cut and a benefit to all Australians. It would apply to voluntary contributions, which are not insignificant. I do not have the figures but Senator Cherry appeared to argue that SG nine per cent is the significant bulk of contributions. It is not. I was a bit surprised. Voluntary contributions, albeit they have declined significantly, are a very significant proportion of superannuation contributions. They are not a majority but they are still a very significant proportion over and above the nine per cent. Labor’s proposal to cut the contributions tax would also apply to the non-compulsory superannuation contribution. That would improve the incentive to save. Labor makes no apologies for advocating a reduction in the contributions tax to both the compulsory nine per cent contribution and the voluntary contributions. I further ask the minister whether she has any more figures in response to the questions that were posed yesterday and this morning?

Senator CHERRY (Queensland) (11.04 a.m.)—I have another back-of-the-envelope calculation. Senator Sherry will be pleased to know that my envelope is very busy over here. I am looking at ASFA’s press release on the co-contribution. They make the point that someone earning $30,000 a year is entitled to a co-contribution of up to $800, which is still a significant co-contribution. A person on $30,000 who makes a voluntary co-contribution to superannuation of $800 per year would have this matched by the government, with a total of $1,600 being contributed to their super. This would be over and above the $2,300 contribution from the superannuation guarantee. Their retirement savings would be boosted by 70 per cent, assuming indexation of the scheme.

It is worth noting—from my back-of-the-envelope calculation—that for a person earning $30,000, the two per cent cut in contributions tax would give them $54 a year. They have to save $1 a week under this co-contribution scheme to get the benefit that Labor is going to provide to them from a two per cent contributions tax. That is why I am saying that more benefit will go to low-income earners under our scheme than under Labor’s scheme. Yes, we are only providing the incentive to those people prepared to
save, but the point I want to make—a very important point made by the minister—is that you do not have to save the full $1,000 to get the co-contribution. If you put away $100 a year the government will double it, if you put away $200 a year the government will double it, if you put away $300 a year the government will double it and if you put away $500 a year the government will double it. That is how the scheme operates. For $1 a week someone earning $30,000 a year will get the equivalent benefit of your two per cent contributions tax, assuming nine per cent SG. That is the sort of benefit we are talking about with this scheme. I point out—because the Labor Party appears to have forgotten—that 90 per cent of the benefit of this scheme goes to low-income people in the first year and 66 per cent goes to low-income people over the next three years, assuming the fairly low take-up rate assumed by Treasury.

I want to finish with the research that IFSA did—because it is worth quoting—through Eureka Strategic Research and Allens Consulting Group, which they gave to the Senate Select Committee on Superannuation. They actually tested the target population on how people would respond to dollar-for-dollar matching of superannuation co-contributions. Their estimate was that, of people earning between $20,000 and $30,000, 33 per cent would take up a co-contribution; and of those earning between $30,000 and $40,000, 41 per cent would take up a co-contribution. So the pick-up rates could be much higher and I expect they will be much higher than those estimated by government. Inevitably, Treasury are conservative about these matters. The only experience they have is the rebate introduced by Labor—a very inadequate measure—during the 1990s.

When you look at that IFSA market research from Eureka Strategic Research and Allens Consulting Group, it suggests the pick-up rates could be much higher. I confidently expect that the cost of this measure to government will be much higher as a result and that a 66 per cent benefit over the next four years will end up being much more weighted in favour of low-income people. Yes, this proposed measure is only targeted at those who are prepared to save, but, because they get a benefit for whatever amount they are prepared to save, overall it is a very positive package and it will do something about that zero per cent national savings rate that we have at the moment.

The other thing I point out is the high-income earners issue. It is worth noting that this measure is coming in in an environment in which there was a $3.8 billion fall in voluntary contributions last year to superannuation. That fall came predominantly from high-income people. Even at this stage, whilst I do not necessarily support cuts in taxes for high-income people, I would think that, given that cycle in the superannuation industry, there would actually be a positive flow-on economic benefit from encouraging high-income people to put more money back into super.

**Senator COONAN** (New South Wales—Minister for Revenue and Assistant Treasurer) (11.09 a.m.)—I will make a couple of comments and see if we can bring this to a conclusion reasonably quickly. I will not go over all the arguments yet again. It has been a pretty long debate. However, I do want to make one comment about the proposal that there is some social inequity in this package, which I strenuously deny. I point out for the record that higher income earners will still be paying the 15 per cent contributions tax and up to a 12.5 per cent surcharge in addition to the contributions tax. This is not as if there is some magic wand being waved over those hit with the additional surcharge, relieving them of any liability to pay it. It is an ex-
tremely modest reduction. Indeed Senator Cherry has ensured that it is a modest reduc-
tion, but it is heading in the right direction because it is simply an inappropriate disin-
centive for those who can otherwise save and take the burden, in a policy sense, off lower
income earners and those who are going to necessarily need to have their retirement in-
come supplemented by the pension.

We have to think of future generations; we have an ageing population. We have an inter-
generational report that clearly means that we have to think in policy terms now about
how we are going to afford a pension into the future. One of the ways we can afford a pen-
sion into the future is for those who can save to do so. To me it is a pretty logical argu-
ment. Trying to pull everybody down to the lowest common denominator never works
well in social policy, particularly in a country like Australia where, if we can create wealth,
we do better for people who are unfortunate enough not to have high-paying jobs and
who will need the assistance of our pension system.

Before I make another comment about figures, I want to correct one thing that Sena-
 tor Sherry said. That is in relation to the two per cent proposed reduction that Labor fore-
shadowed. Undeducted contributions are not subject to contributions tax. It is only when a
tax deduction is claimed that a personal contribu-
tion would be subject to contributions tax. I think that is something that Senator Sherry does not seem to have appreciated in his remarks about that. In relation to the fig-
ures, over the course of last evening and to-
day I have provided what figures I can. I have talked about samples and percentages and I have talked about the difficulty of being able to provide estimates of figures based on circumstances that vary from individual payers of the surcharge. I have provided what figures I can and there is nothing fur-
ther in terms of any of the matters that have been raised that I think has not otherwise been dealt with or that I can take any further with any particularity on dollar amounts.

Senator SHERRY (Tasmania) (11.13 a.m.)—Before we move to the vote on these amend-
ments, I just make the point that that
was a very disappointing response from the
minister about getting costings and estimates of figures in answer to quite specific and, I
think, reasonable questions that were posed yesterday and again today. In fact, I have to
congratulate Senator Cherry, not on the package but on his valiant attempts to come up with back-of-the-envelope figures. At least Senator Cherry, who has obviously got very limited resources, will have a go. The government, by contrast, has the tax office, the retirement income group, actuari-
ies and Mr Gallagher, who I notice is not here. It has a whole raft of people who could provide answers to the questions we have asked but it simply refuses to do it. My one compliment in this debate so far is that Sena-
tor Cherry has at least given it a go and at-
temted to defend the indefensible—at least he tried. This is a minister who has the an-
swers and will not give them to us. We know she has the answers. I do not want to hold up
the committee stage on these amendments any further. There is a Labor amendment to this bill in the committee stage that I hope we can get to fairly soon.

Question agreed to.

Senator SHERRY (Tasmania) (11.14 a.m.)—I move opposition amendment (1) on
sheet 3103:

(1) Schedule 1, page 11 (after line 37), at the
end of Part 2, add:

Superannuation Industry (Supervision) Act 1993

31A Subsection 10(1)

Insert:

partner, in relation to a person, means a person who, whether or not of the
same sex as the person, lives with the person on a genuine domestic basis as the partner of the person.

31B Subsection 10(1) (definition of dependant)
Repeal the definition, substitute:

dependent, in relation to a person, includes the spouse, partner, and any child of the person or of the person’s spouse or partner.

31C Subsection 10(1) (definition of spouse)
Repeal the definition, substitute:

spouse, in relation to a person, means another person who, at the relevant time, was legally married to that person.

31D At the end of subsection 52(2)
Add:

; (i) not to discriminate, in relation to a beneficiary, on the basis of race, colour, sex, sexual preference, transgender status, marital status, family responsibilities, religion, political opinion or social origin.

The amendment that has been circulated is in respect of same-sex couples. Labor is proposing to cross-amend the Superannuation Industry (Supervision) Act 1993 to remove what it believes is the discrimination that applies in the existing superannuation system to same-sex couples. I know that there are further amendments on the next bill, one to be moved by Senator Brown and one to be moved by Senator Cherry. My understanding of the amendment to be moved by Senator Brown—and I believe there has been a further amendment to that this morning—is that it is not as broad in its application as either the Labor amendment I have just moved or the Democrat amendment to the next bill.

I will make a couple of comments about superannuation and its application to same-sex partners. Under section 62 of the Superannuation Industry (Supervision) Act 1993, commonly known as the SI(S) Act, a regulated superannuation fund is required to be maintained solely for specific purposes. One of those purposes is the benefit of death benefits in respect of each member of the fund. If the benefits are provided to the member’s legal representative and/or member’s dependants under section 62(1)(a)(iv) of that act, section 10 of the SI(S) Act defines a dependant as including a spouse or child of the member. Spouse is further defined to include a person living with the member on a genuine domestic basis as the husband or wife of the member.

The effect of these provisions and interpretations of SIS is that, in the first instance, the trustees of a superannuation fund are prohibited from paying death benefits directly to a surviving same-sex partner of a member unless it can be demonstrated that the surviving same-sex partner is financially dependent on the deceased member. Proving that a surviving same-sex partner is financially dependent can be difficult if a fund takes a strict approach to establishing financial dependence, particularly in cases where both partners were gainfully employed or maintained separate residences. There is evidence that many major superannuation funds take a pragmatic view and a flexible approach to establishing financial dependence in the case of same-sex partners, but there are funds that do not.

A surviving same-sex partner also may receive a death benefit indirectly if they are named as a beneficiary in a will and the death benefit is paid into the estate. While favoured by some trustees, payment to the estate can create delays, particularly where there is no will and intestacy laws are relied upon. Further complications could arise where a member dies without a will while in a same-sex relationship but with a surviving opposite-sex partner from a previous relationship and/or surviving children. A trustee
may direct payment to a surviving same-sex partner who is not financially dependent, but only after the trustee has made reasonable inquiries and been unable to contact the deceased member’s dependants or legal representative.

In effect, SIS requires trustees to treat persons in opposite-sex and same-sex relationships differently. An opposite-sex partner is automatically deemed to be dependent and can be freely paid any superannuation death benefit. A surviving same-sex partner cannot be paid directly and can receive a death benefit only if (a) they demonstrate financial dependence upon the deceased, (b) the death benefit was paid to the deceased member’s estate and the same-sex partner was named in the will as the beneficiary or (c) there were no dependants or legal representatives so the trustee pays the surviving same-sex partner directly. I wanted to highlight the circumstances in relation to death benefits to give a detailed example of the particular problems that same-sex couples face in respect of superannuation. This is the reason for Labor’s intention to cross-amend the Superannuation Industry (Supervision) Act.

Why move this amendment to this package of bills? We have an opportunity today. We know that the government and the Democrats have a deal, a package, which will ensure the passing of these bills through the Senate. The bills will pass the Senate, and they will be returned to the House of Representatives. Today we have an opportunity to deal with the issue of what I describe as discrimination against same-sex partners in respect of superannuation. This is the debate we are having. We are not going to other issues; we are confining this to superannuation. Given that there is an agreement between the government and the Democrats to pass this package, we have an opportunity to successfully pass, I hope, an amendment in relation to removing the discrimination that applies to same-sex partners and superannuation.

Others in this debate will make a contribution from their particular perspectives on what they believe is a moral and ethical position in respect of same-sex partners and the way they should be treated in law and in legislation. But whatever an individual senator’s particular moral and ethical views are about the way in which same-sex partners are treated, superannuation is the property of the individual. It is their property—that is the way the Labor Party see it—in a way not dissimilar to their house or their other possessions. It is their financial property. We fail to see why the state—that is, government—should be effectively interfering in the property rights of individuals, in this case same-sex couples. We fail to see why there should be government interference in the manner in which same-sex couples choose to treat their personal property, which in this case is superannuation.

We did debate a similar amendment—it might not have been identical, but it was very similar—on a previous occasion. I think the debate was held at about three o’clock in the morning and got somewhat heated, and I do not want to trawl over issues that unfortunately led to somewhat of a slanging match. But as I said on that occasion, when an amendment was moved on this issue to two other pieces of legislation, we knew at that time that there was no chance of them passing the Senate and the House of Representatives. We did not have an agreed position, as we do today, between the Democrats and the government on a package that will be transmitted, hopefully with this amendment, to the House of Representatives.

The Democrats are in a key position here. If this amendment or a similar amendment is passed in the chamber, the Democrats effectively can make the call on this issue, so we
do have an ability to redress the issue of same-sex partners and the discrimination that occurs in respect of superannuation. I have outlined reasonably briefly but informatively Labor’s reasons for moving this amendment to this bill. I think it will pass this chamber today. I hope that it passes the House of Representatives—if it does not, we will receive a message back—and that, within the package that the Democrats have negotiated with the government, we are able to finally deal with a same-sex couple amendment in respect of superannuation that removes the unfortunate discrimination they receive in this particular area.

Senator BROWN (Tasmania) (11.25 a.m.)—I thank Senator Sherry for his contribution. This is indeed a very critical moment in this matter, as Senator Sherry has said. The opposition, the Democrats and the Greens have all moved amendments that go towards removing the discrimination against not just same-sex couples but also people living in a domestic arrangement and depending on each other for a variety of reasons being able to have their superannuation passed to that partner in the domestic relationship in the same way as married couples can. The impost there is a 35 per cent tax on that superannuation going to that partner if and when they do receive it, and in the main the practice has been that they do.

This is a very discriminatory glitch in Commonwealth legislation. In all the states relevant similar discrimination of the past has been removed. I know that the Northern Territory was moving to do that this year. Whether or not that has been completed I am not sure, but I congratulate the Northern Territory government for moving in that direction. The extraordinary thing is that that discrimination has not been removed in the national parliament. The Democrats and my fellow Greens senators past and present are to be congratulated for having moved strongly on this matter since the 1990s, and the Labor Party are to be congratulated for the amendments that they have brought forward today.

There has been movement over the last 24 hours. I have now brought forward a Greens’ set of amendments to remove the discrimination beyond the private sector—and, as I understand it, beyond where the Labor and the Democrat amendments would have it—to the public sector, to Commonwealth superannuation and, indeed, to military superannuation. The removal of discrimination in those areas will affect thousands of people. I therefore would recommend that, while I support the Labor proposal, the Greens’ amendments be taken into consideration, because they do extend this removal of discrimination to the public sector.

I thank Ben Oquist, from my office, for the work he has done on this in the last little while so that I have been able to put before the Committee of the Whole amendments based on amending the consequential amendments legislation we have here. They go to the Superannuation Act 1976, the Superannuation Act 1990 and the Military Superannuation and Benefits Act 1991 to carry into effect the reform that I have just outlined. This is no small matter. It affects thousands of Australians who are in a genuine relationship with another person and who have all the codependencies of partnerships and who pay into their superannuation funds with the expectation and the inherent right that they should be able to have that largesse go across to a partner in the event of their death.

I would think that this reform must appeal also to members of the government. There is not a wall of difference between this side and that side of the house on this matter. While the prevailing feeling in the Howard government may be that this discrimination
should remain, that feeling is not universal, as indeed it is no longer universal—it is a minority opinion now—in the Australian public. The great majority of Australians want to see this reform. The fact that several state and territory administrations have made this reform points to that.

Senator Wong—Labor governments.

Senator BROWN—Yes, Labor governments, and I congratulate them. Where it applies—in New South Wales, the ACT, Western Australia, South Australia and, more recently, Tasmania—it has been very strongly supported, and sometimes driven, by the Greens in those parliaments. So here is our opportunity in this chamber. It is important that we consider which set of amendments is the most appropriate. I submit very strongly that it is the Greens' amendments because they carry across into the public sector. It would be a pity if these amendments were confined to the private sector, because that is the narrow view of the legislation we are dealing with.

It is a historic moment for same-sex couples but also for people who have a living arrangement, a sharing arrangement, in a domicile. They should not be penalised. The law currently excludes them because they are not married. So I recommend the Greens' amendments to the Labor Party, to the Democrats, to the government and to Independent senators because it is the most comprehensive approach that we have before us this morning. We should be careful to ensure that, if the Greens' amendments—which cover the public sector—are not to be encompassed, we get a clear indication of that from the Labor Party and/or the Democrats, so that we do not end up knocking each other out and therefore end up without the advance that is inherent in all the amendments before this committee this morning.

Senator HARRADINE (Tasmania)

(11.32 a.m.)—Senator Sherry, in support of his amendment, suggested—and I think correctly—that superannuation is the financial property of the holder of the policy, and asked: why should governments interfere with that standard? In the circumstances of same-sex couples, if the superannuant or policyholder made a will in respect of death benefits, for example, which required the trustee to pay the amount to the person nominated, what is wrong with that? Why can't that be done in this case? But the proposal is not to go that way, which is a more definite way and would overcome the problem that has been envisaged. That has not been accepted. It is being suggested that there be a provision in the legislation which, in effect, does what could otherwise be done by the way that I suggested. What is being attempted here is to place same-sex couple situations on the same basis as marriage.

Honourable senator—No; de facto.

Senator HARRADINE—The proposal relating to de facto is to put it on the same basis as marriage—it is a marriage-like arrangement. This is what is being proposed, but it does not have to be proposed, because the persons concerned can become beneficiaries if the holder of the policy makes a will to that effect. What is being attempted here is discrimination against certain people. Take two women, for example, living in one household, where one is a dependant. Living in another household are two lesbians. What is being proposed by those who are putting this forward is to discriminate against the two women who are not lesbians. How do you get over that? This is very important. It is being proposed that we discriminate against the two women who are not lesbians—because they are not having sex. That is the long and the short of it.
It is disgraceful if we are going to be asked to do that. If we are dealing with this matter on the basis proposed by Senator Sherry—that this is a matter that the owner of the property should have the right to determine—then if they want to exercise that right they could do so by making a will to that effect which would have to be observed by the trustee. The alternative being proposed is to attempt to place same-sex arrangements on the same basis as a marriage or a marriage-like de facto situation and to discriminate against those two women—and there are a number like them—who, because they are not having sex together, would be denied that opportunity by this amendment—unless they make a will, of course—and would have that situation imposed upon them. The chamber ought to consider what it is doing. Are we discriminating against those people or are we not? We are not discriminating against persons who are in that situation if the owner of the policy has made a will. That is the way to go about it.

Senator GREIG (Western Australia) (11.39 a.m.)—Senator Harradine raises two points. I would describe one of them as being philosophical and the other one as being legal. I would like to address both of them. Firstly, on the philosophical argument: implied rather than stated in Senator Harradine’s contribution is the notion and his clear strong belief that same-sex couples ought not to be regarded as married or being in a marriage-like relationship. Not everybody in the Australian community shares that view, and I am one of those who do not. I would argue that a long-term same-sex couple, particularly if they have children—and many do—is no different from a marriage, and there ought to be in this country the option for same-sex couples to marry, as has already happened in Canada, a comparable jurisdiction. That is a philosophical argument.

Secondly, to the legal argument: Senator Harradine says that the difficulties being experienced by same-sex couples and the discrimination being experienced within superannuation can be circumvented by leaving the super to the will. That is not the case for a number of reasons. There is the question of intestacy—that is, where a partner dies without having left a will. For married or de facto couples—that is, heterosexual, opposite-sex partners—intestacy is not a legal problem, because the law will recognise automatically the marriage or de facto relationship. For same-sex partners where there is no will intestacy is a real problem and it cannot be circumvented readily. A surviving same-sex partner from a long-term relationship, his partner having died in an intestate situation, is regarded as a legal stranger and not in any way related to the deceased.

Another point in relation to leaving super to a will is that it is contestable. Because same-sex partners are considered legal strangers the legal hierarchy allows for blood relatives to have a greater priority in the claim on the property, assets and superannuation. It is not unusual for estranged parents, distant relatives or estranged siblings to make a claim on the superannuation left by a partner to his or her lover. That presents a further problem.

Thirdly, and this is the most frequent discriminatory occurrence—I had another case of this brought to my attention just a matter of weeks ago by a woman in Melbourne—because a surviving same-sex partner is regarded as a legal stranger and not as being in a relationship with that person, they are hit with an extraordinary tax, sometimes up to 30 per cent, I understand, on the lump sum. As Kerryn Phelps, former President of the AMA, said recently, ‘It’s a tax on being gay.’

The alternative Senator Harradine proposes to deal with this difficulty, to pin it to
the structure of a will, fails on three or four counts. It fails on the intestacy proposition. It fails on the tax proposal. It fails on contestability. But it also means that you are once again treating gay and lesbian people and their relationships differently from other people and their relationships. That principle is unacceptable to me and my party. It is not acceptable to say that heterosexual people ought to be dealt with this way under the law and that gay and lesbian people have to do something different—something more clumsy, something more administratively frustrating and something more expensive. That simply reinforces the notion that gay and lesbian people are inherently wrong, bad or different or, at the very least, that same-sex relationships must be treated differently for some kind of philosophical reason, which I reject.

Senator WONG (South Australia) (11.43 a.m.)—Before I speak, would the Minister for Revenue and Assistant Treasurer be able to indicate the government’s attitude to this amendment?

Senator Coonan—I am not ready to speak yet.

Senator WONG—I assume from that that the government is opposing the amendment or abstaining, perhaps. I will make some brief comments about the amendment that has been moved by Senator Sherry on behalf of the opposition which seeks to amend the overarching regulatory legislation, being the Superannuation Industry (Supervision) Act 1993. It seeks to enable trustees of superannuation funds to pay various benefits—either the accumulated funds, the death benefit or whatever benefits flow under the trust fund—to the surviving same-sex partner of a member. It effectively tries to ensure that same-sex partners in codependent relationships have a similar legal right to access their partner’s benefits—not the government’s benefits—as people living in marriage or in a de facto relationship.

Senator Harradine made a contribution earlier on, and I respect the fact that he has very strongly held views. I disagree with a number of them, but I understand his position. What he says is that this discriminates against housemates, because two people who share a house would have to have different rules applying to them from two people who are in a gay or lesbian relationship. That is the case—and that is the case because they are very different sorts of relationships. You cannot say that simply because people live in the same house they are necessarily in the sort of relationship that should entitle one of those people to benefits if the other person dies. There is a very big difference between people who are housemates and people who are in a personal relationship with each other.

Senator Harradine also makes the point that this can be dealt with through a person leaving the superannuation benefit in their will to their partner. I think Senator Greig has indicated that there are two primary problems with that. The first is that a great many people die intestate—that is, without a will. In those circumstances, if that person has been living for 20 or 30 years with the same-sex partner but has not got around to making a will—and a lot of people do not—that same-sex partner will have significant difficulties and will often be prevented from accessing the benefits that would otherwise flow to them. In addition, even if there is a will, different taxation provisions apply to benefits which are received through an estate as a beneficiary of an estate, as opposed to receiving benefits as a partner.

Whilst I accept that there are people in this chamber who may have a particular moral or religious personal viewpoint in relation to same-sex partnerships, I make the point very clearly that this amendment is not
about endorsing gay marriages, and it is not about some radical rewriting of legal rights. It is saying to Australians: ‘We are not going to interfere with what you do with your money; if you have a partner you are not married to’—that is, you are in a de facto relationship and under this legislation you would already be able to receive the benefit—’or, if you have a partner of the same sex, you should be allowed to give your benefits upon your death to that person.’

Essentially this is an amendment that is about ensuring that Australians can do what they want with their own money. This is a government that talks a lot about personal choice. You almost never have a debate on superannuation in this chamber without the minister giving us a lecture about choice. Here is a choice, Minister. The choice here is giving people the right to choose whom they give their money to. If they happen to be in a relationship with someone of the same sex, the Labor Party’s position—as this amendment clarifies—is that it is not for governments to say that they ought not be allowed to do that.

Senator CHERRY (Queensland) (11.49 a.m.)—I wish to advise that the Democrats will be supporting this amendment. It is worth noting for the record that this is the 12th occasion on which we have discussed the issue of equal recognition of same-sex rights in this place, and it is the first of those 12 occasions on which it does look as though we will actually get a majority vote on behalf of this position. On the previous 11 occasions the Labor Party opposed amendments moved by the Democrats to a whole range of different bills, saying that it was not the right time, not the right place, not the right issue or whatever.

Senator Bartlett—Had to do it all in one package.

Senator CHERRY—Yes. We have been waiting since 1995 to have our omnibus bill to remove discrimination on the basis of sexuality debated in this place. I might add that in 1995, under the previous government, we still could not get it debated in this place. But on this occasion we will have a Senate vote. A Senate view on these matters will be put to government, and we hope government will take that on board.

I want to note that Senator Sherry’s amendment falls short in three respects. One is that it amends only the SI(S) Act. The SI(S) Act is very important because it is about the role and function of trustees and the determination of death benefits. It has been the Democrats’ view for a very long time that people should have complete choice as to what happens with their benefits on death. It should not be determined by legislation or by social engineering in legislation. We should simply let people decide what to do with their money.

But there is a second piece of legislation which is equally important to the SI(S) Act, and that is the Income Tax Assessment Act, and the Labor Party has failed to amend that act. In the subsequent bill, the next bill we will be dealing with, I will move amendments to ensure that the same definition of ‘dependant’ is consistent across both acts. I will revise those—I am hoping that this debate comes on after lunch—so that they are completely consistent. So we will be able to fix that. It is essential that we also amend the tax act at the same time as the SI(S) Act or else people may get the benefit but have it taxed at a non-concessional rate. The third area that we need to resolve in superannuation is Public Service superannuation, and I notice that Senator Brown has some amendments in that regard. At least we will cover the field.
I note that the opposition amendments are identical, word for word, to the amendments which the Democrats tabled several days ago to the superannuation government co-contribution bill. I can understand Senator Sherry’s reasoning for moving those amendments to both bills—and good luck to him in that regard. But I do note that they are identical amendments to the ones which Labor has voted against in this place on superannuation legislation on at least four occasions that we can find, and I am very pleased that, today, Labor is moving them, as opposed to voting against Democrat amendments.

Also, I am pleased that the Greens have moved amendments in this regard. As I have said, until now, on the 11 previous occasions that we have debated this issue, it has been on the basis of Democrat amendments moved in the chamber and it is good to see all the opposition parties getting involved. I want to respond briefly to some of the comments from Senator Harradine, because I think they are important. I refer to the notion of people controlling their own money. I was very bored one afternoon and I flicked through the 500 cases on death benefits considered by the Superannuation Complaints Tribunal. What comes through when you read those cases is that the will is only one of the matters that trustees take into account. They are bound by the SI(S) Act, and that is what governs their decision. The will is one matter.

Superannuation funds have been given the ability by government to offer their fund members binding death nominations. Very few funds have taken up that option and it is not in their trust deeds. As a result, the vast bulk of regulation in this area is by the SI(S) Act rather than by wills or by binding death nominations. In its annual reports the Superannuation Complaints Tribunal has been very critical of the binding death nominations process. We need to look at this area. We have to concede, when you consider 500 cases about death benefits going to the SCT in the last four years, that this is an incredibly acrimonious area. In one case that I read there were 11 different claimants for the superannuation, ranging from the current wife, the former wife, the de facto and the 11 children to the brother and mother—all seeking to get the superannuation. It is a very acrimonious area and we need to ensure that trustees have guidance. As Senator Sherry said, trustees try to find a way to give some sort of scope to the views of the person involved. But the law is against them and, at some point, trustees will be pinged on this stuff, which is why we need to fix it.

Senator Harradine raised a very important point on the issue of other domestic relationships. It is a very good point. You will note for the first time that we have included in our amendments, which we will move later on, interdependent relationships, because those are the issues of sisters, and mothers and sons, living together and all those other different domestic relationships which are not picked up by the current SI(S) Act. It is essential that there be that recognition of those relationships, because they are important and significant. The issue of death benefits is a very difficult area of law but it is one in which it is time to recognise that the current law is problematic. There is an excellent discussion paper on these issues by the Superannuation Complaints Tribunal which suggests that we need to look at these areas again. It is time that the government took these matters on board.

I am hopeful that we will get a majority view in the chamber today. There are some conflicting ideas in the various amendments being moved, but the Democrats will be supporting all the amendments in this area so that a view can be put to the government that reform in this area is needed. It is up to gov-
ernment ultimately to take those matters on board, and we encourage the government to do so.

**Senator WONG** (South Australia) (11.55 a.m.)—Senator Cherry was mildly critical of Labor’s history on this matter. I do not want to go through some of the reasons that were articulated in the most recent debate on this issue as to why we did not then support certain amendments to an act. There were very clear strategic, tactical and policy reasons for that. I want to make this point: unless the minister jumps up after I have spoken and indicates that the government will be supporting it, it would seem clear that the Democrats have done a deal with the government in the area of super when they have not got agreement on this issue. Unless the government now says, ‘Yes, we will be supporting the amendments on allowing same-sex couples to leave their money to each other,’ then it is clear that the Democrats have not got a deal on this issue.

I wonder if Senator Cherry even put it on the table. When he was in the box seat negotiating with the government on getting their legislation through, was this even on the table from the Democrats? I hope it was and maybe they made a decision that they would not proceed with it—because this was their opportunity, as a party that is on the cross-benches and does have some influence in terms of the balance of power in this chamber, to actually extract from the government something for their support for the superannuation surcharge reduction and the co-contributions bill. Was it on the table? Will the minister stand up and confirm the government’s agreement to this or are the Democrats simply drafting amendments in this place while, behind closed doors, they are not negotiating with the government or using their position in this chamber to ensure that this can actually become legislation as opposed to simply a talkfest in this chamber?

**Senator COONAN** (New South Wales—Minister for Revenue and Assistant Treasurer) (11.57 a.m.)—In moving the opposition amendment today, Senator Sherry talked about an opportunity. There may well be an opportunity, but in the government’s view it is certainly not opportune to deal with this issue as part of these bills and the government will be opposing the amendment. The amendment moved by the Labor Party is certainly not relevant to these measures. That is the reason why I do not propose to debate the arguments in any great detail.

The co-contribution and surcharge rate reduction measures both apply to the individual. The co-contribution is based on an eligible personal superannuation contribution from an individual. It does not distinguish between individuals, be they in same-sex households or in other households. It is available to any qualifying low-income earner. Similarly, the surcharge liability, which we are dealing with today, as well as the co-contribution bill, is based on an individual’s adjusted taxable income and surchargeable contributions. So the rate reduction, once again, is based on the particular individual. Again, it does not distinguish between individuals on the basis of their relationships.

More broadly, superannuation fund trustees can and do take into account same-sex partners when distributing death benefits. There is nothing that I am aware of at all in the law to prevent a trustee paying death benefits to a same-sex partner who was financially dependent on the deceased. My understanding is that, as indeed with all contestable matters, that can be a matter of adding the relevant evidence and proof—as, indeed, one does in many circumstances. Where cohabiting persons have joint financial commitments, it is possible to establish mutual dependency. Indeed, it is usually reasonably forthcoming if those indicia are
there. Where financial dependency is shown, the death benefits paid to the partner of the deceased member are concessionally taxed. This is the same concessional tax treatment that is afforded to any dependant, whether they are husband or wife, same-sex partner, parent or child of the deceased.

Senator Wong mentioned choice, and I would just like to take this opportunity to highlight that the government’s choice of fund legislation would enable same-sex couples to choose a superannuation fund that best suits their needs. In addition, the government’s portability policy will mean that, having chosen such a fund, the individuals will be able to transfer their existing benefits to that fund. So you begin to see the pattern of the government’s suite of superannuation reforms designed to make superannuation more available, more attractive and more accessible to all Australians, irrespective of their circumstances.

In saying that the government will be opposing the amendment for the reasons I have given, I am also obliged to say that, if this amendment and the others were to be successful, the government would need to reconsider the compromise package agreement negotiated between itself and the Australian Democrats, and that is a matter of serious regret. The superannuation surcharge rate reduction and co-contribution measures are aimed at removing the disincentive facing those able to save for their retirement and boosting the superannuation savings of low-income earners, as we have heard yesterday and today. The failure of this package to achieve passage or further delays will significantly reduce the retirement benefits of low-income earners. It will also affect the retirement benefits of individuals who otherwise would have been able to save for their own retirement and reduce the pressure on the age pension system.

Let me restate, in case there is a scintilla of doubt, that, consistent with previous statements by the government, these measures are a package and passage of one without the other is not acceptable. I want to finish my comments by making it very clear that the agreement negotiated between the government and the Australian Democrats did not extend to an agreement to deal with the subject matter of this amendment and the proposed amendments. As I have mentioned previously, if the amendments were to be successful, the government would need to reconsider its position.

Senator BROWN (Tasmania) (12.03 p.m.)—Of course the government would need to reconsider its position and it needs to come into the third millennium—it needs to come into the 21st century—and catch up with the position that is being expressed by the Labor Party, the Greens and the Democrats here. I notice there is a word of threat involved in what the minister has to say to the Democrats. The government is saying, ‘This package, which involves some $1½ billion over four years, is threatened by the Democrats if they join the Greens and the Labor Party to remove discrimination in superannuation law against same-sex couples.’ What an extraordinary threat for the Howard government to put across the floor of the chamber. If there was ever anything that could and will measure this government’s failure to keep up with the times in Australia, this will be the test. The test is not on the Democrats here; I cannot imagine any circumstance in which they will not stand on this long-held policy. As Senator Cherry has just told us, it has 12 times been brought in and thwarted, and here is the opportunity for it to pass through this chamber. I cannot imagine there can be any circumstances in which the Democrats are going to reverse from that position. The test here is not on the Democrats; it is very firmly on the govern-
ment, and the government does have to re-

consider.

I do not think there is any negative here for the government. The government’s own constituency will support the thrust of these amendments to get rid of discrimination. Senator Harradine has just been talking about the need for it to be extended to cover people who are not in a same-sex relation-

ship but who are, nevertheless, cohabiting and codependent—and, from what I hear across the chamber, everybody would support those folk being included.

So there is a very enlightened feeling in this chamber today. Here is a great moment of change for the better, which we know from the polls has the support not just of the superannuation funds but of the Australian people, and the question is: is the govern-

ten of Prime Minister Howard up to it? Has it got the commonsense, its finger on the pulse of this nation and, indeed, the sense of pure and simple justice not only to accept the amendments that have been put forward sever-

ally by the parties on this side of the house but to catch up with legislation at state and territory levels and, indeed, international legislation in comparable countries? The challenge is very much for the government here.

There are some small differences in the wording of the complementary amendments being brought forward by the Democrats, the Labor Party and the Greens and we will have no difficulty in mending any differences that there might be. It is a very important and exciting opportunity we have here, and I hope the government, when it does do the reconsideration that the minister is now flag-

ging, has not just the magnanimity but the sense of timeliness of this and correctness of what this chamber is doing here in putting—and it is a compliment to this chamber if these votes go through—a challenge to the government.

The government says that this chamber is doing the blocking. The government says that we get in the way of changes it wants to make. Here is the government blocking. Here is the government standing against change—popular change, at that. Here is, if you like, the executive—because the House of Representatives would divide on obvious party lines on this matter—which has the ability to rubber-stamp these things through the House of Representatives, finding this chamber not in a mood to say, ‘We will vote on the merits of this legislation.’ Clearly the government with the Democrats has the numbers, but this chamber is saying, ‘Here is an opportunity for the government to move forward.’

I hope, despite the Prime Minister’s recent rhetoric, we will not find him saying, ‘No, I am negative. I am going to block this. I am going to stand in the way of progress,’ and have a reversal where, effectively, this chamber is doing the innovating and the government is doing the blocking. Wouldn’t that be an indictment of the Prime Minister’s soon to be announced efforts to change the Constitution because, he says, this chamber is negative? Here is this chamber being very positive indeed. The Prime Minister’s argument will be, I think, somewhat in tatters if, in the reconsideration that Minister Coonan is talking about, he does not say, ‘Yes, we should catch up with the Senate, the states and the Australian people on this and endorse these amendments.’

Senator SHERRY (Tasmania) (12.09 p.m.)—There are a couple of points I want to respond to, without overly extending the debate. The minister gave the impression, incorrectly and I think deliberately, that the government’s proposals on choice and port-

ability would somehow overcome the issues
of discrimination against same-sex partners. That is not correct. I think anyone who has read the government’s proposals on so-called portability and choice would know that the claim by the minister is simply not correct. Senator Harradine, Senator Greig and Senator Cherry have commented on the issue of superannuation in a will. I agree with their comments. The difficulties are not overcome in a will, because of those who die intestate. I do not know the proportion of the population who die without having a will. It would be interesting to know.

There is the issue, as Senator Cherry correctly pointed out, of binding death nomination. But very few superannuation fund members actually enter into a binding death nomination. Again, I do not know the figures, but they would be very low—possibly five or 10 per cent, if that. It would be interesting to get the figures. Certainly almost every superannuation fund, on their admission form, has a section for a nominee in the event of death. One problem with that approach is that it is not binding on the trustees. The other problem with the nominee section on the form is that many people do not complete it. Again, I do not know the proportion of superannuation fund members who fail to nominate a beneficiary, but it is significant. That is a particular problem. Even where people do nominate one, there is the problem that I highlighted in my earlier comments about the difficulties that trustees can be placed in. As I said, some trustees take the issue of same-sex partners into account, but it is certainly bureaucratic, messy and time consuming, and not all trustees do.

I accept the changes that would be necessary that Senator Brown, and Senator Cherry on behalf of the Australian Democrats, have identified. I think Senator Brown has indicated that he is voting for ours and the Democrats’ on his own. On behalf of the Labor Party I indicate that we will do the same so that we cover any identified gaps in the amendments that we are considering.

Senator Coonan has said, ‘This is not the time to consider this issue. We have an agreement with the Australian Democrats. We have a package deal. It is not appropriate to deal with the amendments that we will be voting on in this chamber on this package of measures.’ We know that these measures will pass this chamber. I am a realist; I recognise that the Democrats have an agreement with the government. So we do have at least an improved opportunity to redress the issue of the same-sex couple discrimination. I pose the fundamental question to Senator Coonan: if this is not the opportunity, when will we see, from the Liberal-National Party government, the removal of discrimination against same-sex couples? When will we see that legislation? It is not unusual in this chamber to have omnibus bills. It is not unusual to have amendments that deal with arguably different issues tacked onto other bills. I think the focus is squarely on the government to indicate when the right time is to deal with this matter. I commend the amendment to the chamber.

Senator Harradine (Tasmania) (12.14 p.m.)—I think that Senator Wong said that my view on marriage was a strongly held view—it is. But it is not because I hold it; it is a view that has been essential for the continuation of the human race for many centuries. This is a very important situation. It is of great concern to me that all of the amendments attempt to place same-sex relationships on the same basis as marriage or a marriage-like relationship. That undermines the special status of marriage. Once society undermines the special status of marriage, the disintegration of society accelerates. During the debate I think it was acknowledged that by doing what is being proposed places same-sex relationships, and now other rela-
tionships, on the same basis as marriage for the purposes of superannuation.

I acknowledge that it is the property of the holder of the superannuation policy and I question, as Senator Sherry did in the beginning, why the state should interfere with the rights of that property owner. Okay, then take action. A lot of people die intestate, but in respect of this matter, as I indicated, at least the property owner is entitled to make a will. There have been many cases involved in these sorts of situations but those contributing factors will be taken into account by the judge if the decision of the trustee is challenged. We should not, as is being proposed, use this debate to attempt to place that relationship on the same basis as marriage, because of the great importance of that institution to the future of this nation.

Senator GREIG (Western Australia) (12.18 p.m.)—I would like to comment on the contributions of both the minister and Senator Sherry. Senator Coonan argued that the laying aside of the choice bill—which has been laid aside on the basis that the chamber has indicated a strong desire to insist on same-sex couple amendments and the remedy within that bill—is regrettable and has stated specifically that this has happened because of the argument around same-sex couples. I would make two points there.

Firstly, in the late 1970s and early 1980s prior to Senator Coonan being in this place, she was a public advocate for gay and lesbian rights and spoke at public fora in Sydney advocating same-sex partnership recognition, including in superannuation. This was detailed in Mr Graham Willett’s book published last year and available in the Parliamentary Library, where there is a photo. It is most regrettable that a person who in the community argued in favour of this reform is now, ironically, the minister overseeing and blocking it. Secondly, the minister argued that it would be unfortunate—and I am perhaps paraphrasing here—if this were to become a battle between low-income earners and gay and lesbian people or same-sex couples, and it would be regrettable, the minister has suggested, if this legislation were to stumble or to be revisited on the basis of the insistence on same-sex couple amendments. I would make two points there.

Firstly, you cannot separate low-income earners from gay and lesbian people. You will find gay and lesbian people being low-income earners just as you will find gay and lesbian people throughout all sections of society. It is not an ‘us or them’ situation; you cannot quarantine same-sex relationships or gay and lesbian people or the human rights that go with that from the rest of the legislation. It does worry me genuinely that if this legislation were to fail or to stumble—and I do not know where the numbers will fall ultimately on this—the gay and lesbian community would become the whipping post for the failure. I seek a promise from the minister that, if it were to be the case that this bill, as with super choice, stumbles or fails because of a human rights argument, gay and lesbian people will not be the target of that and that the government would honestly say that the real stumbling block here is in cabinet, not in the community or in this chamber.

Secondly, I would like to genuinely thank and compliment Senator Sherry and the Labor Party for finally agreeing to this, albeit the circumstances might be unusual. This is the first time ever that Labor has moved or spoken in favour of same-sex couple amendments in its entire parliamentary federal history. That is no small point, and I do not think—

Senator Sherry—What about Albanese’s speech in the other place?

Senator GREIG—With respect, Senator, that was not an amendment.
Senator Crossin—It was a bill.

Senator GREIG—It was a private member’s bill—granted—but it was never moved and debated. When I sought to do that some months ago, as you will recall during that feisty debate, I found that it was not on the Notice Paper.

Senator Sherry—That is the government.

Senator GREIG—With respect, Senator, that is where you are wrong. Remember that Labor laundered the Albanese bill into this chamber under the name of Senator Conroy, so it did for a period exist in this place under Senator Conroy’s name. But Labor made no effort to bring it on for a debate. That brings me to my other point: Senator Sherry questioned and prodded Senator Coonan and asked, rightly: ‘If this is not the place or the bill to debate this particular issue, when is?’ That is a proposition that I have put many times to Senator Sherry and his Labor colleagues when I have raised the same criticism. Of the many occasions—and Senator Cherry spoke to them earlier—when we Democrats have moved amendments relating to same-sex couples, the argument from Labor was always that it was not the right bill. Labor has argued for a policy position and administrative discussion and debate around a wholesale package, an omnibus bill. In response to that I have repeatedly said, ‘We Democrats have one.’ The sexuality discrimination and gender identity bill has been around in one form or another since 1995. The opportunity is there. I believe that is one strong opportunity—perhaps not the best but we are working on it—to bring about at least a debate on omnibus wholesale reform.

So my question to Senator Sherry is: would you and your colleagues support a contingency motion at some point—certainly by the end of this year—to bring about at least a debate on omnibus wholesale reform?

Senator Sherry—(Tasmania) (12.25 p.m.)—I will respond at least to some extent to Senator Greig’s challenge and I will be interested to hear Senator Coonan’s response. As I indicated in the debate some months ago, I am the Labor Party shadow minister for retirement incomes and savings and spokesperson on superannuation. They are my responsibilities.

Senator Coonan—You have had them for a long time, Nick.

Senator SHERRY—(Tasmania) (12.25 p.m.)—I will respond at least to some extent to Senator Greig’s challenge and I will be interested to hear Senator Coonan’s response. As I indicated in the debate some months ago, I am the Labor Party shadow minister for retirement incomes and savings and spokesperson on superannuation. They are my responsibilities.
superannuation, I think the only way we will progress this issue is by the election of a Labor government. I cannot give any indication or commitments on the other areas you have referred to, Senator Greig. I am not the shadow minister responsible for those areas. I clearly do not have responsibility for the wide range of areas you indicated.

Superannuation is somewhat unusual because it is compulsory. I do not know the general proportion but certainly nine out of 10 Australian employees have superannuation. It is an increasing—subject to negative returns, of course—amount of money in a person’s account in a superannuation fund. That is somewhat unusual. That is why we have so many people with superannuation—because it is compulsory. The issues of same-sex partners and discrimination in respect of a compulsory product are very immediate. We have gone into some detail about the difficulties trustees face, the processes et cetera, so we would hope that these bills will be passed. I think the proposed amendments will pass this chamber. That is good.

I hope that the government does not adopt a stubborn, obdurate approach on this matter. The minister seemed to indicate that there would be a message coming back from the House of Representatives. But I do hope the minister—and I did not know of her interest in this area, Senator Greig—is able to convince the Prime Minister and cabinet, given the obvious public advocacy that she adopted prior to coming into this chamber and her particular interest in this issue. That would be good if that could occur, but we will wait to see what happens when we get to that point.

Senator COONAN (New South Wales—Minister for Revenue and Assistant Treasurer) (12.28 p.m.)—The first point I wish to make is that this government does not make threats and nor do I. It is implementing an announced policy position and an election promise. This government was elected on certain policy platforms and, in relation to superannuation, they are well known and they are progressively being implemented as, indeed, the government has an obligation to do so.

The government has a position in relation to the bills before the house and it has an agreement with the Democrats in relation to those bills. The government will adhere to its agreement and would expect that the Democrats would adhere to their agreement. The amendment has not formed any part of that agreement. It is not quite like an omnibus bill where you just tack something on. This has been the subject of a specific agreement and it should proceed in the way in which it has been negotiated, agreed and signed in writing.

The subject matters of the bills that we are dealing with are not at all impacted by the issues that are the subject of the amendment. No-one seems to be suggesting in this debate that any single person will have a problem with either the surcharge reduction or the co-contribution because they are in a same-sex or dependent relationship. In other words, it is utterly irrelevant to the bills currently being considered in the house. I will reiterate for the record, and so that everyone is perfectly clear, that if the amendment were to be successful the government would need to seriously reconsider the compromise package agreement negotiated between itself and the Australian Democrats. The government will honour its agreement and expects that the Democrats will honour theirs.

Senator BROWN (Tasmania) (12.31 p.m.)—That is very interesting. The government is laying down the gauntlet to the Democrats and I forecast that the Democrats, on a strongly held position like this, will take that gauntlet up. The question is: how is the
government going to perform here? The minister says that this is implementing policy on which the government was elected. I think I can speak for this side of the house, but I will do so for the Greens anyway: this is very much policy on which we were elected to this place and the government has to recognise that. It is core policy, what is more, so it is very important that we stand by our electoral commitments in a matter like this.

This is very much a test of the government as to whether it accepts that we are in a bicameral parliament with people elected on policies and that part of the business of getting measures through this chamber is for the government to accept that sometimes its legislation will be improved, as it is being improved here. Benefits which were not in the original package, but which flow on to other people in various ways, will be added. This chamber is making a positive change here—and I agree that it is a very major change.

Senator Sherry—It is at no cost to government revenue.

Senator BROWN—It is at no cost to government but there is a very large social cost advantage to the Australian people and I hope that it is accepted by the government. Written agreements behind closed doors are not what this chamber is about. That is a matter for a government which does too much behind closed doors. But we are now in the open light of debate and the debate here has been running very strongly in favour of the amendments that the Labor Party, the Democrats and the Greens are bringing forward. This is not new. As I think Senator Bartlett pointed out, debate has been initiated here 12 times by the Democrats, and many more times by the Greens. I congratulate the opposition in the move it has made today on this legislation.

The real test is now on the government. The real test is whether this government accepts that there is a wider democratic principle involved here, which extends to everybody who is elected in this parliament, and moreover that there is a need for government to reflect the wisdom of the wider community. The government has a package that the Labor Party and the Greens oppose and it appears that on the numbers we would lose out, but we move on. On this occasion I do not think the government has the numbers to oppose the amendments that we are bringing forward. The government needs to accept that and move on. But the challenge is very much to a government that has been very negative on social reform and very negative towards the hundreds of thousands, if not millions, of people who are in same-sex relationships in this country and their dependants. The government has been very negative about moving out of a 1950s view of the Australian social mix, milieu and mood of this nation. This is a great opportunity for the government to make a breakthrough. If the government changes its mind on this it will get the kudos for it. It is a win-win situation for the government if only the prime ministerial view of Australia would catch up and come out of the 1950s and into the new century and the new configuration of the more enlightened society we have in the year 2003.

Senator WONG (South Australia) (12.35 p.m.)—I just have two brief points. When I spoke last time the government had not yet indicated its position on this. It has become very clear from the comments of the minister that there is a written agreement with the Democrats on this legislation which does not include this amendment. I note that Senator Greig chose not to respond to my rhetorical question about whether or not this had even been put on the table when the Democrats were negotiating their agreement with the government. If it were not then perhaps Senator Greig should be accompanying
Senator Cherry to future negotiations, because this was an occasion on which he could have used his influence in the context of negotiating passage of this legislation. We disagree with the package but, leaving that aside, Senator Greig could have used his position to negotiate an outcome on an issue which he has been quite vocal on. I would have hoped that Senator Cherry would have maintained the same position behind the closed doors in the negotiations with the government that he has maintained in the chamber.

I return now to the government’s position. This is a very simple matter on what one would have thought was a principle that small ‘l’ liberals would adhere to—that is, equal treatment before the law. I am simply saying that people ought to be allowed to nominate whom they wish to receive their money. If that person happens to be a same-sex partner, the person should be able to nominate them, just as they can nominate a de facto partner or a marriage partner. I would have thought that equal treatment before the law was not something that any reasonable government would shy away from.

Senator BARTLETT (Queensland—Leader of the Australian Democrats) (12.37 p.m.)—I will be brief so that we can have a vote on this before we switch to matters of public importance. There are a couple of points I would like to emphasise. Firstly, regarding Senator Wong’s attempt at point scoring in relation to what the Democrats are and are not able to get by way of negotiation, there are many bills that have opposition from the Democrats that pass through this chamber only because of the support of the Labor Party—for example, tax bills, immigration bills, defence bills and a range of others. If Labor has ever once sought to use those to change the definition of partners to enable the removal of discrimination against same-sex couples, I have not noticed it. So please do not even start down that path of finger pointing, because we have this government that has been in power now for 7½ years and Labor has never once sought to use its position on the many pieces of legislation that it is in on to implement reform in relation to the treatment of or discrimination against same-sex couples.

That is why this is actually such a historic moment. As Senator Greig pointed out, not only is it the first time that Labor are actually going to support a legislative amendment in this chamber to address the definition of partnership and discrimination in relation to same-sex couples; they are actually moving it, which is all the more significant again. I think that is why, at this period of the debate at least, we should be noting and welcoming that, assuming that it is now going to be a shift where the ALP will be supporting similar amendments to other legislation to try and remove this discrimination. At this stage of the debate, that really means that we should be focusing on the position of the government. As the minister did say in one of her responses, if these amendments get through, as they will in conjunction with the Democrats’ and Greens’ amendments, the government will have to reconsider its position. That is the whole point—the government should reconsider its position in the light of this significant and positive amendment and reform that this chamber is proposing. It is an area in which it would be the government who would be obstructing change, obstructing legislation and obstructing this chamber. It is an opportunity for the government to reconsider its position. I think that is where we should be putting the focus of the debate and the issue at the moment.

It should be pointed out that this is now a situation where, at the Commonwealth level, we are way behind every state and territory in Australia in relation to discrimination against gays, lesbians and transgender peo-
ple. On occasions when reforms have been put through at the state level, in most cases it was by Labor governments; but in many cases of those legislative changes it was with the support of the Liberal Party members of parliament, at least in part. My understanding of the recent changes that went through in Tasmania, for example, was that the vast majority of those changes were supported by the Liberals. There was some opposition from upper house Independents. Certainly, some of the changes that went through in Queensland not too long ago had the support not just of the Liberals but also of the National Party MPs. So it is not exactly a situation where there is some consistent philosophical opposition on the part of Liberals or indeed the coalition more broadly. It is one where, at the state level, in most cases and certainly to the extent that these amendments go to, the Liberal MPs have, by and large, also supported changes along these lines.

With those facts clearly in the public arena, it is an opportunity for the federal Liberals to reconsider their position and to look at whether they should take this opportunity to go down the path that many of their Liberal colleagues have at state level of supporting an advance like this and actually for once being seen to be part of enabling it to happen rather than reluctantly dragging along in the wake. It is an important opportunity and I certainly do urge the government to take this opportunity to reconsider their position when the amended bills, should they presumably pass, go to the House of Representatives.

**Question put:**

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

The committee divided.  [12.47 p.m.]

(The Chairman—Senator J.J. Hogg)

<table>
<thead>
<tr>
<th>Ayes</th>
<th>31</th>
</tr>
</thead>
<tbody>
<tr>
<td>Noes</td>
<td>31</td>
</tr>
<tr>
<td>Majority</td>
<td>0</td>
</tr>
</tbody>
</table>

**AYES**

- Allison, L.F.
- Bishop, T.M.
- Buckland, G.
- Cherry, J.C.
- Cook, P.F.S.
- Denman, K.J.
- Forshaw, M.G.
- Hogg, J.J.
- Lees, M.H.
- Landy, K.A.
- Marshall, G.
- Moore, C.
- Nettle, K.
- Ridgeway, A.D.
- Stephens, U.
- Wong, P.
- Bartlett, A.J.J.
- Brown, B.J.
- Campbell, G.
- Collins, J.M.A.
- Crossin, P.M.
- Faulkner, J.P.
- Greig, B.
- Kirk, L.
- Ludwig, J.W.
- Mackay, S.M.
- McLachan, J.E.
- Murray, A.J.M.
- Ray, R.F.
- Sherry, N.J.
- Webber, R.

**NOES**

- Abetz, E.
- Barnett, G.
- Brandis, G.H.
- Campbell, I.G.
- Colbeck, R.
- Ellison, C.M.
- Ferris, J.M.
- Heffernan, W.
- Johnston, D.
- Lightfoot, P.R.
- Mason, B.J.
- Minchin, N.H.
- Payne, M.A.
- Tchen, T.
- Troeth, J.M.
- Watson, J.O.W.
- Alston, R.K.R.
- Boswell, R.L.D.
- Calvert, P.H.
- Chapman, H.G.P.
- Coonan, H.L.
- Ferguson, A.B.
- Harradine, B.
- Humphries, G.
- Kemp, C.R.
- Macdonald, I.
- McGauran, J.J.J.
- Patterson, K.C.
- Santoro, S.
- Tierney, J.W.
- Vanstone, A.E.

**PAIRS**

- Carr, K.J.
- Conroy, S.M.
- Evans, C.V.
- Hutchins, S.P.
- O’Brian, K.W.K.
- Eggleston, A.
- Knowles, S.C.
- Macdonald, J.A.L.
- Scullion, N.G.
- Hill, R.M.

* denotes teller

**Question negatived.**

**Progress reported.**
MATTERS OF PUBLIC INTEREST

Senator Kirk—Order! It being past 12.45 p.m., I call on matters of public interest.

Superannuation

Senator BRANDIS (Queensland) (12.50 p.m.)—Last month, during its annual conference in Cairns, the Investment and Financial Services Association, IFSA, released an important report, Retirement incomes and long term savings: living well in an ageing society. As honourable senators will be aware, IFSA has been one of the key participants in the debate on reform to the Australian superannuation system, and the report is an important contribution to that debate. The release of the IFSA report came shortly after the publication by the Senate Select Committee on Superannuation, chaired by Senator John Watson, of two important reports directed to broadly the same subject: Superannuation and standards of living in retirement, tabled last December, and Planning for retirement, tabled in July. I acknowledge Senator Watson, who is in the chamber at the moment, and I place on record my appreciation of his pre-eminence in this field of policy as a leader in the debate—a pre-eminence which is recognised, I believe, in both chambers and on all sides of politics.

The publication of these important reports serves to focus attention on one of the most important policy debates taking place in Australia today: the debate on national savings and, in particular, the sufficiency of our provision for retirement incomes. The debate has come at a time of growing awareness of the policy challenges presented by the fact that, due to the combined effects of increased longevity and falling fertility, our population is ageing at an escalating rate.

Although that debate has been carried on in Australia for some years, it had largely been a dialogue within the universities and among industry specialists. The real landmark in terms of public awareness was the Intergenerational Report published by the Treasurer last year. In years past, the extent of forward planning evident in the budget process was the publication of forward estimates, projecting revenues and expenditures four years into the future. But last year, for the first time, with the Intergenerational Report, Peter Costello took the visionary step of assessing the needs of the Australian people 40—not four, but 40—years into the future and bringing that time horizon into the budget process. Meanwhile, the Prime Minister has identified retirement incomes as one of the government’s first policy priorities for the years ahead.

Statistics published in the Intergenerational Report revealed that within 40 years the number of Australians over the age of 65 will almost treble, from 2.5 million today to an estimated 6.2 million in 2042. The proportion of older Australians in the overall population is projected to increase from 12.8 per cent now to 24.5 per cent in 40 years time—to almost one in four. It is also projected that some 4.3 per cent of Australians will be over the age of 85. In other words, by 2042, one in 23 Australians is expected to be living for more than 20 years past the current retirement age.

As honourable senators know, there has been a great deal of debate lately about the additional costs to health care of an ageing population. That is not an issue which I want to address today, important though it is. What I want to address is the converse issue: the consequences of living well for longer. With increasing longevity comes an increasing capacity to enjoy a good and active quality of life for longer, emphasising the need for sustainable retirement incomes which will enable older Australians to enjoy that quality of life for longer without imposing even greater burdens on the shrinking proportion of the population which remains in
the work force. There is nothing more impor-
tant to the wellbeing of current and future
generations than that we get national savings
and retirement incomes policy right.

In dealing with this important topic, I
want to draw to the attention of the Senate a
matter of particular concern which both the
IFSA report and the two reports of Senator
Watson’s committee highlight—that is, the
risk, at current savings levels and rates of
superannuation provision, of the emergence
of a savings gap. The savings gap may be
defined as the shortfall between the projected
pool of total retirement savings and the
amount necessary to meet adequately, and
without reliance on the age pension, the an-
ticipated needs of the increasing number of
older Australians in their retirement.

The IFSA report warns that, by its esti-
mate, the savings gap will be some $600 bil-
lion. This figure was arrived at by assuming
that the desirable income target for a retiree
is a replacement rate in the range of 70 to 80
per cent of pre-retirement expenditure, which
equates to a retirement income of about 62.5
per cent of pre-retirement earnings. The
Chief Executive Officer of IFSA, Mr Rich-
ard Gilbert, said that although ‘the founda-
tions of retirement incomes policy are sound’,
nevertheless ‘current policy will not
deliver the retirement living standards ex-
pected by the next generation of Australians’.
He said that the identification of the savings
gap ‘is a call to action for policy makers and
the superannuation community to make
changes to boost retirement savings’. Al-
though the Watson committee did not quan-
tify the savings gap, and observed that ‘there
is no funding crisis’ in the present system, it
nevertheless identified what it described as
an ‘adequacy gap’ which needs to be closed
and warned that ‘the ageing of the popula-
tion, together with the declining participation
of mature age workers in the labour force,
will place some strain on the superannuation
system’.

That call has been heard by the Howard
government. We recognise the necessity of
encouraging greater superannuation contrib-
utions—in particular, through voluntary
contributions. In particular, we recognise the
need to encourage Australians to commence
contributing to their superannuation earlier in
their working lives. As well, we recognise
the need to make superannuation products
flexible and to enhance freedom of choice
for policyholders, an issue which defines,
about as clearly as any issue could, the phi-
losophical differences between the govern-
ment’s approach and that of the Labor
Party—a debate which Senator Sherry and I
had at the IFSA conference in Cairns last
month.

I want to place on the public record, so as
more widely to publicise, the recommenda-
tions of the IFSA report. In doing so I do not
necessarily endorse all of those recommenda-
tions. I know that the government and the
highly competent Minister for Revenue and
Assistant Treasurer, Senator Coonan, has
them under active consideration. The rec-
ommendations made by the IFSA report,
some of which mirror recommendations
made by Senator Watson’s committee, are
designed to achieve three key policy out-
comes: first, boosting voluntary superannua-
tion; secondly, simplifying and easing the tax
treatment of superannuation contributions;
and, thirdly, maximising retirement income
streams.

As to the first of those objectives—
boosting voluntary contributions—the IFSA
report recommends extending co-
tributions on voluntary contributions to
Australians earning up to average weekly
earnings, removing the work test for all vol-
untary contributions and removing the an-
ual contributions limits while retaining life-
time limits. The latter of those three proposals is, I believe, particularly important, for nothing will encourage a habit of lifetime savings more than enabling young people, in the early part of their working lives, to make greater voluntary superannuation contributions by removing the current unrealistically low limit at which such contributions cease to be tax effective.

In relation to the tax treatment of superannuation, IFSA recommends the progressive removal of the superannuation contributions surcharge. As honourable senators know, legislation to give effect to the Howard government’s commitment to reduce the surcharge is before this chamber this very day, and the Labor Party is determined to block it. The report also recommends moving taxes away from contributions and earnings and onto benefits. In order to maximise retirement income streams, the IFSA report recommends removing the distortions which hold back growth pensions, an issue which I know the government currently has under review; clarifying legislation so that non-super savings can access retirement income products; and improving the integration of superannuation, tax and age pension rules.

I know, in relation to some of these proposals, the objection will be raised of cost to the revenue. But greater cost to the revenue will have to be borne by future generations unless our policy and legislative framework provide sufficient encouragement and incentives for Australians to provide sufficiently for their own retirement.

My party’s founder, Sir Robert Menzies, in a famous series of radio broadcasts in 1942 collectively entitled The Forgotten People, spoke with eloquence of the need for the state to care for those unable sufficiently to provide for themselves. But he also spoke of the central importance to public policy and to liberal philosophy of protecting the interests of the thrifty, of encouraging—not penalising—people who provide for themselves and their families rather than relying upon their neighbours and fellow citizens to do so.

Nowhere is that policy challenge more starkly presented than in the current debate on superannuation and national savings. Nowhere may the philosophical difference between the Liberal Party and the Labor Party be more starkly seen. And nowhere is it more important, for future generations, that we get the policy settings right.

**Small Business Employment Report: Government Response**

**Senator GEORGE CAMPBELL** (New South Wales) (1.00 p.m.)—I rise today to comment on this government’s abysmal response to the Senate Employment, Workplace Relations and Education References Committee report into Small business employment. I regret that I have to take up the time of the chamber today to do so, but at the time the response of the government was tabled I was otherwise engaged and unable to respond.

The government’s response demonstrates how little the coalition cares about small business and increasing employment. This was a very serious inquiry that visited every state and listened to a huge range of stakeholders. The findings and recommendations were well thought out and provided some very innovative methods of assisting small business. It is very disappointing that the government has chosen to ignore the majority of the recommendations. The government has agreed in principle with a minority of recommendations and responded to a large number of others by providing information on relevant policies and programs that it considers address the problems identified.

The committee’s report acknowledged that much is being done by governments at all
levels to address the needs of small business. However, evidence from small businesses and their advisers who were consulted during the inquiry indicated the need for further action or development in some areas, and a number of the committee’s recommendations were intended to pick up those concerns. We were listening to the views of small business, a group the coalition claims to represent but which they have abandoned in reality. One of the major problems identified during the inquiry was the confusion resulting from the myriad small business programs operating at Commonwealth and state government levels. A number of recommendations were designed to address this problem.

As Chair of the Senate Employment, Workplace Relations and Education References Committee, I am pleased that the government has agreed in principle to work with the states to develop a national framework for, and branding of, small business support programs, incorporating Commonwealth and state programs. This has the potential to significantly improve the accessibility and effectiveness of these programs. It may also provide a platform for developing a coherent policy and strategy for small business development, which is an important area for further development.

Another major theme raised during the inquiry was the need for more support to assist small businesses at all levels to develop their business management skills. It is therefore pleasing to see that the government agrees in principle with the proposal that a professional development program be established for incubator managers and that it recognises the merit of examining the establishment of centres of excellence in business development for small business. If these capacity-building measures are pursued, they have the potential to make a long-term contribution to lifting the performance of Australian small businesses with growth potential.

There are a number of areas where I believe that the government’s responses sidestep some aspects of the recommendations. In the limited time available, I would like to comment on at least a few of them. For example, recommendation 22, on the simplified taxation system, recommended that the government report to parliament on both the take-up of the system and the extent to which it is reducing the burden of the taxation system on participating small business. The simplified taxation system was intended as an important measure to provide small business with some relief from the disproportionate burden they face in complying with the taxation system. The government’s response focuses only on the proposal that the take-up of the system be reviewed. It does not address the equally important need to assess whether the system is reducing the compliance burden of taxation for participating small business. As chair of the committee, I believe that the government should review both the take-up of the system and the extent to which it is reducing the burden associated with the tax system for participating businesses, if not this year then at the end of next year.

The government did not agree to examine the option of introducing an income contingent loan scheme for small business. In the section preceding this recommendation, the committee noted that, unlike HECS, a loan scheme for small business could be based on a real rate of interest, in many respects similar to the scheme that has recently been introduced in this parliament for Indigenous small businesses. The intention of this proposal is not to provide a major subsidy to small business but, rather, to provide an alternative source of finance for those businesses that are unable to secure access to finance on reasonable terms. As chair of the committee, I believe that this is still worth investigating further and may offer a means
of balancing the need to address a market failure in this important area with the need to minimise the impact on the public purse.

The government has not accepted most of the committee’s various recommendations to reduce the burden of regulation on small business, generally on the basis that the measures now in place are sufficient. However, in many cases, those measures do not fully address the objectives of the recommendations. For example, the government notes that Commonwealth agencies’ regulatory plans are accessible on the Internet. The Internet site, however, simply provides links to all agencies’ home pages. It does not provide a consolidated list of all regulation changes. The value of a consolidated list or register is that it provides an accessible and transparent guide to the nature and volume of regulation change affecting business. This can provide one indicator of the extent to which the burden of regulation may be growing and operate as an early warning sign for government and business.

The government considers that regular reviews of the accuracy of compliance estimates and the regulation impact statements, as suggested by the committee, could be too costly and that existing mechanisms should be able to achieve the objective of this recommendation. However, the committee’s recommendation was confined to reviewing the RIS for legislation with a major impact on business. This would limit the cost in practice. Evidence to the inquiry indicated that the current mechanisms for reviewing the compliance impact of regulations are not providing the necessary discipline on agencies.

All in all, it is a disgrace that this government has chosen to ignore the vast majority of the committee’s recommendations. It is a decision that will damage small business and will reduce employment. In short, it is a decision that puts political grandstanding above the real needs of the hundreds of thousands of unemployed Australians. In 1998 Peter Reith, the then Minister for Employment, Workplace Relations and Small Business, made a commitment during that election to reduce red tape by 50 per cent. When the department were questioned on this commitment at Senate estimates subsequent to that election, they were not able to demonstrate in any shape or form how that reduction of 50 per cent was in fact to be achieved. Nor, I suggest, if you talk to the department now would they be able to demonstrate in any shape or form how they have achieved a 50 per cent reduction in red tape. When you talk to the small business community, the perception and reality for small business is that the demands and burdens of compliance are growing upon them at both the federal and state levels.

The Queensland government, for example, have introduced what they call a red tape reduction task force that has met with various successes and has been making inroads into reducing the burden of regulation at a state level. Other state governments have taken similar steps to put in place programs aimed at relieving the burden on small business. But the reality is that this committee found there was a glaring need for a whole-of-government approach to tackle the issue of the burdens of compliance confronting small businesses. The bulk of the recommendations—and there are 29 of them in the report—go to how that whole-of-government approach may well be implemented. It is in that area that this government has simply ignored the key recommendations of the committee.

When we released this report, we received many responses from various groups around the country welcoming the report and welcoming the recommendations. They did not always agree with all of them, but the gen-
eral thrust of the report and the general thrust of the recommendations were widely accepted and acknowledged as being beneficial by the small business community.

Some of the issues we dealt with in this report were these myths about job creation, the unfair dismissal laws and the creation of 50,000 jobs. These myths were well and truly exploded during this inquiry. In the main, these things were not seen as major issues by the small business community. Their concerns were the taxation system, getting business activity statements in on time and being taken away from the front counter. As many of them said, they were being forced into the back room to sit at computers all day long filling in forms, dealing with the regulations in the variety of forms they had to deal with. They were not concerned with the issues of unfair dismissal or jobs. COSBOA exploded the myth of 50,000 new jobs being created.

Yesterday we saw again the minister responsible for small business matters in this chamber get up in question time in response to a dorothy dixer about small business and repeat that statement about 50,000 jobs being created. The rhetoric used by the government goes nowhere near to matching the reality of the circumstances within which small business finds itself. When you look behind the rhetoric, what do you find? You find an empty box of ideas that the government have to deal with the problems confronting small business. The truth of the matter is that they have consistently conned the small business community into believing that they are the party that has the best interests of small business at heart.

Senator Ian Macdonald—They remember what happened when you were in government.

Senator GEORGE CAMPBELL—There could be nothing further from the truth, Senator Macdonald, and you know it. You do not care at all, in reality, about the impact of your legislation on small business and the small business community. If you did, you would be looking at the taxation laws now and you would be finding ways of relieving the burden that has been imposed on the small business community.

This was an extremely serious inquiry. We travelled the length and breadth of the country, from Albany in Western Australia to Cairns and to Mareeba, discussing with the small business community what could be done to assist them. We believe the recommendations were well considered and well thought out. They were targeted at the issues the small business community was telling us confronted them and wanted dealt with by the federal government.

I think it is a tragedy that this government has adopted the position of virtually ignoring the vast bulk of the recommendations that are in the report by the Senate Employment, Workplace Relations and Education References Committee. They will not be implemented because the reality is that, if the 29 recommendations were implemented in their totality, there would be a real benefit to small business and the small business community in this country—unlike the empty rhetoric that we continue to have to listen to from those on the other side of the chamber.

Resources: Renewable Energy

Senator LEES (South Australia) (1.15 p.m.)—Today I want to emphasise the very important benefits of increasing Australia’s mandatory renewable energy targets. This is not only for the environment but also to enable the growth of the renewable energy industry in Australia. Any day now the government will be announcing the results of a detailed review of its current policy that requires two per cent of Australia’s electricity to be drawn from renewable sources—that is,
hydro, wind, solar, crop waste and so on. I want to argue very strongly that the target should be lifted from two per cent to 10 per cent. We have to wean ourselves off fossil fuel and on to renewables.

There is a range of reasons why we should do this sooner rather than later. Coal currently accounts for around 44 per cent of our total domestic energy needs. Ninety-four per cent of energy consumed in Australia comes from fossil fuels. Australia’s net greenhouse gas emissions were 535.3 million tonnes in the year 2000—that is a six per cent increase, and it has increased since then. Australia’s per capita carbon dioxide emissions were more than four times the world average and nearly 50 per cent greater than the average for all OECD countries. It is worth noting, with some shame on our part, that many European countries, such as Germany—which does not share our reputation for nice sunny weather—are already well ahead of us. They are producing more energy from solar and wind than we are.

I am not just going to use environmental arguments for an increase in Australia’s mandatory renewable energy targets. In fact, in many cases the environmental arguments are well understood by Australians and, indeed, are supported by a large proportion of the community. I am going to focus in particular on the economic advantages for regional Australia in supporting the renewable energy industry. But why 10 per cent? Two per cent was a good start, and the government is to be congratulated for getting industry off the ground. That policy got some investment up and running, and it provided some certainty for new industries—wind power in particular—but it was too small to make a real and lasting difference. A five per cent target would get some more of the projects which are currently on the drawing board under way. But only a 10 per cent target will achieve significant environmental outcomes as well as the business spin-offs that will act as an economic lifeline for many parts of rural and regional Australia.

A 10 per cent target is big enough in volumes of energy demand to attract major investment. Remember: no new industry simply takes off on its own; some form of government support, direct or indirect, is needed. A 10 per cent target is not unreasonable. Already some states in America and, indeed, some countries like Denmark are working towards goals of 20 per cent by 2010. I want to emphasise that a 10 per cent target will bring about significant environmental benefits as well as economic benefits for a range of Australian businesses. It will be a boost for entire regions. I want to use just one example: Whyalla in my home state of South Australia. The Parer review report, Towards a truly national and efficient energy market, recognised as much last year. It said:

… regional Australia stands to benefit from a greater uptake of renewable generation technologies.

The towns of Whyalla, Port Pirie and Port Augusta in the Upper Spencer Gulf region in South Australia do have some strong industries. Tourism in particular is growing; also, the manufacture and repair of rail infrastructure has now become a very important industry up there. However, these towns have also developed very significant unemployment problems as a number of older industries have wound down. Many young people are forced to move away to find jobs, and this only exacerbates the economic problems of the region. Whyalla in particular has come up with ways to further protect its future and to improve the prospects for its community. Whyalla has plenty of sunshine and plenty of wind. It already has a good industrial base in the steel industry. It certainly is capable of developing a cluster of green industries to manufacture plants and equipment for wind and solar technology. I congratulate the
Whyalla council on their enthusiasm for these possibilities.

Also, these towns are currently dependent on the River Murray for water. Saving the Murray-Darling Basin should not just be about targeting agriculture. We need to look at who the current water users are and at finding alternatives for any and all of those users—or at least a way of reducing extraction for many of our towns. There is a direct link between the renewables industry and water in this area. Whyalla believes that it can lead the way in reducing dependence on the River Murray. Hopefully, if they are able to get this new industry up and running, it will also set some guidelines for other parts of South Australia—and, potentially, even other Spencer Gulf towns and Adelaide itself.

But it is possible to disconnect the city of Whyalla from the River Murray. Whyalla’s solar-powered desalination, or Solar Oasis, project shows that Australia can have a solar industry and sensible water use linked intricately together. So not only do you get these new industries but also you help to protect the River Murray. To get this project off the drawing board, we are looking at a 10 per cent increase. As I said, the legislation currently is at two per cent, but if we really want the jobs and businesses generated that would ensure a more certain future for Whyalla—not just domestically but also looking to exports—this is an excellent opportunity for them to establish businesses that will serve the Asian energy market as well as reduce the production of greenhouse gases.

But a town like Whyalla cannot do all of these things on its own—and, indeed, I do not believe it should. It is the role of government to put policies in place that will benefit both regional economies and the environment. As we look through all the paperwork, the only strong argument we can see for not increasing Australia’s renewable energy target is about cost for the consumer. As far as I can tell, research shows that supporting the development of a renewable energy industry will increase the cost of electricity to consumers by about three per cent. I am not suggesting this can be ignored, that we simply dismiss it. However, it is a very small price to pay, given the benefits in jobs and for the environment. I note that the cost of South Australia’s electricity, thanks to privatisation, jumped nearly 30 per cent earlier this year. When we compare this to problems such as that, increasing retail prices by around three per cent would be supportable.

On this point I totally agree with Danny Kennedy, the Coordinator of the Climate Change Action Network, in that Australian consumers would be prepared to wear a small increase in electricity costs if they knew they were supporting not only a cleaner energy but also a unique new opportunity for an Australian export industry. As evidence of this I cite the results of a national survey of more than 1,000 people done in August this year by the Australian Research Group. Seventy-six per cent of respondents to the survey would be prepared to pay five per cent more on their electricity bill if it meant that 10 per cent more clean energy would be produced. If you put into that equation the jobs potential, I think that would rise further. The climate action network estimates that wind will create between five and six times as many jobs per unit of energy produced as coal-fired power stations do. That is just the wind generation itself; it is not looking at some of the other benefits, such as the money that is paid to farmers for every wind turbine on their property or the actual manufacture of those turbines, which is one of the things Whyalla believes it can do with its steel industry. So there will be spin-off jobs as well.
If Australia builds a domestic industry, based on a 10 per cent renewable energy target, it will have the infrastructure to build its exports, particularly to some of its near neighbours. It will be building a strong and internationally competitive industry which will help lower greenhouse gas emissions. I believe this is a win-win situation, if there ever was one. This government has on a number of occasions quite rightly acknowledged that Australia has to reduce its emissions. Electricity generation counts for one-third of those, so a logical place to start is focusing on how to reduce our greenhouse gas emissions.

To conclude, the federal government has to lead the way. Indeed, I believe it will be very popular for doing so. That survey I just referred to asked respondents a question about their impression of the Prime Minister and some 80 per cent said that, if this were to happen, they believed he would be doing a good job. There was some very positive feedback about his role in this. Hopefully, we will be seeing a 10 per cent target recommended when this report comes down next week. I believe it will have the support of the vast majority of Australians.

I would like to take this opportunity to table a petition, which is not in quite the acceptable form it would need to be to be put through with the regular petitions. I congratulate the 658 individuals who have put in a specific request to the Prime Minister and the federal government to increase the mandatory renewable energy target to 10 per cent. I thank the government and opposition whips for agreeing for this to be tabled. I congratulate all of those 658 South Australians who have signed this petition. In particular, I congratulate Paul Grillo, who organised the petition. I seek leave to table the petition.

Leave granted.

National Dementia Awareness Week

Senator PAYNE (New South Wales) (1.26 p.m.)—Monday of this week was day 1 of National Dementia Awareness Week 2003, which this year is focusing on the importance of early detection of, and intervention in, this debilitating disease. It was a valuable opportunity to hold the launch of our Parliamentary Friends of Dementia group by the Prime Minister, with support from the Leader of the Opposition. Many people who were there, and many who have contacted me since, will tell you that the leadership from this parliament that that demonstrated is very important to them in dealing with the challenges they face in their everyday lives of living with dementia, in any capacity.

Dementia, of which Alzheimer’s disease is the most common cause, impairs memory, thinking, orientation, comprehension, language, judgment, emotional control and social behaviour. Those are just some of the implications for a person living with dementia, without taking into account the economic, social and emotional impact of it on the lives of caregivers and the families and friends of those affected.

This is a condition that has a one in 15 chance of affecting Australians over the age of 65 and affects in some form one in four Australians over the age of 85. Of greater concern are the figures released in the 1998 Aged and community care service development and evaluation report by Henderson and Jorm, which project that the number of Australians suffering from the disease will increase from 160,000 in 2002 to 210,000 in 2011 before rising to almost half a million within 30 years of that. In other words, whilst our population will probably increase by around 40 per cent over the next 45 years, the incidence of dementia in our population will increase by anywhere in the vicinity of 250 to 350 per cent.
It is the telling nature of those figures that led Access Economics, in their 2003 report on the economic impact of dementia for Australia, to state:

Dementia should be a national priority. It is set to become the Number One cause of disability burden in Australia by 2016. It will touch many of us directly or indirectly.

The question of dementia being a national health priority has been receiving increasing attention recently. The submission by Jerome Maller of the ANU and Glenn Rees of Alzheimer’s Australia to the National Research Priorities Task Force in August 2002 noted that dementia accounted for the largest percentage of costs in the mental health system, at 24.8 per cent, and that the disease burden of dementia is greater than that of other notable conditions, including cancer, diabetes and arthritis.

Those who are directly involved in supporting people living with dementia know that the cost to our society extends far beyond the economic impact on our health system. It includes both financial and emotional costs to individuals, their families and their carers. The reality is that dementia places one of the greatest burdens nationally on our health system. I believe it should be identified as a national health priority along with the existing priorities of asthma, cancer, cardiovascular disease, diabetes, injury prevention, mental health, arthritis and musculoskeletal conditions.

The past decade has seen a revolution in the development and treatment of dementia, particularly with the development of cholinesterase inhibitor drugs, which are known variously as aricept, exelon and reminyl. These drugs work best in the mild to moderate stages of Alzheimer’s disease, with the effect of delaying the progression of symptoms of dementia in most cases for an average of nine to 12 months and possibly longer. Before 2001, people living with dementia paid $200 a month for those drugs, which put access out of reach for many.

In February 2001, this government added aricept and exelon to the PBS and reminyl in November 2001. After PBS listing, the cost of the drugs fell to $21.90 for general users or $3.50 for concession card holders which provided affordable access to medications for the treatment of Alzheimer’s disease for all Australians. The government’s commitment to continuing support for the listing of three cholinesterase inhibitor drugs on the PBS clearly has budgetary implications. However, I believe the benefit to the individuals, families, friends and carers of persons suffering dementia far outweighs the economic costs.

Recent research from the United Kingdom and Australia supports the view that early treatment of mild to moderate dementia may in fact be cost beneficial for government. A report by the National Institute for Clinical Excellence in the UK found that, if 30,000 patients were prescribed cholinesterase inhibitors that were subsidised under the NHS, the total saving to government would be approximately £42 million per year. The Access Economics report of March this year—The dementia epidemic: economic impact and positive solutions for Australia—supports this. The basis for these findings is that those taking cholinesterase inhibitors will have improved cognitive and other functioning, thereby delaying their progression to nursing home care.

The UK report notes that all three randomised, controlled trials referred to found that the use of cholinesterase inhibitors compared with placebos typically saw an improvement in the Alzheimer’s disease assessment scale, the cognitive subscale, of about two to three points out of 70 over a six-month period, compared to an average
decline of about five to six points per year in those patients without the medication. The report also noted a one to two point average improvement in the mini mental-state examination over a six-month period for those on medication as compared with placebo treatment—the mini mental-state examination being the standardised test which forms part of the criteria for prescription of cholinesterase inhibitors.

In this National Dementia Awareness Week the government has supported a dementia research capacity-building workshop, which was hosted in Melbourne yesterday, with the aim of increasing the ability of researchers to apply for Australian government funding through the National Health and Medical Research Council. In addition, the government will be supporting a satellite broadcast next week to provide rural GPs and health care professionals with important information to help identify and diagnose dementia early. As part of a family that found itself in this exact situation—that is, in a rural and regional area, dealing with the challenges of dementia—I know that this is a vital initiative.

The Commonwealth currently spends approximately $36 million per annum on targeted services for people with dementia and their carers. That includes the Dementia Education and Support Program, which provides education and support to people with dementia, and the Early Stage Dementia Support and Respite Project, which provides a nationally coordinated support and respite service for people in the early stages of dementia and their carers. The government has also contributed to work force training for those working with dementia patients and to the phone service—the National Dementia Behaviour Advisory Service—for carers and respite workers, which many people would call their lifeline. At present over $25 million is being provided annually to support over 100 dementia specific respite services across Australia, along with $5 million for the provision of expert assessment, diagnosis, advice and training to aged care homes and carers of people with dementia.

In total, the Commonwealth provides about $2 billion for residential aged care for people affected by dementia, $36 million for a range of targeted dementia services, over $146 million for Home and Community Care services for people affected by dementia, over $5 million for research specifically related to dementia and Alzheimer’s disease and additional funding for respite, innovative care, pharmaceutical, work force and GP initiatives aimed at directly benefiting people with dementia and their families. But you do not really need the numbers to tell you that this is an enormous cost to Australia; it is not just about dollars.

Despite the increasing awareness and support for dementia research and treatment in Australia, we do have a number of challenges. One such challenge of significance is the need to develop minimum standards for aged care facilities that deal with dementia patients. A few months ago I had the pleasure of visiting the Alzheimer’s Disease and Related Disorders Nursing Home—ADARDs—established by Dr John Tooth and run by Director Allan Bester in Warrane, Tasmania.

As part of the ADARDs criteria, only ambulant people with dementia who have disorders of behaviour such that no other residential facility can look after them are admitted.

Some of the design principles of the home include the assurance that residents should live in a house that resembles as closely as possible their own home; that food must be cooked in each house; that each resident must have a single bedroom with a private bathroom; and that each house have its own secure garden, a wet-weather wandering loop...
and the provision for garden wandering in good weather. Some of the unique features at ADARDs include an alarm which alerts the night nurse if a resident gets out of bed and gardens with animals and birds.

ADARDs is warm and friendly. I met the residents, waited at the bus stop in their garden, met the animals and walked around the garden. We are fortunate in Australia to have world-class facilities like ADARDS, with high standards for dementia specific care, but not all facilities in Australia are like ADARDS—and I know the difference. I have seen other homes and I have seen the despair of residents and their families struggling to deal with dementia in those environments.

Without a minimum set of standards that are universally applied in all aged care facilities dealing with dementia patients, I do not believe we can really guarantee that Alzheimer’s patients in this country are always appropriately cared for. People with Alzheimer’s disease and other dementias require a special level of care and attention, including the provision of an organised daily structure to prevent confusion. That special level of care extends in a practical sense to the basics of infrastructure. We do have guidelines for aged care facilities in general, and I think it is imperative that we develop minimum standards specifically for the care of patients with dementia.

The launch of the Parliamentary Friends of Dementia group was supported this week by a range of our colleagues from across the parliament, from both houses and all parties. The activities of National Dementia Awareness Week have similarly been supported by many of our colleagues. In that context, there are a number of acknowledgements I wish to make. I want to thank the co-convener of the Parliamentary Friends of Dementia group, Sharon Grierson, the member for Newcastle, who came to me some time ago with the suggestion. We finally made it happen, and we made it happen in National Dementia Awareness Week. I think that is a very important initiative.

I want to thank both the Prime Minister and the Leader of the Opposition for their leadership in supporting the launch itself and, I am sure, for their ongoing support of the group. I want to thank Glenn Rees, the National Director of Alzheimer’s Australia, and his colleagues at Alzheimer’s Australia in all the divisions around the country for supporting this initiative and for making us understand just how important it really is. I have seen today a press release from the AMA vice-president, Dr Mukesh Haikerwal, welcoming the Parliamentary Friends of Dementia group and also commending the political leadership that it shows. I am very grateful for that support.

I think it is fair to say that the carers and their family members and those with early onset dementia who attended on Monday afternoon got a real buzz seeing that the parliament was in fact capable of coming together, in the fashion we did in the President’s courtyard, on an issue as important to this country as awareness of and support for those living with dementia. Some of them were struck by the contrast with what they usually see as representative of parliament in the media, and a number of people commented on that.

We were lucky to have a significant attendance by the media at the event in the President’s courtyard. We were very pleased to see that, in the Canberra Times in particular and in a number of other journals, there was some mention of the event. But it is fair to say it was not something that made the nightly news. I think that is disappointing; in fact, I think it is an indictment. Those who are responsible for deciding what is impor-
tand and what is not in this country will work it out at the end of the day, maybe when they are dealing with it themselves.

I would also like to thank the President of the Senate for hosting the launch on Monday afternoon. He did that for good and generous reasons, many of which relate to his personal experience in this area, and I am very thankful to him for his friendship and support in that context. I know what this world is like. I know what the funny and the sad sides of the world of living with dementia are like. My mother and my brother know what it is like to live with dementia. I said on Monday that the event had a very personal resonance for me, and I was very pleased that my mother was able to attend. As with so many people in Australia who have battled the challenge of living with dementia themselves, and who have been carers and family members in that context, we know the feeling of looking into loved and familiar eyes searching for recognition but finding none. It is a very difficult feeling, and I hope that the events of National Dementia Awareness Week and the Parliamentary Friends of Dementia group that we have launched in this parliament go some way to providing some leadership for those people who fight with it every day.

**Middle East: Israeli-Palestinian Conflict**

*Senator FORSHAW (New South Wales)*

(1.40 p.m.)—Let me at the outset congratulate Senator Payne on an excellent speech on a most important topic. I am sure that a bipartisan approach will certainly help sufferers of dementia, and I congratulate her for her work in bringing that event to fruition this week.

I rise today to speak about the ongoing tragic conflict in the Middle East and the apparently insoluble problem of Israel and Palestine. Almost a month ago, on 19 August, a suicide bomber disguised as an ultra Orthodox Jewish person killed 22 people in Jerusalem when he blew up a bus. That event, that bombing, marked the end of the supposed ceasefire by the Palestinian terrorist groups. It also marked the collapse of the roadmap to peace. If people did not think that was the end of the roadmap to peace, then the message was reinforced only a couple of weeks later on 9 September. On that day, within a matter of hours two suicide bombers blew themselves up—the first in Tel Aviv, killing eight Israeli soldiers; and a couple of hours later, another in a Jerusalem cafe, killing seven people. In that later event, a number of Australians were injured.

As I said, it appears that the roadmap to peace is finished. What was the roadmap? There has been a lot of talk about it and a lot of coverage in the media. There has been a lot of distortion, in the media particularly, of what was contained in the roadmap. The roadmap was an initiative of the United States, the European Union, the United Nations and Russia to bring about a permanent two-state solution to the Israeli-Palestinian conflict. The text of the roadmap was released by the US state department on 30 April. It is headed ‘A Performance-Based Roadmap to a Permanent Two-State Solution to the Israeli-Palestinian Conflict’ and begins:

The following is a performance-based and goal-driven roadmap, with clear phases, timelines, target dates, and benchmarks aiming at progress through reciprocal steps by the two parties in the political, security, economic, humanitarian, and institution-building fields, under the auspices of the Quartet [the United States, European Union, United Nations, and Russia]. The destination is a final and comprehensive settlement of the Israeli-Palestinian conflict by 2005 ...

The key ingredient of the roadmap, which runs to some six pages, is contained at the very start of the wording of the roadmap. It reads:
A two-state solution to the Israeli-Palestinian conflict will only be achieved through an end to violence and terrorism, when the Palestinian people have a leadership acting decisively against terror and willing and able to build a practicing democracy based on tolerance and liberty, and through Israel’s readiness to do what is necessary for a democratic Palestinian state to be established, and a clear, unambiguous acceptance by both parties of the goal of a negotiated settlement as described below.

It then sets out in detail the various elements of the phases of the roadmap. It says:

A settlement, negotiated between the parties, will result in the emergence of an independent, democratic, and viable Palestinian state living side by side in peace and security with Israel and its other neighbours. The settlement will resolve the Israel-Palestinian conflict, and end the occupation that began in 1967, based on the foundations of the Madrid Conference, the principle of land for peace.

The key ingredient of the roadmap was for the Palestinian leadership to end the cycle of terrorism and violence. That is made absolutely clear in phase 1, ‘Ending Terror and Violence, Normalising Palestinian Life, and Building Palestinian Institutions—Present to May 2003’, which says:

In Phase 1, the Palestinians immediately undertake an unconditional cessation of violence according to the steps outlined below; such action should be accompanied by supportive measures undertaken by Israel.

That was the key ingredient. The whole roadmap—all of the remaining phases—flowed from that requirement on the Palestinian leadership to ‘immediately undertake an unconditional cessation of violence’. Of course, we know that that did not happen. There was a supposed cease-fire, but the terrorist groups never really ceased their violence, as the incidents of 19 August and 9 September demonstrated.

The new government of Abu Mazen promised much. The world held out hope that the Palestinian leadership under Abu Mazen, a man genuinely committed to peace, would take a strong hand against the terrorist groups Hamas, Hezbollah, al-Aqsa and Islamic Jihad and would genuinely negotiate for a peaceful settlement. Of course, he was never, ever allowed to undertake that task in any real sense. He was undermined from within. Indeed, it has been reported recently that just a half an hour or so after he resigned the former Palestinian Prime Minister Abu Mazen, or Mahmoud Abbas as he is otherwise known, spoke to the Palestinian Legislative Council. He said:

It appears that my style and plan are not acceptable to anyone. Maybe my personality isn’t acceptable to anyone. Israel says “he’s good” and strikes us. The Hamas says “he is an honest man” and strikes us. The Palestinian leadership (Arafat and his people) gives us a stick and then accuses us of threatening Palestinian legitimacy.

He went on:

I asked for a closed meeting to present the Palestinian Legislative Council with matters that I don’t want to reach the media, although I am sure they will.

He then spoke about a demonstration that took place a couple of days earlier, when he and his security affairs minister, Mohammed Dahlan—someone who also was genuinely committed to doing something about bringing the terrorist groups under control—went to visit the Palestinian Legislative Council building and they were attacked by demonstrators. Abu Mazen said:

It is regrettable that those who did so were incited against us and paid to brand us as collaborators. I’ve also seen posters on the prisoners, the ‘fence’ and the settlements, as though all the troubles visited on the Palestinian people are my doing. I wish we were ordinary guests at the council. Then we could have received some respect and protection.

The point is that Abu Mazen was never, ever allowed to undertake the tasks that he had
accepted at the invitation, ultimately, of President Yasser Arafat. On another occasion it is reported that when Abu Mazen sacked the manager of the civil service bureau because of alleged corruption and appointed another person in his place, 50 armed members of the al-Aqsa Martyrs Brigade turned up at the bureau’s headquarters and stated that the new appointment by Abu Mazen had been frozen. In those sorts of circumstances, how could Abu Mazen have ever expected to do anything serious about reining in the terrorist groups?

In his speech, Mr Mazen talked about how his efforts had been completely ignored by the Palestinian media—a media, it is well recognised, that is largely controlled by Yasser Arafat and his supporters. Mr Mazen said:

All the news media in the world broadcast my meeting with Colin Powell, and three or more Arab stations broadcast it live. Only our television broadcast nothing. I asked the information minister (Nabil Amr) why and he said “there are instructions,” meaning from the Ra’is, under whose orders they broadcast cartoons at that time.

On one other occasion, when the world and the Arab media were broadcasting Mr Abbas’s meeting with President Bush, Palestinian television apparently broadcast a movie about a famous Egyptian dancer. They never treated the process seriously. Is it any wonder that we now find that this latest effort for a peaceful settlement of the Israeli-Palestinian conflict has been undermined and destroyed?

Mr Mazen resigned and he has been replaced by Mr Ahmed Qorei, otherwise known as Abu Ala, who was the Speaker of the Palestinian Assembly. I had the opportunity to meet Abu Ala and to speak with him in Ramallah in November 1999, when the prospects of peace looked very good. I have spoken about that on earlier occasions. I found him—and I know many others have found him—to be a person who is committed to a peaceful outcome. He is a longstanding member of Yasser Arafat’s Fatah faction, but he impresses people with his humility and commitment. Indeed, I think those who had the opportunity to meet him recently when he visited Australia and came to Parliament House had the same impression. He was here on 13 August. Of course, that was before the bombings of 19 August that shattered the peace process. Abu Ala has the difficult task of getting the process back on track. He is reported as having said, and I quote from the Australian of 9 September:

… I want to see the Americans—what kind of guarantee … they will (give).

I want to see Europe, what kind of guarantees and support … they will (give). I’m not ready to go for a failure.

I want to see whether peace is possible or not.

He made those comments before he accepted the appointment as Prime Minister. What is missing from those comments and what is missing all the time from this process of trying to bring about a peaceful settlement of this conflict is the absence of any commitment, any involvement, any positive action by all of the other Arab and Islamic states in the region. We should never forget that the Palestinians have never fought a declared war against Israel. There is an undeclared war, if you like, going on at the moment through terrorism, but they have never fought a war. The wars that were fought were fought by the Arab states seeking to destroy the state of Israel. They were seeking to overturn the decision of the United Nations Assembly in 1947-48, which determined to create the state of Israel and a parallel state of Palestine side by side.

If terrorism and extremism are going to be stopped, it requires a genuine commitment and positive action by those other Arab and Middle East nations. It requires action par-
particularly by countries such as Syria, Saudi Arabia and Lebanon to stop funding and harbouring the terrorist groups, to put pressure on Yasser Arafat to genuinely negotiate and to genuinely accept the right of Israel to exist. A peace settlement cannot be brought about by the United States alone, with all of the others sitting on the sidelines occasionally getting involved. It requires a genuine commitment from those Arab countries. To date, I am afraid to say that we have not seen it and until they get involved in the process and bring the sort of pressure to bear upon those groups that everyone expects the United States to bring to bear on Israel then there will not be a peace process that is likely to succeed.

Sitting suspended from 1.55 p.m. to 2.00 p.m.

MINISTERIAL ARRANGEMENTS

Senator HILL (South Australia—Minister for Defence) (2.00 p.m.)—by leave—I inform the Senate that Senator Ian Macdonald, the Minister for Fisheries, Forestry and Conservation, will be absent from question time today.

Senator Faulkner—Have a look behind you.

Senator HILL—Change that, Mr President—

Senator Faulkner—That he won’t be absent.

Senator HILL—I inform the Senate that tomorrow Senator Macdonald will be absent because Senator Macdonald will be closing the biennial Seafood Directions Conference in Perth. For the benefit of the opposition, I give them advance notice that, in his absence, Senator Alston will take questions relating to Agriculture, Fisheries and Forestry, Senator Abetz will take questions on the Transport and Regional Services portfolio as well as Regional Services, Territories and Local Government and I will be taking questions on Forestry and Conservation.

QUESTIONS WITHOUT NOTICE

World Trade Organisation

Senator O’BRIEN (2.01 p.m.)—My question is to Senator Hill, representing the Minister for Trade. Can the minister confirm that the government was unaware until just before its representatives arrived for the World Trade Organisation Ministerial Conference in Cancun that key members of the Cairns Group, including South Africa, Brazil and Indonesia, were planning to support an alternative proposal for agricultural trade reform put up by what is now the Group of 22 nations rather than the Cairns Group position? Isn’t it the case that the government’s failure to offer any unifying leadership of the Cairns Group has contributed to the collapse of the WTO negotiations, at a huge cost to Australian farmers?

Senator HILL—That question relates to the personal knowledge of Mr Vaile. It asked whether he, as leader of the delegation, was aware of that fact and, if so, can he explain it. On that basis I will seek his advice and inform the Senate in due course.

Senator O’BRIEN—I thank the minister for that and ask a supplementary question. I look forward to a response from him on behalf of Minister Vaile. While he is obtaining that information, can he ascertain exactly what steps were taken by the government, and in particular by Mr Vaile, in the lead-up to the failed ministerial World Trade Organisation negotiations in Cancun to ensure, in its role as founder and permanent chair of the Cairns Group, that the Cairns Group of agricultural exporters had a unified position on agricultural trade negotiations? When did the minister learn that the Group of 20, now 22, would subsume the Cairns Group as the pre-
eminent agricultural body outside of the Europeans and the Americans?

Senator HILL—I am told that the Minister for Trade, Mr Vaile, chaired a meeting of the Cairns Group in Cancun at which members expressed their solidarity and loyalty to Cairns Group positions. They agreed on a communique on common interests for agricultural reform. So in those circumstances it seems to me that the breakdown was particularly disappointing. It might be said, however, that few, if any, coalitions have been as durable or as effective as the Cairns Group or made such a substantive input to the negotiating process. Obviously the outcome was disappointing but, in terms of the answer I have just given, it seems that there was no advance notice.

Automotive Industry: Assistance

Senator CHAPMAN (2.04 p.m.)—I direct my question to the Minister representing the Minister for Industry, Tourism and Resources. Will the minister inform the Senate of the benefits to the Australian automotive industry of the government’s $4.2 billion industry assistance package? Is the minister aware of any threats to the success of this industry?

Senator MINCHIN—I thank Senator Chapman for that question. Like me, Senator Chapman and many in this chamber have a very strong interest in the viability and future of Australia’s great car industry. Yesterday was a particularly good day for this great industry because the government was able to deliver on its promise of a decade of certainty for this great industry. We did it by passing through this chamber the new car industry plan for the next decade with the support—which we appreciate—of the opposition and the Democrats. The new car industry plan provides an extension of our very successful ACIS scheme and will provide a further $4.2 billion in assistance over the next 10 years to enable this industry to adjust to a lower tariff environment.

I would point out to my more dry friends that this $4.2 billion is actually an import duty rebate scheme. It is not a handout for this industry. It is revenue forgone, and sensibly forgone, to enable this industry to adjust to a new tariff environment. The tariff will drop to 10 per cent in 2005 and to five per cent in 2010, thus delivering cheaper cars to Australians than would otherwise be the case. We have said quite clearly that we will get the Productivity Commission to review the industry’s position in 2008 to ensure that the proposed tariff reductions remain appropriate in the light of the tariff arrangements of our competitor nations.

A very important aspect of this new scheme is the establishment of a $150 million R&D scheme for this industry to ensure that Australian companies are encouraged to invest in high-end R&D activities, which they are increasingly doing. The package we have been developing and have put in place gives this industry the certainty it needs to make the multibillion dollar investments it is making. Recently I was at Mitsubishi to help them celebrate the announcement of the establishment of an R&D centre for the Asia-Pacific in Adelaide. They are investing hundreds of millions of dollars in a new model Magna in Adelaide.

Sales targets for this industry have now increased to 850,000 for this calendar year, which will be another new record—25,000 more than the record achieved last year. Since we have been in office, Australian exports of this great industry have tripled in value to $5 billion, surpassing things like wheat, wool and beef as earners for Australia. Of course, these companies are now investing in developing new, particularly four-wheel drive, products like the soon to be released Holden Adventurer, the Ford Terri-
—a very exciting new product from Ford—and the all-wheel drive Mitsubishi Magna range. This is really one of the great success stories of Australian manufacturing.

So I was surprised yesterday when, despite the support from the opposition and Democrats, we had Senator Brown on behalf of the Greens sounding more like Pauline Hanson than anyone else, wanting to wind back the decline in protectionism for this industry by proposing a new tariff on four-wheel drives. Senator Brown wanted to put a new 10 per cent tax on four-wheel drives, which would cost the ordinary Australian family $3,000, $4,000 or $5,000 extra. Senator Brown wanted to put that on cars.

Senator Brown—Mr President, I raise a point of order. Senator Minchin knows that I was proposing a tariff increase to parity on imported four-wheel drives, which would boost the local industry. He should not misrepresent us in that fashion.

The PRESIDENT—Order! Senator Brown, that is not a point of order and you know it is not. You can make a personal explanation at the end of taking note, as Senator Watson did yesterday. That is the appropriate time to make those comments.

Senator MINCHIN—All Senator Brown was highlighting is his proposed new 10 per cent tax on all Australians who want to buy a four-wheel drive vehicle, who want to go out and enjoy the outback just as much as he might. Of course, he never gets his facts right. Four-wheel drives are not the gas guzzlers he pretends they are. Seventy-five per cent of all four-wheel drives sold in this country are actually compact or medium vehicles which use less petrol than the ordinary Australian standard family car. Despite Senator Brown’s opposition, yesterday the Senate did unite to deliver a great new decade of certainty to this great Australian industry.

World Trade Organisation

Senator COOK (2.09 p.m.)—My question is to Senator Hill, as the Minister representing the Minister for Trade, and it arises in view of his answer to the question from Senator O’Brien. Is the minister aware that the failure of the Cancun talks resulted from the walkout of the G22 nations led by Cairns Group member Brazil? Is the minister also aware that the G22 contains a number of Cairns Group members, including Indonesia and South Africa? Is it the case that Mr Vaile was so distracted by his pretensions to the leadership of the National Party that he did not notice that Brazil was organising the G22, or is it that Australia has been so marginalised within the Cairns Group that Mr Vaile was simply not told?

Senator HILL—It seems that the questions committee had a day off so we get the first two questions in much the same terms, apart from the little bit of colour that Senator Cook adds in relation to the leadership of the National Party. Obviously it is disappointing that the WTO ministerial meeting in Cancun could not agree on a way forward for the Doha Round. It is likely to delay benefits of trade liberalisation to Australian exporters that would flow from a successful round. It is clearly a bad sign for developing countries that stand to gain from freer and fairer trade.

Senator Cook—This is your brief, not the answer to the question.

Senator HILL—I think it is the answer you are actually wanting to hear, because unless you just want—

The PRESIDENT—Order, Minister! Ignore the interjections.

Senator HILL—I will try to not be distracted. It is not the end of the Doha Round. All WTO ministers are committed to concluding negotiations. Australia will continue pushing for a positive outcome to the Doha Round, including one as chair of the Cairns
Group. It also emphasises the importance, which Labor never understood, that it is unwise to put all eggs in the one global trade alternative. There can be very valuable advantages earned through bilateral negotiations. Senator Cook, before he so unfairly maligns Mr Vaile, should give credit for the extraordinary effort that Mr Vaile is putting in to achieve a good round for Australia with the United States as he successfully did with Singapore.

Senator COOK—Mr President, I ask a supplementary question. As a former chairman of the Cairns Group I think Mark Vaile has failed Australia abysmally. What explanation can the minister give to Australian farmers that this government’s neglect of their interests has seen 20 years of work to establish the Cairns Group as the leading voice of agricultural trade liberalisation go down the gurgler?

Senator HILL—I think that is a very unfair way to look at this matter. Senator Cook, as apparently a former chair of the Cairns Group, should recognise the benefits to the nation of the Cairns Group, the difficulty of holding it together where interests diverge and the determination of this government to continue down that path and look to redevelop the Cairns Group as a useful negotiating tool.

Drought: Assistance

Senator MASON (2.13 p.m.)—My question is to the Minister representing the Minister for Agriculture, Fisheries and Forestry, Senator Ian Macdonald. Will the minister inform the Senate how the Howard government is continuing to support Queensland farmers and their families in dealing with the economic consequences of drought? Is the minister aware of any alternative policy approaches?

Senator IAN MACDONALD—I thank Senator Mason not only for the question but for the help he has given in dealing with EC applications from Queensland. I know Senator Mason spends a lot of time on the Darling Downs in south-western Queensland and in the Kingaroy region, and I know of his assistance with the applications. I am pleased to announce that since September Queensland has lodged 14 complete applications for exceptional circumstances and, to date, EC has been declared for eligible farmers in Peak Downs, south-west Queensland, the Sunshine Coast, Western Downs, Maranoa, south-east Queensland, Central Queensland, the southern Merway Shire and, in the last couple of days, the Burnett region, where I know Senator Mason has helped the local member, Mr Cameron Thompson, and Darling Downs, where I again know Senator Mason has had a hand in helping Ian Macfarlane, the local member.

In Queensland, over 6,400 applications from farmers have been approved for Australian government exceptional circumstances income support and interest rate subsidies, and that includes those covered by the 9 December package. Nationally, 59 applications have been received, and decisions have been made on 49 of them to date. The remaining few that have not been dealt with have been received only in the last couple of months, and we expect final decisions very shortly.

It is important to understand how the EC applications work. The Australian government acts on advice on all EC applications from the independent advisory body, the National Rural Advisory Council. The members of NRAC, as it is called, are predominantly individual farmers and agribusiness specialists. When preparing advice in EC applications, NRAC assesses the claims of all component industries and looks at it across the board. The assessment criteria that NRAC uses are based on criteria which were agreed upon by all—and I emphasise ‘all’—governments in March 1999. NRAC has
spent a considerable amount of time assessing claims in Queensland and across Australia for horticultural industries in a number of EC applications. Unfortunately, generally speaking it has been found that the drought has not impacted upon those industries in the same category as it has for other rural industries. There have been numerous requests for horticultural industries to provide additional information that demonstrates prolonged downturn in income, as all other industries have had to do, but unfortunately they have not been able to provide the information that is needed.

It is surprising to see that the Queensland minister—a Labor minister, obviously—was very critical of the decisions made in Queensland on EC applications. But, unfortunately, a lot of the problem comes from the state governments. They are supposed to put in the applications; they are supposed to prepare them properly, yet Queensland has been such a recalcitrant in this regard that the federal government has had to get AgForce and other farmers’ groups to put in the applications. Even in this last lot, some industries were left out, mainly because the Queensland government did not provide the information and support. Unfortunately, as the Commonwealth moves ahead and we look like spending up to a billion dollars on drought relief over the term of the drought, the states have put in less than one-tenth of that. They have refused to assist in the reform that is needed of EC, and it really distresses us on this side that the states are dragging the chain when it comes to forward progress on EC.

(Time expired)

Employment: Job Network

Senator GEORGE CAMPBELL (2.18 p.m.)—My question is to Senator Vanstone, the Minister for Family and Community Services. Can the minister confirm that the Minister for Employment Services stated in the Canberra Times on 23 August that Centrelink is preparing to suspend 60,000 people from their income support payments for failing to attend Job Network interviews? Isn’t it the case that Centrelink has informed the minister in writing that the number of people to be suspended is only approximately 3,000? What action has the minister taken to ensure that Centrelink provides her with the same information as it provides the Minister for Employment Services?

Senator VANSTONE—I thank the senator for the question. No, I am not aware of what Mr Brough might have said on that occasion. If I have been given a brief on it, it is not in my mind at this point—I certainly do not have a brief at the moment. I will just check that there is nothing in relation to that matter in a brief that is in front of me—and I am right in that context; there is nothing I can give you that helps in that particular context. I will make inquiries of Minister Brough.

My officers met with some Work for the Dole coordinators this morning, and some of them happen to be Job Network providers as well. They feel a sense of frustration, because they would like all the recommendations for breaches that they send to Centrelink to be implemented. But I have covered this point before. The network and the Work for the Dole providers who provide information are not themselves the breaching authority. They do not carry the responsibility for getting it right; Centrelink does, and Centrelink will check out the allegations in relation to breaching. I have indicated on some occasions before why it is that a penalty is not imposed even though a report of non-attendance is given. One classic example is that someone has got a job, and you are not going to breach someone because they have a job. They might have gone off benefit, but the provider does not necessarily know that. So there is a long way between a Job Net-
work provider making a recommendation and a breach being put in place. I have had discussion on this in the past with Senator John Cherry from the Democrats who, on occasion, has suggested—not as part of his current responsibilities—that a high rate of recommendation from the network and a lesser rate being imposed by Centrelink is a bad thing. I argue exactly the opposite; I argue that it is a good thing. It assures you that Centrelink is doing the right thing and making the appropriate checks before a breach is imposed.

That would also apply to the case of suspensions. If someone, for example, has got a job and gone off benefit, that is one explanation I have given you. But in another example, where they might have got a job and not yet told us and are still on benefit, a suspension would be the appropriate way to operate. I will investigate whether there is any difference of opinion between Mr Brough and Centrelink as to the actual numbers, but there is no difference of opinion as to the appropriateness of the policy to be followed and as to whose job it is to undertake breaching and be responsible for getting it right—that is, Centrelink.

Senator GEORGE CAMPBELL—Mr President, I ask a supplementary question. I find it surprising that the minister responsible for this area is unable to tell us whether the number is 60,000 or 3,000. If the minister does not have that information, will she take it on notice and provide it to the chamber?

Senator VANSTONE—Thank you, Senator Campbell, for that supplementary question because you have reminded me to say something that I should have said in the first instance—that is, this government does not plan a number of breaches and we do not plan a number of suspensions. There are no targets of people to get. There may be estimates in any particular pool of welfare beneficiaries. If a particular compliance regime is undertaken, we would have to make estimates of the sort of return that there would be. If a particular pool of unemployment recipients, who might not have been contacted for X period, were then contacted and asked to come in, there would be an estimate somewhere of the number who would do that and the number who would then be obliged to be suspended if they did not, but it is not a target.

Education: HECS Debts

Senator STOTT DESPOJA (2.23 p.m.)—My question is addressed to the Minister representing the Minister for Education, Science and Training. How does this government reconcile its purported commitment to and concern for student financial affairs, as expressed by Minister Nelson in the House this morning, with the fact that Australian students already pay a greater share of overall university revenue than their counterparts in US public universities or US private not-for-profit universities? How can the government justify an increase of up to 30 per cent more on student HECS debts given the already high levels of student debt and the fact that some students, specifically law students, already pay up to 81 per cent of the teaching costs of their degree? How can this government justify the huge impost in fees and charges on aspiring Australian students that it announced this morning?

Senator ALSTON—The starting point in this proposition is not to look at overseas circumstances where the origins of universities are often quite different to those in Australia but to actually look at the circumstances that we face. The approach behind Dr Nelson’s reform package is to flex up the system to enable people to have access to high quality courses, not a one-size-fits-all approach, and to ensure that the institutions themselves are able to be responsive. We
believe in quality outcomes; we do not believe in uniform lowest common denominator approaches.

We are conscious of the need to ensure that students are not priced out of the marketplace. At the end of the day they are still paying—even on the maximum contribution of 30 per cent—only 25 per cent of the total cost of tuition. The government’s contribution, of course, has continued to increase over the period. We do not accept the proposition that somehow this is going to be a serious disincentive for students. We think it is reasonable that they should have to pay a contribution. After all, the HECS scheme, introduced by our predecessors, is one that has generally been quite effective and to extend that to a loan approach is also a very sensible and fair way of ensuring that people are only required to repay when they are in a position to do so. It does not follow that one should assume that all fees are going to rise to the maximum levels. It does mean that the institutions will have to be much more sensitive about pricing themselves out of the market and about tailoring their offerings to ensure that they attract students and that the students’ interests are properly catered for.

We certainly carry the burden of subsidising HECS at a present cost of around $300 million a year in discounts, write-downs and unpaid debts to ensure that HECS places provide unhindered access to higher education opportunities. The significant level of Commonwealth subsidy involved in the HECS scheme through discounts, write-downs and unpaid debts will continue under the new higher education loan plan arrangements. Under the government’s higher education reforms, it is estimated that the average actual student contribution towards the cost of education will only increase to 26.8 per cent by 2005 and 27.6 per cent by 2008, not the erroneous figure of around 40 per cent quoted in some circles.

This is a very important opportunity to reform the higher education system so that it is much more responsive to demand. It is important that we concentrate on quality outcomes and that we do not just get sidetracked into inputs as our predecessors always did and, at the same time, that we are sensitive to the needs of students to be able to afford the courses that they choose.

Senator STOTT DESPOJA—Mr President, I ask a supplementary question. Does the minister accept that the 25 per cent figure that he has just presented to the chamber is an erroneous figure and, in actual fact, students in Australia pay a higher percentage on average towards the overall cost of their degree? Does he accept that law students, for example, pay 81 per cent currently towards the teaching costs of their degree and, under the reforms introduced this morning, will pay 105 per cent of the teaching costs of their degree and therefore that 25 per cent figure is wrong? Given the minister’s claims regarding the percentage that students already contribute, does the minister accept that the circumstances to which he refers are ones that involve spiralling debt for students and that the loans arrangements to which he refers will see students paying back loans at a 3.5 per cent interest rate plus the CPI? I ask again: how does the government possibly justify these massive increases in fees and charges? (Time expired)

Senator ALSTON—I cannot respond in detail as to what the latest announcement involved in terms of increasing the cost of law degrees, but I can certainly say with confidence that the cost of providing degrees varies quite significantly. The cost of a law degree may well be a lot lower than the cost of a science based degree. We do not see evidence of spiralling debts forcing students out of higher education; in fact, we see quite the opposite. I know the people that you mix with and the activists that earn a living by
demonstrating out in the field might like to try to run this up the flagpole and suggest that it is an outrage, but the great bulk of the student population understand that this is a very serious investment in their future. They are being asked to pay a relatively modest contribution. At the end of the day, they will be significant net winners and they are getting every opportunity to pay on a deferred basis. That sounds like a pretty reasonable outcome. I am sorry that Senator Stott Despoja is not as committed to quality outcomes as we are. *(Time expired)*

**Health and Ageing: Aged Care Funding**

**Senator FORSHAW** *(2.29 p.m.)*—My question is directed to Senator Patterson, the Minister for Health and Ageing. Is the minister aware that several aged care groups, including one being managed by a former adviser to Minister Andrews, have launched campaigns calling on the minister to take immediate action to address the funding crisis facing the aged care industry? Is the minister also aware that, as a result of government inaction to address the crisis, nursing homes belonging to the Aged Care Association of Victoria are now prioritising admissions of residents to aged care homes by placing patients in public hospitals last on the priority list? Minister, why has the government allowed this financial crisis to occur and why has it refused to take any action prior to the completion of the aged care pricing review?

**Senator PATTERSON**—We had a question yesterday on dementia. Almost two years have passed and the Labor Party has not asked one question. I have got a very long memory. Before I went into politics, gerontology and aged care was one of my passions, so when I came into this place I took a particular interest in aged care. I remember the Gregory report into aged care commissioned by the Labor Party. Professor Gregory found in 1994 that 13 per cent of nursing homes did not meet the relevant fire authority standards, 11 per cent did not meet the relevant health authority standards and 70 per cent did not meet the relevant outcome standards. He found that 51 per cent of nursing home residents were living in rooms with three or more residents and that there were 10,000 places missing in aged care.

This government has increased funding on aged care from $3 billion to $9 billion since 1996 and has increased the number of nursing home beds significantly. We have seen at the same time in New South Wales a decrease in the number of hospital beds and a decrease in the number of nursing home beds, and yet the Commonwealth has been blamed for the fact there are older people waiting in hospitals. What did the Labor Party leave us in this area? We had to close down over 200 nursing homes that were failing to meet standards. I visited a number of them and I was devastated by the conditions in those nursing homes. You presided over that and closed zero nursing homes; we closed over 200 in our first five or six years in government because we believed that they were inappropriate and did not meet standards. So do not come in here and question our record on nursing homes.

There will always be enormous demands on nursing homes. The minister has put in place an inquiry to look at funding and funding mechanisms for nursing homes to try to address this in the long term and not in the...
short-term, bandaid way that Labor attempted. In 1997 when we had a policy of having ingoings to nursing homes, there was an outrageous campaign led by Jenny Macklin. She should hang her head in shame for what she did. When you brought in bonds into hostels, we agreed with them. We saw capitalisation of hostels, we saw improvements of hostels and we saw hostels reaching world-class standards. You failed when the test came. When there is a fiscally responsible challenge in this chamber, you always fail the test. You failed on nursing homes and you failed on the PBS. You fail every time we ask you to respond to something in a fiscally responsible way. Then you turn around and blame us. We have increased funding in aged care from $3 billion to $9 billion.

The President—Order! Senator Patterson, address your remarks through the chair.

Senator Patterson—By ‘you’ I mean those opposite generically—the Labor Party—and not ‘you’, Senator Forshaw. Every time they are challenged to do something fiscally responsible, they fail. We have increased funding from $3 billion to $9 billion, we have an accreditation program and we have spot checks. We have closed down nursing homes that were not fit to have human beings in them. You presided over that sort of system. (Time expired)

Senator Forshaw—Mr President, I ask a supplementary question. I thank the minister for giving me 10 out of 10. I am sorry I cannot thank her for anything else, because she did not answer my question. Minister, given that the government’s pricing review will not be reporting until at least the end of this year, do you intend to take any urgent action to address this crisis or do you intend to procrastinate and ignore these real problems which are being experienced in Victoria at the moment?

Senator Patterson—As I have said, we have increased funding to aged care from $3 billion to $9 billion, we have increased the number of nursing home beds and we have closed down failed nursing homes. We have actually got inspections. You presided over an aged care sector that was falling down around your ears. Professor Gregory told you that and you did nothing about it.

Housing: Affordability

Senator Brown (2.35 p.m.)—My question is to the Minister representing the Treasurer—and foreign four-wheel drive imports! I ask the minister: is he aware of comments by the former and much esteemed Governor of the Reserve Bank, Mr Bernie Fraser, yesterday that booming property prices are a major complication for the Reserve Bank in reducing interest rates in the face of weak global conditions and on the factors fostering the house price boom? Will the government take a sanguine look at the impact of negative gearing on increasing this bubble effect? Would it be true that the $1 billion per annum saved if negative gearing were not permitted could go into producing some 10,000 houses for low-income earners in this country?

Senator Minchin—I do not normally pay much attention to what Mr Bernie Fraser says. He does some ads on TV, which I occasionally notice, but I can never understand them. I did not pay any attention to what he said yesterday, but I gather that the question is generally about housing, so I will make some remarks on that important subject. Housing price growth has been quite extraordinary in Australia over the last few years, and I think that is a result of a number of obvious factors. There has been a move away from the share market into housing investment and Australians have had very low interest rates on the basis of which they have felt very confident to invest in housing.
By and large, that is a good thing. Australians feel very confident when their housing is increasing in value, and that has added to the general strength of the economy.

We have acknowledged the effect on first home buyers and for that reason we have set up a Productivity Commission inquiry into housing. Indeed, the Productivity Commission released today an issues paper with respect to that inquiry. We are pleased about that because it will put a focus on the whole range of factors that go into producing higher house prices in this country, including the policies of state governments, particularly in relation to the release of land. The supply of land is a critical issue which will affect pricing, as will the outrageous rort that the states are involved in in ripping off home buyers with their stamp duties, which are a disgrace. Of course, the states are just wasting the money.

When eventually housing prices cool, the states are going to find themselves in quite difficult fiscal circumstances—as have the states in the United States—because they have been feeding off this frenzy and they have done no planning for the future whatsoever. I think we could well see the states get into some serious difficulty. We expect that in due course the extraordinary growth in housing prices will ease off. That is normal. Throughout the history of this and other economies, from time to time there have been increases in asset prices in a range of areas. We have seen it in the share market and we are seeing it in housing. The general affordability for housing is actually not too bad. I said yesterday in response to a question from my own side that housing affordability is in reasonably good shape, particularly compared to what it was under Labor in 1990, and that the debts which households have are well covered by assets. In other words, household balance sheets are in pretty good shape.

The specific question that Senator Brown asked was in relation to negative gearing. We have made it quite clear that we are not going to remove negative gearing. That was tried by the former Hawke-Keating government, with disastrous consequences for Australians in a lower socioeconomic profile, who I would have thought Senator Brown might pretend to be concerned about. There was a crisis in the availability of rental accommodation as a result of the removal of negative gearing. If you do not have investors willing to invest in housing for rental, the people who will suffer will be those in lower socioeconomic groupings who want to rent houses and flats. Australia has experimented with the removal of negative gearing for housing investment and it was a disaster for poorer Australians. So we have made it quite clear that that is not a course of action which we will embark on.

Senator BROWN—Mr President, I ask a supplementary question. Does the minister then agree or disagree with Mr Fraser that the impact on housing prices in the late eighties was not so much due to the removal of negative gearing as to the fact that the economic cycle had diverted capital flows from property to the surging equities market? I ask the minister again: will he have a sanguine look at the impact of negative gearing? Is he not concerned by projections that, whereas 50 per cent of people in their thirties these days own their own home in Australia, within 18 years that could fall to as low as 20 per cent because—amongst other things—the price of housing is simply out of the range of lower income earners and, increasingly, middle-income earners?

Senator MINCHIN—As I said, I have not read what Bernie Fraser said on this subject, but I will point out that the then Hawke-Keating government itself, by its reversal of its decision to abolish negative gearing, admitted—at least implicitly if not explicitly—
that its policy had caused the crisis in rental accommodation for poorer Australians. It therefore reversed that decision. We are not going to go down that failed path. We will sustain negative gearing for housing.

**Superannuation: Preservation Age**

**Senator SHERRY** (2.41 p.m.)—My question is to the Assistant Treasurer, Senator Coonan. Can the minister confirm that she has announced a review of superannuation legislation to be carried out to remove barriers to people remaining in the work force after their 65th birthday, as reported in the Brisbane *Courier-Mail* of Friday, 29 August? What is the deadline of the review, and will the minister table the review in the Senate when it is completed? What criteria has the minister set for the review?

**Senator COONAN**—As I said, I think, yesterday, in relation to the preservation age, this was discussed some time ago. There was a leaked report and I gave some answers in the Senate concerning the fact that this government had no present intention to extend the preservation age. As with all matters to do with superannuation and the Intergenerational Report that was brought down as part of last year’s budget, this government has to think carefully about the future. It has to think about what policy is needed now to meet the needs of an ageing Australia and, in particular, to meet the retirement needs of an ageing Australia. Part of that may be to consider in the fullness of time what to do about the preservation age, about keeping people in the work force longer and about making sure that this country is able to meet the needs of those people, not only in terms of their retirement incomes but in terms of their broader needs—their health. If and when some reports are brought to me, I will consider them and, if it is appropriate, I will release them.

This stands in stark contradistinction to any position taken by the Labor Party on superannuation. We have been talking about superannuation for just about the whole of this week in this place and so far we have not heard one single coherent idea or one single coherent policy for the future of this country. Of course, the Labor Party get very excited about this, but all they can do is make disparaging comments because they are totally incapable of bringing forward, for the consideration of the Australian people, one single idea about superannuation.

We have had many promises of reviews, and all that we hear in relation to superannuation from the Labor Party are some disconnected ideas in relation to retirement incomes that have no reality for, and no bearing on, workers. The Labor Party has shown itself totally incapable of looking after the ordinary workers of this country—those who are working and saving for their retirement and who expect this government to bring forward policies, which we are doing, to make superannuation more attractive and more accessible to them and to do it in a way which actually meets their needs. The Labor Party can continue to ask questions about superannuation every day that this parliament sits and every day that there is a question time, but, until Labor has some policies, the workers of Australia will not believe that the Labor Party is interested in them and they will continue to support this government’s policies.

**Senator SHERRY**—Mr President, I ask a supplementary question. I did ask about the review that Senator Coonan has apparently announced that is reported in the *Courier Mail* of Friday, 29 August. Will the minister, as part of the review, rule out the plans by the Treasurer, Mr Costello, outlined in a speech in Brisbane of last Friday to reconsider the access age for superannuation? Will the minister rule out a further increase in this
access age which will force Australian workers to work longer?

Senator COONAN—Along with some other limitations that Senator Sherry has, I do not think that he can listen either. I have just outlined the fact that, as part of the consideration of the Intergenerational Report and the long-term interests of this country, obviously one might want in the future to consider whether there is need to extend the preservation age.

Senator Sherry—You are going to do it. You are going to increase the age!

Senator COONAN—I am not saying that that will happen. What I have said is that the longer-term needs of this country need to be considered together with all of the policy positions of this government, and Senator Sherry ought to be supporting the measures that we have got here and now instead of getting himself into a lather about what we have not announced and have not committed to.

Insurance: Medical Indemnity

Senator EGGLESTON (2.46 p.m.)—My question is to the Minister for Revenue and Assistant Treasurer, Senator Coonan. Will the minister inform the Senate of what the federal government is doing to improve the cost and availability of professional indemnity insurance?

Senator COONAN—I do thank Senator Eggleston for his question and for his interest in this very important matter. I know the Labor Party do not care about professional indemnity or small business or workers, but this government does. The government is concerned about the cost of professional indemnity insurance for professionals and for those in small businesses and for those who have struggled to provide services in a very difficult market that has been caused largely by an increasing trend towards litigation in our society and the higher cost of claims.

This has had a very serious impact on the ability of professionals particularly in rural and regional areas where there may only be one small accountancy firm in a small town and where they have had great trouble in getting insurance.

The Commonwealth government has been working in cooperation with all state and territory governments to develop solutions to the problems in this class of insurance. I have hosted six ministerial meetings on insurance issues with state Labor Party treasurers or equivalent treasurers and insurance ministers who have shown a much greater degree of cooperation, I might say, than those opposite. At the most recent meeting all ministers reaffirmed their commitment to implementing nationally consistent professional standards legislation similar to that enacted in New South Wales and Western Australia. It is expected to result in more affordable insurance premiums over time by capping potential damages claims in return for risk management and further education on the part of professionals. This is very good news of course for consumers.

Ministers also endorsed a national model for proportionate liability. This contrasts with the current situation of joint and several liability which has resulted in professionals with insurance often being singled out as the sole target for legal action, the so-called ‘deep pocket’ syndrome even where they may have only contributed in a minor way to the damage in question. Under proportionate liability, professionals will only be liable for the damage they actually cause. The Commonwealth will amend relevant legislation to facilitate the model of proportionate liability as part of its corporate law economic reform program.

State and territory governments, who have almost exclusive jurisdiction for tort or negligence laws, have committed to a package
of reforms based on the recommendations of the IP report. These reforms seek to rebalance or alter current judicial interpretations of what should constitute a reasonable standard of care by professionals in determining negligence and to place a greater onus on individuals to exercise care in circumstances where the risks are obvious both for themselves and indeed for others. The Commonwealth has committed to amend relevant trade practices legislation to support these state and territory reforms.

These reforms have received widespread endorsement from professional groups. But, sadly, the cooperative approach of state and territory governments contrasts greatly with the obstructionist attitude of Labor here in the Senate. Federal Labor should now, I think, turn over a leaf and support the government’s responsible program in the Senate to amend the Trade Practices Act. Your state colleagues want these reforms, and Labor should agree to them.

Superannuation: Contributions

Senator WEBBER (2.50 p.m.)—My question is to the Minister for Revenue and Assistant Treasurer, Senator Coonan. I refer to the announcement of the so-called landmark ‘fair and balanced’ superannuation package that claims to deliver superannuation benefits to ‘encourage those who can afford to save for their retirement to do so’. The minister’s press release says:

The Government offered a fair and balanced package with two-thirds of the benefit weighed in favour of lower income earners—66:34.

If it is so fair and balanced, why will high-income earners, those earning more than $94,700, receive a guaranteed tax cut of up to $1,000 on their current superannuation contributions—

Senator Watson—Mr President, on a point of order: I remind the Senate that this matter is currently before the Senate. It was debated this morning and it is going to be subject to debate later on today. I regard this question as against the standing orders.

Senator WEBBER—On the point of order, Mr President: I seek to remind you of a previous ruling you issued on a matter like this.

Senator Patterson—Have you been doing a tutorial? Senate 101!

Senator WEBBER—Yes, absolutely—ready for you. Mr President, you said:

The standing order—

73(2)—

is interpreted narrowly to prohibit only questions and answers which clearly canvass items on the Notice Paper. If it were not interpreted in this way, many questions would be prevented because of the large number of issues on the Notice Paper. In relation to a bill on the Notice Paper, questions and answers may not directly canvass the merits of a bill—

which this question does not—

but this does not prevent questions and answers about issues which are involved in a bill.

That may assist you, Mr President.

Senator Abetz—Mr President, on the point of order: it is very sad that Senator Webber has been given a question when she does not understand the context of it. Whilst she may suggest that she is prepared, the simple fact is that she is canvassing material that is actually in the bill. While she has not partaken in the superannuation bill discussion—and we cannot blame her for that—the simple fact is that we must accept that a fair part of the question does relate to the merits of the legislation before the Senate. On the basis of your previous ruling, which Senator Webber herself quoted, she has, in fact, ruled herself out of order.

The PRESIDENT—Order! There is no point of order. The senator is allowed to ask questions about issues relating to the bill, not
to the bill itself. I believe that is what she was doing, so I will rule the question in order and the senator may continue.

Senator WEBBER—Thank you, Mr President. As I was saying, if this package is so fair and balanced, why do high-income earners—those earning more than $94,700—all receive a guaranteed tax cut of up to $1,000 on their current super contributions when those earning less than $27½ thousand—that is, battling low income families—will have to find—

Government senators—Her time is up!

The PRESIDENT—I allowed extra time because of the interjections and the points of order that were taken during the question. The actual question itself was within the time limit. Senator Coonan, I remind you that the answer will relate to issues relating to the bill, not to the bill itself.

Senator COONAN—Mr President, thank you for the call. I am very glad about that ruling because it gives me yet another opportunity to talk about the government’s policy in respect of these superannuation bills and the absolutely splendid result that has been obtained by an agreement with the Democrats against the opposition of the Labor Party, which starts the minute the word ‘superannuation’ is mentioned and which continues. You can always gauge just how much you are needling the other side by how much they yell, by how disparaging they are and by how pathetic they are. They even get poor old Senator Webber to ask a question like this when she has not even been in the debate and she would not understand a surchargeable contribution if she fell over one.

Opposition senators interjecting—

The PRESIDENT—Order! When the Senate has come to order, the minister may continue.

Senator COONAN—This package does two things. It is primarily directed to assisting those on low incomes with a co-contribution—that is, a government co-contribution. Whether they save $1 or whether they save up to $1,000, the government will make a co-contribution, which will enable those on low incomes up to $40,000 to make proper savings for their retirement. It is weighted in favour of low-income earners to give them an opportunity, to give them some dignity and to appreciate that even people on low incomes wish to save for their retirement and will do so if given an opportunity.

The other part of the package is a different measure entirely. It is designed to remove some of the disincentive from those who have more disposable income to put into superannuation, because that will take the burden off the age pension over time so that the very people, the low-income earners, who we really do have to assist and look after will be able to not only access their own superannuation but also rely on the pension. That is what the package is designed to do. It is not designed to provide a package across the board. The co-contribution is designed to replace the low-income rebate, and it is a much more generous package. It is a package that every single right-thinking Australia would support, and it is an absolute disgrace that the Labor Party are now making disparaging comments about a measure designed specifically to help low-income people.

What is it about the Labor Party and low-income people? Do they really hate the workers that much? Are they really not prepared to think of a superannuation policy that might help those on low incomes to get a start, to get into the superannuation system with some voluntary savings on top of their superannuation guarantee? It simply beggars belief that the Labor Party would oppose a package that is designed to take the pressure
off the age pension, designed to give people some dignity and some money to save on their own account, and designed to remove the additional disincentive for those who pay the surcharge, which is an additional charge over and above the tax that everybody pays.

**Senator WEBBER**—Mr President, I ask a supplementary question. Given that the minister has done nothing to address the additional cost for battling low-income families, how can the minister claim that the package is fair and balanced, when middle Australia will receive absolutely nothing, not one cent? Doesn’t the minister think that the millions of Australians earning between $40,000 and $94,700 actually want to save for their retirement?

**Senator COONAN**—I thought I had just spent four minutes explaining how this government is not only committed to low-income earners but has, together with the Democrats, agreed on a package that will deliver a far more generous package than the low-income rebate. That is what it is designed to do. It is not designed to do anything other than assist those in the eligible range. I have explained the package probably about a dozen times between yesterday and today. I can understand how it is difficult for people to understand, particularly when they do not even take part in the debate, but you can bet that those out there listening to this debate are grateful for this measure and want it.

**Health: Prevention**

**Senator ALLISON** (3.00 p.m.)—My question is to the Minister for Health and Ageing. The minister told the Press Club recently that she wanted to be remembered for her role as the health minister for prevention. Why is it then that of the $142 million of new spending in this year’s budget only $2 million was for health prevention, and why is it that she is now calling for the removal of what are largely preventative health treatments from private health insurance on the basis that they are alternative? Isn’t it the case that there are thousands of ineffective, even dangerous, prescribing habits and orthodox medical treatments that are already subsidised by the 30 per cent rebate?

**Senator PATTERSON**—May I just say before I answer this question that, in my excitement at getting a question on aged care, I might have said that we had increased spending from $3 billion to $9 billion. I corrected that and say that we had increased spending from $3 billion to $6 billion. I hope that people understood that we actually doubled funding. I said that in the second part of my answer. The people over the other side need it really clearly said that we doubled funding for aged care from $3 billion to $6 billion.

With regard to the issue of prevention, Senator Allison talks about a particular program in this recent budget. She needs to look across the whole of the portfolio at areas such as the Tough on Drugs strategy and our strategy for ensuring that we maintain immunisation levels—we are now second or top in the world in terms of the number of children immunised. When we came into government, immunisation levels were down around the levels of Laos and China. It was appalling: 53 per cent of our children were immunised. We had children dying of diseases such as whooping cough and measles because the Labor Party had dropped the ball on prevention.

It is also important to prevent chronic illness and to prevent people from getting worse. We have significant programs in general practice with practice incentive schemes and enhanced primary care packages to ensure that GPs are delivering services or spending time with patients with asthma, diabetes or mental health illnesses in a way that they were never able to do before. We
have doctors taking up with great gusto the diabetes program to assist people with diabetes and to ensure that they do not go on to get the diseases or complications associated with later stages of diabetes.

I could go on and on about the areas of prevention, particularly the one I am very proud of, which is the roll-out of bowel screening. I hope that in 10 years time Australia will be able to look back and say that we had the same result from bowel screening that we have had from cervical screening and from breast cancer screening. We are rolling out three bowel screening programs: one in Mackay, one in Melbourne and one in Adelaide. We are looking at which bowel screening test is most likely to be taken up and we are looking at how we can involve men in the screening, because they have not been participating in the screening programs before. And we are getting some tremendous results from those pilots. I hope that that will lead to the national roll-out of a bowel screening program which I believe will see, as has been seen overseas, the possibility of reducing deaths from bowel cancer by over 33 per cent. Those are the sorts of things we are working on in prevention.

With regard to private health insurance, I think it would be very good if the Democrats could come out and decide what they think about private health insurance and whether they support the rebate or not. The complementary medicines, or the ancillaries that are on alternative therapies, constitute about two per cent of payouts for private health insurance members. Just above 73 per cent of payouts go on dentistry, optometry and physiotherapy—in that order. Then if you look at the next order of payouts it is on things like nursing, counselling, ambulance and other services like that. Alternative therapy is about two per cent of payouts. I have asked the industry about this and they have agreed that it is appropriate to review those alternative therapies to see whether they have a direct health benefit. I do not want to have all health funds looking homogenous. They have to have some scope to be competitive but I think it is appropriate—and they have said also that it is timely—to review those alternative therapies to ensure that they have a direct health benefit and to ensure that there is some sort of objective reason as to why those alternative therapies should be covered. (Time expired)

Senator ALLISON—Mr President, I ask a supplementary question. I thank the minister for her answer and her remarks about the need for direct health benefits and about the review. Why is it then that non-steroid anti-inflammatory drugs are typically prescribed by GPs in preference to promoting the use of glucosamine, which is a complementary health product. Is the minister aware that 12,000 people are hospitalised every year and 1,200 people die each year from taking non-steroidal drugs? Is the minister aware that there is good scientific evidence that glucosamine works and puts no-one in hospital?

Senator PATTERSON—We have a National Prescribing Service, another part of our prevention program, because we know that a large number of people enter hospital as a result of adverse drug reactions. The National Prescribing Service is, as I said, another part of that prevention service. There will be a debate about whether non-steroid anti-inflammatory drugs are typically prescribed by GPs in preference to promoting the use of glucosamine, which is a complementary health product. Is the minister aware that there is good scientific evidence that glucosamine works and puts no-one in hospital?
at the ways in which general practice could work with patients to look at alternative means of dealing with musculoskeletal disorders. (Time expired)

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

QUESTIONS WITHOUT NOTICE: ADDITIONAL ANSWERS

Environment: Murray-Darling River System

Senator IAN MACDONALD (Queensland—Minister for Fisheries, Forestry and Conservation) (3.07 p.m.)—Yesterday Senator Lyn Allison asked me a question about the Australian government’s Living Murray initiative. I was able to give her a comprehensive answer but I have some more information on some of the specific issues she raised. Senator Allison asked:

Why has the scientific report for the government’s Living Murray initiative not been released by the government?

I can tell the Senate that the Murray-Darling Basin Commission decided not to release the report just at the moment. It apparently has 500 pages of text. They hope in the next 10 days to get some third party scientific audit of the report and they then hope to get an executive summary, which will be much easier for people to read, although the main report will also be available. Senator Allison asked:

Was it due last month?

The answer to that is no, it was not due last month; there was not any due date for it, except that we wanted it before the next Murray-Darling Basin Ministerial Council meeting. She then asked when the report would be released. My advice is that we hope it will be released in two weeks. The government has a very strong view, as both Mr Truss and I have, that it should be made public. It should be released as soon as it possibly can be because we want the information to be out there in the public arena so that everyone can have some input into it.

Senator Allison further asked how much water it was necessary to return to the River Murray for various purposes. I can advise the Senate that the Living Murray process involves a comprehensive analysis of social, cultural, economic and environmental benefits and an assessment of the costs of returning water to the environment using three reference points: 350 gigalitres, 750 gigalitres and 1,500 gigalitres. The analysis will identify local as well as system-wide environmental problems and benefits surrounding such issues as—and I know that Senator Allison would be interested in this—the Murray mouth and the Coorong; the Chowilla flood plain; the Gunbower, Perricoota and Barmah-Milewa forests; and the Murray cod. It will also identify the costs of the various options and strategies to manage the social and economic impacts of the measures for improving the health of the River Murray.

National Security

Senator HILL (South Australia—Minister for Defence) (3.10 p.m.)—I have some further answers for Senators Faulkner, Ray and Evans. I thought I had adequately answered most of these questions but Senator Faulkner did not seem to be of that view last night so I am about to make another attempt. Unfortunately, for both security and operational reasons, there may not be quite the information that Senator Faulkner would like. On Tuesday, 9 September, he asked when the attention of the Prime Minister was drawn to Bolt’s press article. I have already said that that was shortly afterwards. He then asked why the Prime Minister did not refer it immediately to the AFP. I think I had already said that the Prime Minister’s office was told that it was being referred to the AFP. He asked if ONA made any attempt to retrieve
the document from Bolt, and I am told that ONA has not spoken to Bolt. If not, he asked if I could say whether the AFP had retrieved it. That is an operational matter that I cannot answer as it comes under the AFP processes.

I was asked to confirm if these measures in all ONA reports, bar coding et cetera, were used on the Wilkie report. I am advised that I am unable to answer that for security reasons. As to the question about whether these measures will assist the AFP, again, if I cannot confirm the measures, I cannot confirm their value in an investigation. Senator Faulkner asked me to take on notice whether ONA is introducing new technologies to allow the identification of people who have handled reports. Again, I am unable to answer that for security reasons.

Senator Ray asked about the accountability of copies of the Wilkie document. Again, this is within the province of the AFP investigation and, during an investigation, I cannot properly respond. He asked if any department, minister’s office or government agency requested a copy in the days preceding the Bolt article. I have not got a response to that because, as I think Senator Ray will acknowledge, he has asked the question in very broad terms. I will continue to pursue the matter but, if he is prepared to be more specific, it would enable a response at an earlier date. A question that asks, ‘Has any government agency dealt with the matter?’ is extremely broad and difficult to answer.

Senator Evans asked who authorised and conducted the briefing of Senator Sandy Macdonald and if the document could be tabled. In response, Mr Downer has said that, whilst the investigation is taking place, it is not appropriate to comment further. Senator Faulkner asked on Thursday, 11 September, whether ONA has reported to ASIO the breach—or, in his terms, the leak—to Bolt, and when specifically: was it immediately after ONA and PMO knew? I understand that ONA reported it to ASIO on 23 June, after the article was published and, as I said, to the Prime Minister’s office shortly thereafter. I cannot get anything more explicit than that.

Senator ROBERT RAY (Victoria) (3.14 p.m.)—by leave—I was invited to narrow down my question to assist Senator Hill so I narrow it down to simply: minister’s offices or ministers and to 18, 19, 20 June 2003.

QUESTIONS WITHOUT NOTICE: TAKE NOTE OF ANSWERS

Employment: Job Network

Senator GEORGE CAMPBELL (New South Wales) (3.15 p.m.)—I move:

That the Senate take note of the answer given by the Minister for Family and Community Services (Senator Vanstone) to a question without notice asked by Senator George Campbell today relating to Job Network and Centrelink.

I find it absolutely amazing that the Minister for Family and Community Services, Senator Vanstone, is blissfully unaware that the Minister for Employment Services, Mr Brough, stated publicly in the Canberra Times of 23 August that Centrelink was preparing to suspend 60,000 people from income support. It beggars belief that the minister was unaware of this public statement. Maybe there is a reason for it. Maybe it occurred on the same day as the five-bottle lunch. I will go back and check the record and make sure that the two events did not coincide.

It is very clear from the minister’s answer that there are massive problems with the Job Network system. It is equally clear that these problems are a direct result of the flawed design of the Job Network. That has been pointed out to this government time and time again in Senate estimates. The flaws in the network and the computer system and other issues that were raised by the opposition were simply ignored or not given due attention by the department.

CHAMBER
This government designed the Job Network based on the fact that it thought that there were going to be 720,000 to 780,000 job seekers pushed through the doors of Job Network providers. The fact is that the Department of Employment and Workplace Relations got the modelling wrong. The department has now conceded that there are only between 480,000 and 500,000 job seekers. This huge drop in the number resulted in the loss of between 30 per cent and 40 per cent of promised business—that is, income—to Job Network providers, who, as we know, get the payment as soon as a job seeker is sent to them by Centrelink.

At the National Employment Services Conference in Melbourne on 21 August, Job Network providers threatened to start closing their doors and sacking staff if Minister Brough did not pay them the money that they were promised on the model of 720,000 job seekers. The government was faced with the situation where it would have to refer to the Job Network half the employees of the network providers. This is how farcical the actions of the government have been in this area. Minister Brough backed down in order to save himself the political embarrassment of Job Network offices closing their doors only eight weeks after the new Job Network had started.

On 22 August, in his keynote speech at the conference, Minister Brough promised to pay the Job Network providers a total of $670 million a year for the next three years regardless of whether they got job seekers through their doors or not. The government believes in mutual obligation for the unemployed, but not for the Job Network providers, who will get the money regardless of their results. The minister then went on to attack and blamed job seekers for the problem with Job Network. This is typical of the Howard government. Rather than solve the problem it attacks the victims of the problem. This is a government that is more interested in distracting people than in helping them. To try to show how it is the job seeker’s fault, Minister Brough has talked up big, promising that 60,000 job seekers will be removed from income support. However, Centrelink have only agreed to remove 3,000.

The questions that need to be addressed by Minister Vanstone are whether she has gone out of her way to check the figures that Minister Brough has been peddling around the place and whether she has taken action to correct the incorrect information that he has been pushing. Minister Vanstone says that she knew nothing about it. It is incredible to suggest that when it is commonly known that Centrelink has advised the minister that there are 3,000 people likely to be put off benefits as a result of this fiasco with Job Network. Yet she says she does not know the figure. She says that she is unaware of the figure of 60,000. It seems to me that in a short time several ministers in this government may themselves become candidates for referral to Job Network in order to get employment. They have demonstrated very clearly their incapacity to handle their portfolios and understand the issues. (Time expired)

Senator IAN CAMPBELL (Western Australia—Parliamentary Secretary to the Treasurer) (3.20 p.m.)—The Campbells are coming today!

Senator George Campbell—Hurrah, hurrah!

Senator IAN CAMPBELL—Well said, comrade! The true debate about the Job Network and the interaction with Centrelink is embarrassing for the Labor Party. Senator George Campbell, my lowland colleague, has said that there was a prediction that 780,000 people—or of that order; I do not want to misquote him—would be provided by the department in terms of the amount of
traffic, if I can use that word, to go through the Job Network and that it had reduced to a figure in the realm of half a million.

I do not want to fight over the numbers, although each and every single one of the people who go to the Job Network is obviously very important. I want to talk about the reality of what has occurred in the economy and in the employment market over recent years as a result of the sound economic policies of this government. There has been a combination of policies for driving a national economy that has given more and more people—in fact, a million people—opportunities to work and policies in the welfare area of government activity to ensure that welfare is targeted at those who need it, that those who are abusing the welfare system are taken off welfare and that, where possible, people who are receiving assistance—unemployment benefits, for example, or other benefits—are given assistance to go, to use the cliche, from welfare to work.

In other words, the government has put enormous policy resources under both Senator Vanstone’s department and Mr Brough’s department to ensure that those who are in need of work, those who are searching for jobs, get the very best resources they can. Under the Labor paradigm, you basically had one large Commonwealth department that did all of that work. The voters of Australia will recall that in the Hawke and Keating years—and, remember, there were one million people unemployed at the peak of that recession we were told we had to have—

Senator Tierney—Eleven per cent unemployment.

Senator IAN CAMPBELL—there was 11 per cent unemployment. This time last week, the Australian Bureau of Statistics reported a 5.8 per cent unemployment rate. That shows just how low unemployment has got, and we on this side of the chamber know that we can get it even lower. The reality of this is that, brought together, low interest rates, growing employment, an expanding economy, the provision of more employment opportunities and the creation of over one million new jobs almost entirely in the private sector have resulted in a flourishing and expanding free enterprise sector. The government has been very careful to manage its own resources—it is getting smaller as a proportion of the economy—resulting in an expanding free enterprise sector and a welfare sector that is assiduously targeting those in need and ensuring that those who are rorting the welfare system do not get access to the payments that were handed out like confetti by the previous Labor government.

Philosophically, Labor are committed to a large centralised government bureaucracy to run services for unemployed people who are seeking jobs. We contracted those services out to ensure that the people looking for work would get individual service, that they would have their individual needs catered to, and to provide incentives for private sector employment agencies to give them the attention they need. It has been a remarkable success. Today, all we can get from the Labor Party is no alternative policy, as usual, but a whinging, whining, carping oppositionist approach to picking on the administrative details.

Overwhelmingly, the figures—and last week’s ABS figures and the figures out of Senator George Campbell’s mouth showed this—show that our policies have been a great success. There are fewer people searching for work, fewer unemployed people and more people working, and as a result the Job Network administration has to be adjusted and is being adjusted by two very successful ministers in Mr Brough, who sits in the other place, and Senator Vanstone, who answered the question very eloquently today. (Time expired)
Senator JACINTA COLLINS (Victoria) (3.25 p.m.)—I rise to take note on the same matter. Senator Ian Campbell said that we should look at the true debate. To deal with the true debate, it would help if Senator Ian Campbell actually knew the name of the scheme we are debating today: it is ‘the Job Network’, not ‘Jobs Network’. Anyone who has followed the history of what has gone on in this ‘radical market experiment’—to quote Dr Shergold, the Secretary of the Department of the Prime Minister and Cabinet—conducted by this government would say that it has been an absolute debacle. We know the problems that occurred in Job Network 1 and Job Network 2, and now there are ongoing problems occurring in Job Network 3. What we also know is that, despite this history, Senator Ian Campbell, who is here today to take the lead on the government’s response on this issue, cannot even get the name of the program right.

It is hard to know in this particular matter whether this is another example of incompetence or meanness. We have had from Senator Vanstone, so far, the family tax benefit and child-care benefit debt backdowns and the carers allowance backdowns, and this week we have had the pensioner education supplement backdowns. Outstanding now are problems in relation to an ongoing commitment to family day care and this issue today on breaching. How many unemployed people are we really talking about suspending? Are we talking about the figure that Senator Vanstone indicated would be an outcome of this policy—that is, 3,000—or should we rely on the junior minister, in his public statements, saying 60,000?

There have been ongoing problems with the Job Network applying the breaching regime. Senator Vanstone today was wrong when she said that the Job Network providers were satisfied with the breaching regime. There has been problem after problem with the way this policy has been applied, and the Job Network providers are feeling it as much as Centrelink. The minister refused to acknowledge this also and made the spurious claim that the Job Network providers thought that this breaching regime was working effectively. Could we have expected better from the minister? Probably not—because, as was highlighted, she will not even read her ministerial clips. I would have thought someone with Minister Vanstone’s portfolio would notice the difference between 3,000, the figure presented through her, and 60,000, the figure coming from a junior minister.

Surely Senator Vanstone is able to follow a policy issue not far from her own area and identify such enormous discrepancies, particularly when you look at the likely impact of those discrepancies for the government. Even in a pure political sense, the Prime Minister has every right to expect that one of his senior cabinet ministers would notice the difference between there being 3,000 unemployed people suspended and the political consequences of a program that is going to put 60,000 unemployed people under pressure. Surely we can expect that much from the minister.

Perhaps the minister is not as familiar as she should be with what is going on in employment services. Perhaps this is a turf war between the Minister for Family and Community Services and the Minister for Employment Services, but the victims are clearly the unemployed. It is not being asserted that there was a target of 60,000, as Senator Vanstone suggested; what is being asserted is that the government, rampant on its radical market experiment, is not clearly understanding the consequences of its policies. It is not feeling the consequences of those policies on the day-to-day lives of the unemployed people that they impact upon. This has been one of the ongoing problems. This government is driven by ideology rather
than by a sensible understanding of the impact of its policies.

Dr Shergold, now head of the Prime Minister’s department, admitted quite clearly at the time that this was a ‘radical market experiment’. It took him two to three years before he finally accepted that employment services is a managed market and that the government has to bear the responsibility for managing it. That responsibility was not obvious in the discussion that occurred in question time today. Senator Vanstone is not accepting that responsibility, nor is Minister Brough. It is just not good enough for unemployed people to be used as pawns in this radical market experiment that is known as ‘the Job Network’.

Senator TIERNEY (New South Wales) (3.30 p.m.)—I rise to speak on the same matter, in relation to the Job Network and breaching. Before I turn to the issue of breaching I want to address some of the questions raised by Senator Collins. Senator Collins seems to have a very short memory. I would like to remind her of the history of this matter, particularly as it relates to the failed ALP policies in this area. During the years of the Keating government, unemployment in this country was running at 11 per cent. The current figure is 5.8 per cent. This government has delivered the best improvement in job outcomes in the last 30 years. In my own area of the Hunter Valley the unemployment rate has halved since this government came to power.

As well as improving economic conditions and increasing job opportunities, we have vastly improved the services for the unemployed. I remind Senator Collins of the system that existed when her party was in government, a system known as the Commonwealth Employment Service. Senator Collins says that the Job Network is a radical experiment. Let me tell her—in contrast to the CES it is a system that is delivering outcomes. Let us go back to the outcomes of the old CES system. People would go in and have a look at cards on the board and they would get very little assistance. An enormous amount of money was spent by the last government on special programs that did not deliver jobs. It was a totally failed system.

Senator Ferris—A churning process.

Senator TIERNEY—It was a churning process. People would come in and get a bit of training. They would go out and they could not get a job. So they would come in and get a bit more training and then they would go out again with the same result. They would go through the same churning process. One of those people said to me at that time in one of our Senate inquiries: ‘It would have been better if they had left me in the gutter than to pick me up and then drop me back in again.’

Senator Crossin—Rubbish!

Senator TIERNEY—That is exactly what happened under your government. Your leader at that time, Kim Beazley, was in Wollongong, facing the unemployed and talking about the programs, and people were saying to him, ‘But where are the jobs?’ We know where the jobs are now—they have been created by the policies of the Howard government. For those who cannot get a job we have a much better system. It is not a bureaucratically driven system like the CES. As well as government providers we have private providers, we have welfare people and we have people in business who are out there and who know how to develop systems so that people can get jobs. We have not left the system exactly as it was. Under Labor there was the old CES system, which never changed. The Job Network has evolved over time. It has been through a number of changes. It has been refined. We have made the system much more sophisticated.
One of those changes, going back to the question asked of Senator Vanstone, relates to breaching. The answer provided by the minister shows that in the period from 14 April to 5 September—that is five months—only 286 breach penalties were imposed and there were 11,285 temporary suspensions of benefits. We have halved this problem in that six-month period by bringing in a number of measures that have reduced the problem of breaching. Customers who do not attend their first vocational profile interview are given every opportunity to comply before a breach is considered. These include two outbound phone calls to discuss the situation with the customer. Customers are allowed to miss two interviews. Customers can re-book an appointment twice. This has helped the level of attendance and focuses on getting the job seeker the first available employment. This is helping reconnect people to the job market.

We do not have a tired old bureaucratic system. We have a dynamic system that involves charity, involves the private sector and involves the government. It is evolving over time and we are improving it. This is in great contrast to the last Labor government. People should remember that, particularly in the lead-up to the next election. This government delivers jobs and for those who miss out on jobs we deliver assistance that works—not the previous government’s failed system. (Time expired)

Senator CROSSIN (Northern Territory)
(3.35 p.m.)—The answer from Senator Vanstone in question time today demonstrates what seems to be a conflict in knowledge about what is going on in this government between her, as Minister for Family and Community Services, and Minister Brough—the minister in charge of the most bungled and appallingly managed Job Network we have seen for a while.

Senator Vanstone, in her answer, said she was not aware of what Minister Brough had said. She went on to say that she thought there was a long way between a Job Network provider making a recommendation and a breach being put in place by Centrelink. Those sentiments may well be true, but today there was no doubt that, under questioning in the Senate, the Minister for Family and Community Services, Amanda Vanstone, failed comprehensively to support the repeated assertions that have been made by Employment Services Minister Mal Brough about the number of job seekers who have failed to attend compulsory interviews with Job Network providers. Minister Brough has talked up a big promise that 60,000 job seekers are going to be removed from income support. However, Centrelink at this stage has agreed that the number is probably closer to 3,000—57,000 somewhere in the middle makes an awful lot of difference. It is a substantial number of people. On 23 August Minister Brough told the *Canberra Times*:

... we have about 60,000 people who are about to be suspended or are responding to letters on suspension from Centrelink ...

But over the past three months the minister has repeatedly claimed that the cash flow crisis that has brought the Job Network to the brink of financial collapse was caused by ‘the 60,000 greedy job seekers failing to attend compulsory interviews with their providers’. At that stage the government only paid providers once such interviews had been conducted. Of course, we now know and it is understood that only 3,000 job seekers have failed to attend their compulsory meeting without a valid reason and are likely to be breached by Centrelink, not the 60,000 figure Minister Brough has been dishonestly using. We know that he has been using that figure as a deliberate attempt to conceal his own gross mismanagement of the transition to Job Network 3.
As Senator Collins said, Job Network 1 has been a disaster, Job Network 2 has been no better and now Job Network 3 has been the greatest disaster on record by this government. Just three months into the Job Network mark 3 and already two bailouts have been needed by this government. The first was for $30 million and the second totalled, and wait for it, $2.1 billion—not million, but billion. What does this government do? Even worse, what does Minister Brough do as the minister in charge of this debacle? He simply blames disadvantaged Australians. He blames job seekers for allegedly not turning up at interviews. He tries to point the finger at the very people in this country whom the government’s own policy failings comprehensively do not support. Unfortunately, that is second nature to this government. Everyone just steps back from the line and says, ‘It is not us; it is not our fault.’ It is the fault of the poor job seekers that on one hand there is 60,000 and on the other hand there is 3,000. The government say, ‘It is their fault, really. They are the ones to blame; not us, we are the ministers, we are right, we are perfect. We are handling this adequately.’

Minister Brough grossly overestimated the number of job seekers—and he will not admit it, even though he ought to—and therefore the level of work ultimately available to providers who would be eligible for Job Network services. The figure initially started at 780,000 job seekers. Then this government revised that down to 630,000 job seekers. Now providers have been told that the real figure is no more than 500,000 job seekers. As a consequence, the cash flow to providers has been reduced by between 30 and 40 per cent. The government has simply got its numbers wrong. This government has botched up Job Network mark 3 just as it did Job Network mark 1 and mark 2. One Job Network provider told the Australian on 14 August that the government has totally stuffed up the modelling. And they were right. (Time expired)

Question agreed to.

Education: HECS Debts

Senator STOTT DESPOJA (South Australia) (3.40 p.m.)—I move:

That the Senate take note of the answer given by the Minister for Communications, Information Technology and the Arts (Senator Alston) to a question without notice asked by Senator Stott Despoja today relating to the levels of student debt.

I asked Senator Alston, in his capacity as Minister representing the Minister for Education, Science and Training, about this government’s latest proposal to increase student debt in the form of increased fees and charges—namely, the reforms that were introduced in the lower house this morning by Minister Nelson. I asked the minister how this government can possibly reconcile what was proclaimed by Minister Nelson in the House this morning—and that was a concern about levels of student debt and about students and their finances—with this notion that our students are going to be amongst those who pay the highest fees in the industrialised world. I did not receive a satisfactory response. In fact, I am still reeling from words such as ‘lowest common denominator’, which seem to be bandied about in this debate by ministers such as Alston and Nelson. As if a country such as ours that aspires to be egalitarian, educated, democratic and enlightened can reconcile the use of words such as ‘lowest common denominator’, which seem to be bandied about in this debate by ministers such as Alston and Nelson. As if a country such as ours that aspires to be egalitarian, educated, democratic and enlightened can reconcile the use of words such as ‘lowest common denominator’ when talking about our public institutions, specifically our publicly funded higher education institutions.

Today we saw a package of reforms that really sound the death knell for publicly funded higher education as we know it. We are seeing the loss of a distinction between public and private education. The HECS-
help and the fee-help systems that have been proposed are essentially loan schemes for students. In the case of fee-help there will be a 3.5 per cent interest rate plus CPI. We are looking at increases in HECS debt for students of up to 30 per cent in some cases. For example, if you are an engineering student you will be paying around $28,000 for your degree—$28,500 for a four-year engineering degree. We are looking at the doubling of up-front full fee paying places for students, once again acknowledging that if you have the money as well as the marks you can get in. You can access higher education. Tough luck for those kids who come from disadvantaged backgrounds!

If we are looking for evidence of fees as a barrier you only have to look at the last decade of higher education policy in this country. Look at those key equity groups that have been targeted through profiles and other processes—Indigenous students, students from rural and regional backgrounds and students from lower socioeconomic backgrounds. Yes, poor students. Have they increased their rate of participation in the last decade? No, they have not. If we think for a moment that the reforms proposed this morning by the minister are going to see any improvement or any benefit to those groups then we are seriously fooling ourselves.

We have a mix of workplace relations changes which are clearly ideologically driven by at least one specific minister, if not others, which do nothing to address the real issues of industrial relations and workplace conditions in our universities. Instead, it is an ideological barrier that is being pushed instead of focusing on the issue of quality education.

Voluntary student unionism is again another ideological front for this government. I can put on record very strongly that the Australian Democrats will not be supporting the dismantling of student services and student associations and guilds. We have stopped it before and we will be voting against it again.

In relation to fees and charges, though, we now welcome a debt generation. As if the number of students already with HECS, Austudy and other loans taken out were not enough, we will be looking at extraordinary figures—and I referred to them in my question to the minister today. The fact is that Australian students already pay more than their US counterparts in public universities in terms of the overall contribution to university revenue. Cost shifting to students has already taken place under this and previous governments, specifically with the 1996 higher education reforms under this government. Student participation, student contribution in terms of HECS revenue has increased from 19.6 per cent in 1996 to well over 34 per cent in 2001. Yet we have a minister today who, in his response to my question, bandies about this oft-repeated figure of 25 per cent that students are paying towards the overall cost of universities, teaching costs and other tuition costs. That figure is false. It is not the case, and that puts us among the highest contributors in the OECD. It is an outrage that these reforms have even seen the light of day. I hope that they will not pass the Senate. But I end on a sad note, because I think it is the end of public education—(Time expired)

Question agreed to.

PETITIONS

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

Australia Post: Services
To the Honourable the President and Members of the Senate in Parliament assembled:
The petition of the undersigned shows:
There has been a significant decline in the number of Australia Post mail boxes throughout the
local community of the Western suburbs of Brisbane since June 2002.

Your Petitioners ask that the Senate should:
Demand Australia Post maintain and restore its level of service delivery to Chelmer, Graceville, Sherwood, Indooroopilly, Taringa, St Lucia, Toowong and Fig Tree Pocket as it was in June 2002.

by Senator Moore (from 547 citizens).

Immigration: Asylum Seekers

We the undersigned Australians respectfully request the President of the Senate and the Senate as a whole, as an Act of Grace from the Parliament to the people of Australia, to support all asylum seekers and refugees in Australia’s care. They are people who have committed no crime and deserve our compassion and help.

We ask that on the symbolic date of Easter 2003, an Act of Grace by the Parliament of Australia take place to:

1. Grant permanent residence to all refugees currently on Temporary Protection Visas who have been law abiding.
2. Authorise the immediate release into the community of all asylum seekers who are not a health, identity or security concern.

by Senator Moore (from 1,000 citizens).

Immigration: Asylum Seekers

To the Honourable the President and members of the Senate in Parliament assembled:
The Petition of the undersigned believe that the Senate Select Committee on Ministerial Discretion in Migration Matters created by the Senate on Thursday 19 June 2003 to inquire into the Minister for Immigration and Multicultural and Indigenous Affairs’ exercise of ministerial discretion under sections 351 and 417 of the Migration Act 1958, does not properly or adequately address the real issues regarding the treatment of asylum seekers and refugees under the outdated 44-year-old Migration Act 1958. This Act must be replaced with a new Act that reflects a more compassionate approach to dealing with asylum seekers and refugees.

Your Petitioners request that the Senate should amend the reference approved by the Senate on Thursday 19 June 2003 creating the Select Committee on Ministerial Discretion in Migration Matters so that the reference instructs the Committee to review the operation of Migration Act 1958 in relation to the: reception, processing and management of asylum seekers; and management of refugees on protection visas residing in Australia; and make recommendations for a new asylum seeker and refugee policy.

by Senator Payne (from 555 citizens).

Petitions received.

NOTICES
Presentation

Senator Hill to move on the next day of sitting:

That—

(a) the Senate authorises the President of the Senate to engage Mr Brian Shaw, QC, to advise on answers to a list of questions relating to whether certain matters brought to the attention of the then President of the Senate by Senator Scullion on 10 May 2002 may have put him in conflict with section 44(v) of the Constitution; and

(b) the person appointed under paragraph (a) shall be paid such fee as is approved by the President after consultation with senators.

Senator Carr to move on the next day of sitting:

That the Senate—

(a) notes, with grave concern, the crisis in Australia’s health system, including:
(i) bulk billing rates falling by more than 12 per cent since 1996,
(ii) 10 million fewer services being bulk-billed each year by general practitioners than in 1996,
(iii) the 59 per cent rise since 1996 in the average amount patients are required to pay to see a general practitioner (GP),
(iv) the largely unaddressed GP workforce shortage, which government policies have exacerbated,
(v) the unaddressed shortages in nurses, dentists, radiographers and other vitally-needed health professionals,
(vi) emergency departments in public hospitals being strained by the increasing numbers of patients who could have been attended to by a GP, and
(vii) frail aged people being accommodated in acute hospital beds because there is nowhere else for them to go; and
(b) calls on the Government to respond to community concerns about its health policies, as evidenced by tens of thousands of petitions, by:
(i) addressing the health crisis in co-operation with the states,
(ii) strengthening Medicare by taking steps to ensure universal access to bulk-billing; and
(iii) ensuring that enough GPs, nurses, dentists, radiographers and other vitally-needed health professionals are trained and retained in the health system.

Senator Bartlett and Senator Stott Despoja to move on the next day of sitting:
That the Senate—
(a) notes:
(i) its previous motion calling on the Australian Government to support a moratorium on the production, transfer and use of cluster munitions and to guarantee that Australian forces will not use, or be involved in the use of, these cruel and indiscriminate weapons,
(ii) that the effect of such explosive remnants of war on communities is similar to that of anti-personnel landmines, in that they kill and injure indiscriminately and have significant negative impacts on social and economic reconstruction post-conflict,
(iii) that the recent conflict in Iraq has highlighted the negative impacts of explosive remnants of war, especially those that result from the use of cluster munitions with high failure rates, with UNICEF reporting on 17 July 2003 that more than 1 000 Iraqi children had been injured by explosive remnants of war, and
(iv) that Landmine Action, in its report, Explosive remnants of war: A global survey, found that at least 82 countries are affected by explosive remnants of war and that casualties were reported in 59 countries between January 2001 and June 2002; and
(b) calls on the Australian Government to support a Protocol to the ‘Convention on Prohibitions or Restrictions on the Use of Certain Conventional Weapons Which May be Deemed to be Excessively Injurious or to Have Indiscriminate Effects’ to cover explosive remnants of war and containing the following elements:
(i) that the parties to any conflict promptly clean up, or arrange for clearance of, all unexploded ordnance, bearing full responsibility for the munitions that they have generated where that can be determined,
(ii) include in agreements to terminate hostilities, peace negotiations and other relevant military technical agreements, provisions allocating responsibility, standards and procedures for signing off land as cleared of unexploded ordnance,
(iii) parties to the conflict are to inform demining and/or unexploded ordnance clearance agencies of where munitions
strikes have occurred and to provide technical data on all munitions used, to enable the unexploded munitions to be rendered safe or destroyed,

(iv) parties to the conflict are to provide appropriate information, including pictures and warnings to civilians, about the dangers of unexploded ordnance, both during and after the conflict,

(v) a prohibition on the use of weapons with large amounts of submunitions in or near concentrations of civilians,

(vi) that all munitions have high quality fuses and detonation systems to ensure explosion on impact or self-destruction within seconds of impact, or that render munitions safe if they fail to detonate,

(vii) a moratorium on the manufacture, transfer and use of munitions with submunitions until such munitions can be demonstrated to have failure rates that are no higher than other munitions that do not cause large amounts of unexploded ordnance (which typically generate less than 1 per cent live duds), and

(viii) the compilation of a list of banned submunitions that have already been demonstrated to generate large humanitarian problems in places where they have been used and based on experience in the field, this list to include the BLU 26 (US), RBL 755 (UK), BLU 97 (US), Multiple Launch Rocket System M77 submunition (US), BL755 (UK), Mk 118 ‘Rockeye’ (US), M42 and M46 Dual Purpose Improved Conventional Munition (DPICM) submunitions (US) and the Mk 6/7 ‘Rockeye’ (US).

Senator Greig to move on the next day of sitting:

That the following bill be introduced: A Bill for an Act to amend the Financial Management and Accountability Act 1997 to encourage the procurement by public agencies of open source computer software, and for related purposes.


Senator Nettle to move on the next day of sitting:

That the Senate—

(a) notes:

(i) the collapse of the World Trade Organization talks in Cancun, Mexico,

(ii) that agricultural subsidies are a crucial issue for Australian farmers, and

(iii) that agricultural subsidies can only be discussed in multilateral trade negotiations; and

(b) calls on the Government to publicly explain to Australian farmers that agricultural subsidies in the United States of America (US) cannot be on the table in the US-Australia free trade agreement.

Senator IAN CAMPBELL (Western Australia—Manager of Government Business in the Senate) (3.46 p.m.)—I give notice that, on the next day of sitting, I shall move:

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

Crimes (Overseas) Amendment Bill 2003

Energy Grants (Cleaner Fuels) Scheme Bill 2003 and the Energy Grants (Cleaner Fuels) Scheme (Consequential Amendments) Bill 2003

Family Assistance Legislation Amendment (Extension of Time Limits) Bill 2003

International Tax Agreements Amendment Bill 2003

Taxation Laws Amendment Bill (No. 8) 2003

Taxation Laws Amendment (Superannuation Contributions Splitting) Bill 2003

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

Leave granted.
The statements read as follows—

**Crimes (Overseas) Amendment Bill 2003**

**Purpose of the Bill**

The Bill amends the Crimes (Overseas) Act 1964 to extend Australian criminal jurisdiction for acts or omissions committed in foreign countries by Australians in situations where:

- the Australian has diplomatic and consular immunity, or an immunity due to his or her relationship with an international organisation for that act or omission; or
- the Australian is in the foreign country under an agreement or arrangement between Australia and the United Nations (or an organ of the United Nations), or between Australia and a foreign country, and that person is immune from prosecution for that act or omission in the foreign country; or
- the Australian is in the foreign country under a prescribed agreement or arrangement between Australia and a foreign country; or
- the Australian is in a prescribed foreign country (or a part of a foreign country) in connection with Commonwealth activities.

The Bill also amends the way that Australian jurisdiction applies to Australians under the Act, making it consistent with other similar legislation.

**Reasons for Urgency**

A number of Australian civilians have already been deployed to Iraq and the Solomon Islands. The proposed amendments have retrospective application to 1 July 2003. Without the amendments, Australian civilians in Iraq and the Solomon Islands will not be protected by the jurisdiction of Australian courts for criminal offences, and may be subject to the jurisdiction of local courts.

(Circulated by authority of the Attorney-General and the Minister for Justice and Customs)

**Energy Grants (Cleaner Fuels) Scheme Bill 2003**

**Energy Grants (Cleaner Fuels) Scheme (Consequential Amendments) Bill 2003**

**Purpose of the Bill**

The bills give effect to fuel tax reform and cleaner fuel measures announced in the 2003-2004 Budget by establishing an Energy Grants (Cleaner Fuels) Scheme to allow for the payment of grants to producers and importers of certain biofuels and cleaner fuels.

**Reasons for Urgency**

The fuel tax reform measures applying to biodiesel will commence from 18 September 2003. From this date the government will apply excise duty to biodiesel at the same rate as the excise duty on diesel fuel, currently 38.143 cents per litre, and an equivalent grant will then be provided for the production and importation of biodiesel.

The bills establishing the Energy Grants (Cleaner Fuels) Scheme will need to be enacted prior to 18 September 2003 to allow the fuel tax reform and cleaner fuel measures to be implemented so as:

- to provide certainty to biodiesel producers concerning the future fuel excise arrangements; and
- to allow grant payments offsetting the excise collected on biodiesel to be made from that date.

(Circulated by authority of the Treasurer)

**Family Assistance Legislation Amendment (Extension of Time Limits) Bill 2003**

**Purpose of the Bill**

The Bill amends the A New Tax System (Family Assistance) (Administration) Act 1999 to:

- extend the time limits for past period family tax benefit (FTB) claims and past period claims for child care benefit, by an individual, for care provided by an approved child care service;
- extend the time limit for payment of top-ups of FTB from one to two years after the end of the income year to which the payments relate; and
• extend the requirement to de-link tax file numbers and client reference numbers for income reconciliation purposes after two years to after three years.

Reasons for Urgency
Urgent commencement is required, to override the existing time limits of 30 June 2003.

(Circulated by authority of the Minister for Family and Community Services)

International Tax Agreements Amendment Bill 2003

Purpose of the Bill
The bill will amend the taxation law to give effect to new double tax treaties Australia has signed with the United Kingdom and with Mexico.

Reasons for Urgency
Double tax treaties can only enter into force once both nations have completed their required domestic processes to enable a treaty to have effect at law. A delay by either country will prevent a treaty taking effect in both countries. If the bill is not passed in the 2003 Spring sittings the effect of the treaty may be delayed by one year.

Both the United Kingdom and Mexico definitely intend to implement the respective treaties in their domestic law by the end of 2003 and it would benefit bilateral relations if Australia was to be in a position to do the same.

Both treaties provide different start dates for the different categories of taxes covered. For the new treaty with the United Kingdom to take effect in 2004 for all Australian and United Kingdom taxes covered by its terms, both countries need to have completed their domestic processes by 31 March 2004.

For the new treaty with Mexico to take effect in 2004 for all Australian and Mexican taxes covered by its terms, both countries need to have completed their domestic processes by 30 June 2004.

Time is needed between implementing the enabling legislation in domestic law and the date when the treaty begins to take effect, in order to enable those affected by the changes to update their systems and practices to accommodate the modification to the law.

(Circulated by authority of the Treasurer)
Taxation Laws Amendment (Superannuation Contributions Splitting) Bill 2003

Purpose of the Bill
This bill will amend the taxation law to provide a taxation treatment for members of accumulation funds when they split their contributions with their spouses.

Reasons for Urgency
Individuals will be able to split contributions made after 30 June 2003. Early passage of this measure, announced in the 2002-2003 Budget, will remove uncertainty in the superannuation industry on how superannuation funds are to treat requests to split contributions.

(Circulated by authority of the Treasurer)

Senator FERRIS (South Australia) (3.47 p.m.)—At the request of Senator Tchen, I give notice that, 15 sitting days after today, he will move:

That the Medical Indemnity Subsidy Scheme 2003, made under subsection 43(1) of the Medical Indemnity Act 2002, be disallowed.

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

Leave granted.

The document read as follows—

Medical Indemnity Subsidy Scheme 2003 made under section 43(1) of the Medical Indemnity Act 2002

The instrument establishes the Medical Indemnity Subsidy Scheme for certain medical practitioners. Paragraph 8(4)(d) of this Scheme states that the scope of the subsidy does not cover any “additional charge that relates to the practitioner’s prior claims history”. It is not clear whether this includes a higher premium that relates to a practitioner’s prior claims history.

Section 14 of the Scheme states that decisions under sections 7 or 10 may be the subject of review. Section 12 provides that an authorised officer may withhold further payments of subsidy where a practitioner has not notified the Department about a “material change” in his or her circumstances. Given that there may be disputes about what constitutes a “material change”, the Committee has written to the minister seeking advice on whether a decision to withhold payments under section 12 should be reviewable.

Senator Nettle to move on the next day of sitting:

That the Senate—
(a) notes:
(i) that Australia is one of the most open markets for foreign television programming, 68.7 per cent of new airtime hours being of foreign origin,
(ii) that United States of America (US) films take 83 per cent of annual Australian box office takings, and
(iii) the experience of New Zealand which now has one of the lowest percentages of local content, at 24 per cent, as a result of excessive liberalisation of its cultural industries; and
(b) calls on the Government to:
(i) ensure that any free trade agreement (FTA) between Australia and the US classifies Australian cultural products as technologically neutral, assuring that these will not fall under the category of ‘e-commerce’, and
(ii) protect and strengthen existing support mechanisms for Australian cultural industries by:
(A) removing the regulations restrict the number of foreign cast and crew per production from any FTA negotiations, and
(B) removing local content quota regulations, and the Government’s ability to increase the quota in the future, from any FTA negotiations.

Senator Nettle to move on the next day of sitting:

That the Senate—
(a) recognises the inherent justice in the claim by public sector education unions for a substantial salary increase for teachers in New South Wales public schools and
Technical and Further Education (TAFE) colleges;

(b) believes that without a significant increase in both teachers’ salaries and the level of respect they enjoy in the community, it will become increasingly difficult to attract enthusiastic and committed school leavers into the teaching profession;

(c) reiterates its support for the right of all young people to a quality public education;

(d) expresses its strongest opposition to any attempt to fund increases in teachers’ salaries by efficiency gains or other sacrifices of the teaching and learning conditions in Australia’s public schools and TAFE colleges; and

(e) calls on the Government to substantially increase funding for public education to ensure that no state government can use the excuse that it cannot afford to pay in full from Treasury funds the costs of any salary rises that might be granted by the Industrial Relations Commission to New South Wales public school and TAFE teachers.

COMMITTEES
Selection of Bills Committee

Report

Senator FERRIS (South Australia) (3.49 p.m.)—I present the 11th report of 2003 of the Selection of Bills Committee.

Ordered that the report be adopted.

Senator FERRIS—I seek leave to have the report incorporated in Hansard.

Leave granted.

The report read as follows—

SELECTION OF BILLS COMMITTEE

REPORT NO. 11 OF 2003

1. The committee met on Tuesday, 16 September 2003.

2. The committee resolved to recommend—

That—

(a) the provisions of the Energy Grants (Cleaner Fuels) Scheme (Consequential Amendments) Bill 2003 and the Energy Grants (Cleaner Fuels) Scheme Bill 2003 be referred immediately to the Economics Legislation Committee for inquiry and report on 16 October 2003;

(b) the provisions of the International Tax Agreements Amendment Bill 2003 be referred immediately to the Economics Legislation Committee for inquiry and report on 3 November 2003;

(c) the provisions of the Taxation Laws Amendment (Superannuation Contributions Splitting) Bill 2003 be referred immediately to the Economics Legislation Committee for inquiry and report on 3 November 2003;

(d) the order of the Senate of 20 August 2002 adopting the committee’s 6th report of 2002 be varied to provide that the Workplace Relations Amendment (Improved Remedies for Unprotected Action) Bill 2002 be referred immediately to the Employment, Workplace Relations and Education Legislation Committee for inquiry and report on 13 October 2003; and

(e) the following bills not be referred to committees:

Crimes (Overseas) Amendment Bill 2003

Family Assistance Legislation Amendment (Extension of Time Limits) Bill 2003

Taxation Laws Amendment Bill (No. 8) 2003.

The committee recommends accordingly.

3. The committee deferred consideration of the following bills to the next meeting:

Bill deferred from meeting of 12 August 2003

Civil Aviation Legislation Amendment (Mutual Recognition with New Zealand and Other Matters) Bill 2003.

Bill deferred from meeting of 19 August 2003

Appendix 1
Proposal to refer a bill to a committee
Name of bill(s):
Energy Grants (Cleaner Fuels) Scheme (Consequential Amendments) Bill 2003
Energy Grants (Cleaner Fuels) Scheme Bill 2003
Reasons for referral/principal issues for consideration
Hasty submission of bill
Questions as to the administrative and funding arrangements applying to biofuels and ethanol
Regulatory provisions that give a definition to a "cleaner fuel"
Continual subsidisation to alternative fuel industry despite poor performance
Possible submissions or evidence from:
Treasury, Biofuels Association
Committee to which bill is referred:
Economics Legislation Committee
Possible hearing date: 9 October 2003
Possible reporting date(s): 3 November 2003
Senator Sue Mackay
Whip/Selection of Bills Committee Member

Appendix 2
Proposal to refer a bill to a committee
Name of bill(s):
Tax Agreements Amendment Bill 2003
Reasons for referral/principal issues for consideration
The costs and benefits of the UK double tax agreement
Possible submissions or evidence from:
Treasury, Australian Taxation Office, Corporate Tax Organisation, Australian Bankers Association
Committee to which bill is referred:
Economics Legislation Committee
Possible hearing date:
Possible reporting date(s): Early December
Senator Lyn Allison
Whip/Selection of Bills Committee Member

Appendix 3
Proposal to refer a bill to a committee
Name of bill(s):
Taxation Laws Amendment (Superannuation Contributions Splitting) Bill 2003
Reasons for referral/principal issues for consideration
To examine the provisions of the bill particularly in relation to the costs to funds and questions of equity.
Possible submissions or evidence from:
Superannuation industry groups such as ASFA, IFSA, Institute of Actuaries, CPA, ICCA, FPA
Australian Consumer Association
ACTU
ACOSS
Women’s groups
Committee to which bill is referred:
Economics Legislation Committee
Possible hearing date:
Possible reporting date(s): Early December
Senator Lyn Allison
Whip/Selection of Bills Committee Member

Appendix 4
I write to seek your cooperation to add the Workplace Relations Amendment (Improved Remedies for Unprotected Action) Bill 2002 to the agenda of the Selection of Bills Committee meeting on Tuesday, 16 September 2003.
This bill was previously considered at a meeting of the committee and has been received by the Senate but not yet debated.
I am available to discuss this matter with you if required.
Yours sincerely
Senator Sue Mackay
Whip/Selection of Bills Committee Member
Appendix 5
Proposal to refer a bill to a committee
Name of bill(s):
Workplace Relations Amendment (Improved Remedies for Unprotected Action) Bill 2002
Reasons for referral/principal issues for consideration
That the bill would place unnecessary restrictions on the commissions capacity to settle and prevent disputes.
That the bill would encourage the commission to consider employers interests above employee interests.
That the bill is unnecessary as interim orders can already be made under the act, and s127 applications need to be considered as soon as practicable already.
Possible submissions or evidence from:
Committee to which bill is referred:
Employment, Workplace Relations, and Education Legislation Committee
Possible hearing date: 17 October 2003
Possible reporting date(s): 29 October 2003
Senator Sue Mackay
Whip/Selection of Bills Committee Member

NOTICES
Postponement
Items of business were postponed as follows:
General business notice of motion no. 602 standing in the name of Senator Nettle for today, relating to anti-vehicle mines, postponed till 7 October 2003.
General business notice of motion no. 603 standing in the name of Senator Nettle for today, relating to Iranian asylum seekers, postponed till 18 September 2003.

HEALTH: HIV-AIDS
Senator STOTT DESPOJA (South Australia) (3.50 p.m.)—by leave—I move the motion as amended:
That the Senate—
(a) acknowledges the Australian Government’s commitment of $200 million over 6 years to combat HIV/AIDS, with a particular focus on the Asia-Pacific region;
(b) notes:
(i) that the United Nations (UN) General Assembly will review the implementation of 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 consider making a significant contribution to the Global Fund by the end of 2004.

Question agreed to.

TRADE: LIVE SHEEP EXPORTS

Senator BARTLETT (Queensland—Leader of the Australian Democrats) (3.51 p.m.)—I move:

That the Senate—

(a) notes that:

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

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

(iii) Saudi Arabia’s rejection of Australian shipments because of disease concerns resulted in the cessation of the live sheep trade for a decade from 1991, and trade only resumed in 2000 after Australian exporters agreed to vaccinate all sheep against scabby mouth before shipment,

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

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

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

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

(b) demands that the Government:

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

(ii) enforce minimum welfare standards in the live export trade and increases support for the chilled and frozen meat export trade.

Question agreed to.

IRAQ

Senator BROWN (Tasmania) (3.52 p.m.)—I ask that general business notice of motion No. 604 standing in my name for today, relating to the call on the Prime Minister to apologise for misleading Australia over
Iraq’s weapons of mass destruction, be taken as a formal motion.

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

Senator Mackay—Yes.

The DEPUTY PRESIDENT—There is an objection.

Senator Brown—Do I understand that the objection came from the opposition?

The DEPUTY PRESIDENT—Yes.

Suspension of Standing Orders

Senator Brown (Tasmania) (3.53 p.m.)—In view of that refusal of formality by the opposition and pursuant to contingent notice, I move:

That so much of the standing orders be suspended as would prevent Senator Brown moving a motion relating to the conduct of the business of the Senate, namely a motion to give precedence to general business notice of motion no. 604.

I do so because it is important that this matter is discussed. Let me reacquaint senators with the text of the motion. It reads:

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.

This motion says, in effect—based on the fact that there have been no weapons of mass destruction discovered, despite 1,400 scientists looking for them in Iraq—that the Prime Minister misled the country when he, as a central tenet of his reason for going to war, made statements inside and outside this parliament that Saddam Hussein had weapons of mass destruction and that, moreover, those weapons of mass destruction presented a threat to the rest of the world and, in particular, to countries in the region.

We all know that the feeling at the time was of great and intense urgency because there were chemical, nuclear and biological weapons being stored by Saddam Hussein; these were potentially aboard rockets aimed at countries in the region; they could reach as far, potentially, as Turkey and beyond that to the nearer countries of Europe and this presented a menace to the world; and, moreover, the weapons could fall into the hands of the wrong people as Iraq may be treaty with terrorists.

What has happened has been a failure to find those weapons after the invasion and, moreover, an increased danger of terrorists getting hold of weapons of mass destruction and, indeed, being involved in terrorism because of the state of affairs that we now see in Iraq. So the Prime Minister, on the one hand, used weapons of mass destruction as a reason for going to war and, on the other hand, said we have found, because they were not there but because the war was prosecuted, that the risk of terrorism increases, and that includes increases in risk to Australians abroad as well as—

Senator Ian Campbell—Mr Deputy President, I rise on a point of order. I have been listening carefully to Senator Brown and he needs to be making a case for the urgency of this motion and why the standing orders should be suspended. He has not addressed that by one iota. He is actually addressing the content of the motion that was before the Senate. If he wants to be within the standing orders, he needs to explain why we should be suspending all the other business of the Senate so that this can be dis-
discussed. Mr Deputy President, that is the issue before you at the moment.

Senator Faulkner—Mr Deputy President, I rise on a point of order. I must say in relation to this point of order taken by Senator Campbell that I beg to differ with the Manager of Government Business in the Senate. It has been an accepted procedure in this place by a number of presidents and those presiding in this chamber, in relation to a suspension of standing orders motion before the chair, that the President allows a wide-ranging debate that goes to the substance of the motion. This has become accepted because of the use of procedures in this place and we have to try to be consistent in the way that we approach the handling of these motions.

Strictly, of course, what the manager says is true. It is always true that a senator is required under the standing orders of this chamber to address the question before the chair. But it has been accepted on all sides of this chamber and by the President or person presiding in this chamber that latitude on suspension motions will be allowed. This is because the moving of a suspension motion saves time as quite often such motions are negativized. This is a matter of us being commonsensical and consistent and, with respect, on these occasions it is accepted that latitude be shown. With that, of course, there is a certain level of responsibility upon senators not to abuse the goodwill of the chair but this issue has developed in a way that most of us understand. For my part, in accordance with what has become an accepted approach in the chamber, I think it would be proper to find Senator Brown’s comments in order and orderly.

The DEPUTY PRESIDENT—On the points of order, I find that Senator Brown should continue and that there is no point of order raised by Senator Ian Campbell. There are two minutes left of your speech, Senator Brown, and I am sure you will be relevant to the motion before the chair.

Senator Brown—Of course I will be and have been. One has to develop a case and then put it. The case is that, not only as stated in part (a) of this motion but in many other respects, the whole tenet of decreasing terrorism by getting rid of Saddam Hussein has now been found to be false and, in the main, the evidence for that being false was known before the war. This includes not least the recent revelation that the British joint chiefs of intelligence had drawn the conclusion before the Iraq war that there would be increased rather than decreased potential for terrorism after the war, and we know that the feelings of ASIO and the CIA on the matter—that it would increase the risk of terrorism around the world—have been publicly stated.

This is a matter about which the Prime Minister of Australia should apologise. The leadership of the Labor Party said only on the weekend, relating to the joint chiefs of British intelligence matter, that the Prime Minister has misled the country. I agree with that. I think the Prime Minister misled the country on the whole thrust of his statements to the country. He had access to the intelligence. He should have been balanced about it. In a matter of going to war, he should not ever mislead this country or have a tendency to do so. Never is truth more required. Never is being matter of fact and honest with the people of Australia more required than under those circumstances. This Prime Minister failed that test; therefore, he should apologise to the people of Australia. That is the minimum and that is what this motion is asking for. That is why I commend it to the Senate.

Senator Faulkner (New South Wales)—Leader of the Opposition in the Sen-
ate) (4.02 p.m.)—There has been a long-standing difficulty in the chamber in dealing with certain motions—many of which fall into the broad policy area of foreign affairs—a difficulty in determining how it is appropriate for the Senate to deal with those motions. I have said on many occasions that I am concerned about the fact that the distinction between the Senate passing a foreign policy motion and expressing a view and the executive government expressing a view is not well understood outside this building. I think all senators in the chamber know that after the change of government in 1996 the new opposition tried to institute—and instigate—a new way of dealing with foreign affairs policy motions, but I have also acknowledged that that has not proved successful, because at times it has been misunderstood and on other occasions it has been deliberately misrepresented.

The difficulty—and I say this again in all seriousness to the Senate—with any of these motions before the chair put formally for a vote is that the choices are to vote in favour of such a motion or to vote against such a motion. There is no capacity to amend the motion, unless that has been done by agreement. It is a very blunt instrument indeed. I think any senator in this chamber and any party represented in this chamber—if we are to come to a formal position of this chamber, if there is concern—needs to have a capacity to ensure that those important differences or nuances are able to be expressed. They cannot be expressed through the mechanism of a formal notice where, if a matter is declared formal, a party or a senator has the choice of voting either for it or against it.

I have to say I agree with a great deal of what Senator Brown has said on this matter, but the problem is the actual substantive motion before the chair. And this particular motion says:

... 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 ...

I do not think that addresses the complexity of the issue that we have before us. We do not conclusively know that the Iraq survey group is delaying the publication of its interim findings. We do not know that. I might have my suspicions—and obviously Senator Brown has his suspicions—but they have not been confirmed. It is very difficult, I think, to ask the chamber in this way to accept such an unestablished point as is claimed in the first paragraph of the motion.

We know from various other reports, including a statement made by Senator Hill as late as last night, which I suppose we can accept at face value as being accurate, that the Iraq survey group is still set to report and is in the process of reporting. That is what the Minister for Defence tells us. We obviously need to hold him accountable on that issue. We understand that the Iraq survey group is scheduled to provide an interim report in the near future, and of course we look forward to that report. But this is a substantive issue. Of course, this Senate has previously taken action against the Prime Minister. If it does so again, it should do so through the vehicle of a full debate, not just through a vote on a motion that is a very blunt instrument and that, on this occasion, I think does not achieve the objectives that are warranted. So for that reason we will not support the suspension of standing orders. (Time expired)

Senator BARTLETT (Queensland—Leader of the Australian Democrats) (4.07 p.m.)—On behalf of the Democrats, I will make a few points in relation to the suspension of standing orders. I think there is some
substance to what Senator Faulkner has just said in terms of his concerns about process, although I would not overstate them. I do acknowledge there are some difficulties there in terms of such a motion being a blunt instrument. At the same time, given that we allow the vast preponderance of Senate time to be used to deal with either government business or business of the Senate, there are not many other avenues for the Senate to express views, other than through either formal motions or matters of urgency, which tend to take an hour. We are trying to find a way to express an opinion about a matter without necessarily taking up excessive amounts of time in the Senate, given the huge amount of business we have to get through. I am sure, generally speaking, the Manager of Government Business prefers that we just deal with motions through formal business rather than having these sorts of debates. Whilst there is some substance to Senator Faulkner’s concerns, I think we do have to acknowledge the limitations there are on the Senate being able to express views on important matters.

The question before the chamber at the moment is that the Senate should suspend standing orders to debate the substantive motion. This would hold up Senator Cook’s very important matter of public importance debate and the reconsideration of other legislation. I would have to say that, whilst I think this is an extremely important matter, I do not think it is so urgent that it should displace all other business. I realise that Senator Brown has only gone down this path because he was denied formality and this is the only way he can try to bring the issue to a vote. That is just one of the procedural realities of this place. In that context, I indicate that the Democrats are supportive of the substantive motion. If we were simply suspending standing orders to then enable a vote to happen, we would support that.

In relation to the substantive motion, I take this opportunity to reinforce the concerns the Democrats have repeatedly expressed—as have many in the Australian community, I might say—about the lack of openness, the lack of honesty and the lack of transparency by this government in a lot of issues to do with the arguments put forward about Australia’s participation in the war in Iraq. We had the continual pretence last year that predeployment of troops in no way meant that the government had already decided to support any request from the US to go to war. Everybody knew that that was just a facade, and that is how it played out and how it proved to be. We had—as this motion refers to, to some extent—a clear misstating of some of the intelligence and information surrounding the extent and the deployability of weapons of mass destruction. We have had further information in recent times that there was clear intelligence advice that an attack on Iraq was quite likely to increase the risk of terrorism and decrease the security of nations involved. That was kept from the Australian people, despite many of those with concerns about the proposed war making that very point—me included.

We have an inquiry which is a pale, pale shadow of the sort of inquiry that the UK had—and, indeed, the US is having—postwar into some of these issues. That is why it is appropriate to try to take opportunities to highlight the problems here. In the UK there were ministers, ministerial staffers, heads of departments and intelligence operatives appearing in public hearings—some of them more than once—giving evidence and taking questions. What have we got in Australia? No ministers, no witnesses from the government and no witnesses from intelligence agencies; any written submissions from any government department or intelligence agencies being vetted beforehand by the government; and a government con-
trolled committee that can force all hearings to be held in secret. It is no wonder that there is no confidence in this government’s honesty, particularly in relation to such an important matter as sending our troops to war.

Senator IAN CAMPBELL (Western Australia—Parliamentary Secretary to the Treasurer) (4.12 p.m.)—I think the trouble with what Senator Bartlett has just said is that it is actually a reflection on Australia’s parliamentary democracy. We are not Westminster and we are not Washington. We do have a superb federal democracy here, with a House of Representatives and a Senate, and, in fact, our parliament decided to establish an inquiry into intelligence on Iraq’s weapons of mass destruction. That inquiry is currently being held by the Joint Committee on ASIO, ASIS and DSD.

I think, regardless of your views about the government’s decision to either predeploy or join the coalition of the willing and enter Iraq, the one thing we can all agree on is that we do have a vigorous democracy here. We do have a very effective parliament, and we can agree to have vigorous debates about the government’s decision and the basis of that decision. I think it is outrageous to condemn the processes of this parliament that are going through that in a diligent way. We are having questions in question time in this place and the other place about the intelligence, how it emerged, who received it and when, and we have got the committee that is currently inquiring into these very issues.

I fully concur with Senator John Faulkner, the Leader of the Opposition in the Senate, that to have a straight up-and-down vote on a motion such as this is absurd. We could amend so many areas of this motion or discuss the finer points of each point of the motion. It is absurd to have it brought to a vote by way of the formality process. I think to do so would reduce the credibility of any Senate vote on this sort of matter.

I will not say any more. Having seen the way that other leaders have indicated their parties are going to vote, clearly the Senate will not suspend standing orders, but I did want to make the point in relation to Senator Bartlett’s comment that in fact this parliament is doing its democratic duty to test the government on these decisions and test the intelligence, and to say that the work of this parliament is any less or more vigorous and—let us judge it in the future—less effective than the parliament in England at Westminster or the congress in Washington I think is an insult to Australia.

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

The Senate divided. [4.19 p.m.]
(The Deputy President—Senator J.J. Hogg)

Ayes.............. 9
Noes............. 46
Majority........ 37

AYES

Allison, L.F. * Bartlett, A.J.J.
Brown, B.J.
Lees, M.H.
Nettle, K.
Stott Despoja, N.

NOES

Barnett, G. Bishop, T.M.
Bolkus, N. Brandis, G.H.
Buckland, G. Campbell, G.
Campbell, I.G. Chapman, H.G.P.
Colbeck, R. Collins, J.M.A.
Cook, P.F.S. Cossin, P.M.
Denman, K.J. Eggleston, A.
Faulkner, J.P. Ferris, J.M. *
Forshaw, M.G. Hogg, J.J.
Humphries, G. Hutchins, S.P.
Johnston, D. Kirk, L.
Lightfoot, P.R. Ludwig, J.W.
Question negatived.

INDIGENOUS AFFAIRS: CHILDREN

Senator RIDGEWAY (New South Wales) (4.23 p.m.)—I move:

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.

Question agreed to.
tion, I said that Senator Nettle had not conferred with Labor and that that was a reason we were resisting her proposal. I want to correct the record now: Senator Nettle had conferred with Labor, and I acknowledge that. Therefore, I amend my comments and apologise to Senator Nettle over that.

The current motion is about the Pharmaceutical Benefits Scheme and also about what process should be introduced in adopting trade agreements. We have just had a debate over weapons of mass destruction and the Prime Minister in which the leader of the Labor Party in this chamber, Senator Faulkner, clearly laid out the fact that we are unable to amend notices of motion. That is the process. If we could have amended the previous motion from Senator Brown, we would have. If we could have amended this motion in this chamber, we would have, because we agree with 99 per cent of it. This is about the Pharmaceutical Benefits Scheme. One of the proudest achievements of the Labor Party is the establishment of Medicare and the Pharmaceutical Benefits Scheme.

Senator Patterson—What year was it set up?

Senator COOK—The Pharmaceutical Benefits Scheme introduced—

Senator Patterson—What year?

Senator COOK—The changes introduced by us, Senator—if you will just behave yourself and conform to standing orders—imposed a cost limit on the price of pharmaceuticals; introduced changes to the intellectual property requirements in the Pharmaceutical Benefits Scheme; and guaranteed that everyone in Australia, irrespective of how wealthy or poor they were, had access to affordable pharmaceuticals to treat their sickness or injury. We regard that as an essential part of the major reform of introducing Medicare into this country.

We are aware—and I do note the comments of the minister for health—that this government has a program to Americanise health care in Australia and to water down the Pharmaceutical Benefits Scheme. I want to say on behalf of the Labor Party that we will resist that. That is a die-in-the-ditch proposition for us, because it is one of our proudest reforms and one of the ways in which the greatest equity was introduced into Australians’ access to health care. But we now know that the Minister for Trade has put on the negotiating table between Australia and the United States the Pharmaceutical Benefits Scheme, among a number of other things. We are aware that a backdoor way of changing the Pharmaceutical Benefits Scheme is for the government to claim that it is required to do so because of a trade agreement. I simply mark the spot, as Jenny Macklin, Stephen Smith and Julia Gillard have done previously—all of them health spokespersons for Labor—that this government is on notice. If in the Australia-US free trade agreement it tries to water down the Pharmaceutical Benefits Scheme, we will resist any legislation that does so.
mechanism that the Labor Party is using to facilitate the program of the government.

The ACTING DEPUTY PRESIDENT—Senator Mackay, that is not a point of order. Senator Cook, I sensed that you were coming to a conclusion.

Senator COOK—Could I speak on the point of order?

The ACTING DEPUTY PRESIDENT—Further to the same point of order?

Senator COOK—Yes, on the same point of order. I take what the minister for health says as a way of saying that we should be gagged from putting on the record our reasons for why we are going to oppose this motion because it is uncomfortable for the government for us to express those reasons.

The ACTING DEPUTY PRESIDENT—That is not a point of order either, Senator Cook, as you are aware.

Senator COOK—That is not a point of order. In my submission to you, that is not a point of order and it should be ruled out.

The ACTING DEPUTY PRESIDENT—That is not a point of order, Senator Cook.

Senator O’Brien—He’s not making one. He said, ‘Further to the point of order—’

The ACTING DEPUTY PRESIDENT—With respect, Senator O’Brien, Senator Cook asked for a point of order and he was given the call on the basis that there was a point of order. I understand that Senator Cook is now going to continue his speech. I sensed that it was coming to a conclusion.

Senator COOK—With the greatest of respect to you, Mr Acting Deputy President, I wanted to speak on Senator Patterson’s point of order before returning to my remarks in order to allow you to rule out her point of order. If that process has been done, I am happy to return to my remarks and take on board your comments.

The ACTING DEPUTY PRESIDENT—I think you are probably right, Senator Cook, and I apologise. There is no point of order, Senator Patterson.

Senator COOK—Thank you. I want to also put on the record that, if, for example, in these FTA negotiations, American negotiators persuade this government to do something about the PBS and there is legislation that arises to water it down, we will vote against that legislation in this chamber. We support 95 per cent of what is said here. The reason why, in the end, we reluctantly have to oppose this is that it proposes to introduce a system which goes to the constitutional rights of the government and the constitutional process of adopting trade agreements. We believe it ought not be introduced in this manner and ought to be properly debated. The Senate Foreign Affairs, Defence and Trade References Committee is examining this matter and will report shortly. We believe that it is appropriate to wait for that report before considering the question—which we would have to vote on here—that this chamber and the parliament be required to vote to adopt trade treaties. That may be something we agree to do or it may be something we do not agree to do, but at this juncture it is premature to put that question to us.

Senator RIDGEWAY (New South Wales) (4.31 p.m.)—I do not want to delay the Senate any longer than it needs to be, but I wish to respond. I seek leave to make some very brief comments.

Leave granted.

Senator RIDGEWAY—I thank the Senate. I want to respond to some of the comments made by Senator Cook. Most of the issues have been expressed as a result of a similar motion yesterday, which dealt with the question of the role of parliament in relation to the need to debate and ratify the various treaties. I made it clear yesterday that,
whilst I accept that a process has been gone through by the Senate Foreign Affairs, Defence and Trade References Committee in looking at a range of recommendations being put forward, the role of the parliament is really to scrutinise the actions of the executive of government and make recommendations to serve the interests of the Australian people. I think it also needs to be kept in mind that, whilst we do not wish to undermine the importance of that process and the alternatives that have been put in place—particularly in the Joint Standing Committee on Treaties providing a considered and detailed report to parliament on the impact of treaties entered into by the executive of government—we seeking to involve the parliament in a much greater way.

To illustrate that point, I use this example: as Senator Cook would know, the government itself has shown little respect for the JSCOT process. The recent Customs Legislation Amendment Bill (No. 2) 2003, dealt with earlier this year, implemented key aspects of the Singapore-Australia free trade agreement. In my view, the action of the government in scheduling the legislation before the result of the JSCOT process of analysing the treaty was published undermined the process and essentially ignored the valuable contribution that could be made by JSCOT in scrutinising any of the treaties. It seems to me that it is important to deal with these issues. I am aware that the references committee is not going to look beyond what is currently there. I can understand the view being put forward by Senator Cook. He is in opposition; they may well one day be in government and an executive may decide to make decisions about trade agreements to the exclusion of the rest of parliament. At the same time, I want to make it clear that our position has been consistent from when my former colleague Senator Bourne was in the parliament and introduced a private senator’s bill to look at the role of parliament and for the ratification of treaties.

Question negatived.

Senator Nettle (New South Wales) (4.34 p.m.)—I ask that the Australian Greens’ support for that motion be recorded.

COMMITTEES
Rural and Regional Affairs and Transport Legislation Committee
Meeting
Senator Ferris (South Australia) (4.35 p.m.)—At the request of Senator Heffernan, I move:
That the Rural and Regional Affairs and Transport Legislation Committee be authorised to hold a public meeting during the sitting of the Senate on 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.

Question agreed to.

MATTERS OF PUBLIC IMPORTANCE
World Trade Organisation
The Acting Deputy President (Senator Lightfoot)—The President has received a letter from Senator Cook proposing that a definite matter of public importance be submitted to the Senate for discussion, namely:

The World Trade Organisation negotiations have broken down and as a result, a significant opportunity has been missed for Australian primary producers, exporters and the national economy.

I call upon those senators who approve of the proposed discussion to rise in their places.

More than the number of senators required by the standing orders having risen in their places—

The Acting Deputy President—
I understand that informal arrangements have been made to allocate specific times to each of the speakers in today’s debate. With the
concurrence of the Senate, I shall ask the clerks to set the clock accordingly.

Senator O’BRIEN (Tasmania) (4.36 p.m.)—I am indebted to Senator Cook, a most distinguished former trade minister, for allowing me to lead this debate regarding the failure of the meeting of the World Trade Organisation in Cancun this week, from which I and Senator Sandy Macdonald—who I have noticed in the chamber today—have returned this morning, which we attended as parliamentary observers.

I share—as do nearly all if not all Australians, the members of the delegation, observers and non-government organisation representatives—a particular disappointment at the failure of the Cancun talks. It is a failure on many fronts: firstly, a failure of the WTO and, unfortunately, a failure of the Cairns Group. It is a failure of the government’s trade policy and a failure of Minister Vaile’s chairmanship of the Cairns Group—a failure for which our export based rural industries will pay the price.

Australian farmers, indeed all Australians, stood to share in increased export revenues of around $4 billion had the Cancun talks been successful in resolving the issues around the so-called ‘three pillars’ of effective world agricultural trade: improved market access, a reduction in domestic support and a reduction in— with a view to the elimination of—export subsidies. Australia’s dairy, beef and mutton producers stood to have been the big winners from successful Cancun discussions on a protocol arising from the Doha Round.

Another group who could have been winners, and for whom the failure of the Cancun talks is an especially bitter blow, is the Australian sugar industry. The sugar industry and the communities who rely on it have been buffeted for a number of years by the passing perils of drought and crop pests and the more perennial perils of corrupted world markets and low world prices. Unfortunately, they have all had to bear the blundering of the agriculture minister, Mr Warren Truss; that of the self-proclaimed helper to the Prime Minister on matters sugar, Senator Ian Macdonald; the ineffectual chair of the coalition’s sugar industry task force, Mrs De-Anne Kelly—

Senator Patterson—Have a swipe at everybody while you’re at it.

Senator O’BRIEN—perhaps I will come to you later, but I will finish this at the moment—and now the failure of Mr Vaile at Cancun. In this place last week I believe—I was not here, but I was reliably informed—Senator Boswell made the startling allegation that the sugar industry did not want the federal government’s assistance package to help it rebuild for the future. Senator Boswell’s statement is further confirmation of how out of touch the once great National Party is with the plight of the sugar industry and regional Australia in general. Last week, Senator Boswell said of the federal government’s $120 million sugar assistance package promised one year ago—this is from the Hansard:

I will tell you why the package never got up. It did not get up because the industry did not want it to get up.

During the debate in the Senate last week, Senator Boswell continually referred to the sugar reform package in the past tense, signalling the death knell for the package and dashing any hopes sugar communities might have had that the Howard government would support them. The Howard government’s sugar industry package appears now to have been nothing but an illusion—a phantom package—which, it appears, the Howard government never really intended to deliver. And worse, the Howard government’s phantom sugar package has damaged the proud reputation of the sugar industry in the eyes of
Australian families who have been slugged with a tax on food—a sugar tax—in order to fund it.

Senator Boswell’s view that sugar growers do not want the federal government’s assistance package indicates that Senator Boswell is deluded—thinking all is now well within the industry—and demonstrates how out of touch he and the Nationals are. The sugar industry is one of the industries that stood to be critically affected—positively, I might say, with respect to growers in many countries, including Australia—by the removal ultimately of export subsidies and the substantial reductions in domestic support that were aims of this round, and two of the three pillars that I mentioned earlier. I suppose it is not surprising that Senator Boswell and the National Party take that point of view, as they are the party who sold out country Australians on the sale of Telstra—their form is consistent at least.

The failure of the meeting at Cancun and the loss of trade reforms, at least for some time, that could have been a lifeline to the sugar industry are just extra burdens for the sugar communities to bear as they come to grips with the fact that the Howard government and the National Party, in particular, have walked away from them. The National Party and the Howard government have again failed to keep a promise—this time to deliver the sugar reform package. The failure of the Cancun meeting in those circumstances must be particularly disappointing to those sugar farming families who, due to current low world prices, are surviving on federal income support—income support that is due to finish in about a fortnight, on 1 October.

And why is that so important? Low world prices are, to a great extent, due to the fact that sugar industries, particularly in the EU and in the United States, receive a great deal of government support, allowing their producers to sell their product at less than their cost of production and thereby produce more and reduce the world price. Countries like Australia, and many other countries around the world which produce sugar, are paying an enormous price for the domestic support policies, and to an extent the export subsidy policies, of the European Union particularly but also the United States.

In the absence of any announcement to the contrary from the Minister for Agriculture, Fisheries and Forestry, Mr Warren Truss, those families receiving that support, which is due to finish on 1 October, must assume that the Howard government will walk away from income support—just as they have walked away from the sugar industry reform package. Labor knows the sugar industry deserves and needs help and Labor will pursue the Howard government to ensure they meet their promises to sugar farming families. And as such I now call on Mr Truss to immediately announce the Howard government’s plans for income support for sugar farming and harvesting families. These families deserve some certainty.

The Cairns Group was established by a number of nations, but certainly by Australia under the guidance of Labor in August 1986. It is part of the great Labor legacy in delivering real trade liberalisation and the economic benefits that have come to the Australian economy as a result. The Cairns Group is committed to achieving a fair and market oriented agricultural trading system not only for the good of Australian farmers but also as a means of contributing to regional stability and wealth by allowing the farmers of developing nations to have a fair go in world trade and not have to compete to sell their own products in their own markets against subsidised products receiving the benefits of export subsidies from developed nations.
With Australia effectively permanently the chair of the Cairns Group, it has been an invaluable tool to assist us to meet our trade goals and, through its network of 17 developed and developing nations, to understand the objectives of our trading partners better. I cannot accept that we should find ourselves in a position to be taken by surprise when members of the group of 22 developing nations—initially 20—announced they would form an agricultural negotiating bloc, and to find that at least two of the key players in establishing that group were Cairns Group members. I think at least 10 Cairns Group members became members of the G20 as it started; the G22 as it is now.

Clearly, as the negotiations at Cancun panned out, the developing nations found themselves pitted in particular against the EU, Japan and South Korea not on an agricultural issue but the so-called Singapore issues—not issues that greatly troubled or were key focuses for Australia in the round and not issues that fit with the theme of the round, which was to advance development in the world. As a result of the pursuit of these issues by the developed nations, and the placing of negotiations on the Singapore issues before agriculture, the talks at Cancun failed when, late in the process, after no progress had been made on the Singapore issues, the chair decided he would block the discussions at Cancun and indicated he would report to the plenary session. He effectively reported that the discussions be ended and all matters be referred to a meeting of officials in Geneva later. That was the decision that was ultimately taken, so there were effectively no substantial negotiations on the issues around which the discussions were commenced: those development issues which for most of the world revolve around the freeing up of the world trade environment and the advancements under the three pillars with regard to trade in agriculture.

Considering that one of the key drivers, if not the key driver, of the G22 as it has become, Brazil, has been a very important member of the Cairns Group for some time, it was incredible to arrive at Cancun and find that this group of nations, which involved so many Cairns Group members, had formed and yet the government and Minister Vaile did not know about it in its period of formation. What was the minister doing in the lead-up to those negotiations? What discussions were being held with those nations to ascertain what their views were and whether there were any developments which might be relevant to Australia’s role as the chair of the Cairns Group, which was until now a very important negotiating group in agriculture?

Might the resources that the government applied to the US FTA have been better used pursuing the issues around the Doha Round? Would we have been better informed if we had not been distracted by the—

**Senator McGauran**—This is the best you have got out of a week or two in Mexico? Is this your best effort?

**Senator O’BRIEN**—I am very interested to hear the comments from one of the more irrelevant members of the National Party in this parliament. Certainly, I did not hear about the G22 until a short time after the minister heard about it but the minister, a member of Senator McGauran’s party, had all of the bureaucracy working for him. The point I am making is: how many members of his department were concentrating on the FTA? What resources were applied to the preparations for Cancun? Why weren’t we in a position to know that key members of the Cairns Group, Brazil and South Africa, were sitting and talking to India—not a member of the Cairns Group—in particular about forming a new group which would ultimately subsume the role of the Cairns Group with regard to agriculture, and arguably put the Cairns Group in a position—*(Time expired)*
Senator SANDY MACDONALD (New South Wales) (4.52 p.m.)—My contribution to Senator Cook’s matter of public importance will not be as negative as that of my parliamentary observer colleague in Mexico last week. Australia is disappointed that the fifth ministerial conference of the WTO in Cancun last week did not take the next step in the important Doha Round of global trade negotiations to free up world trade and, in particular for Australia, to further agricultural trade. There are a lot of poor farmers in the developing world this day who will be hurt by the failure of the round, which occurred not on the agricultural reforms so important to them but on the so-called Singapore issues, which stalled the round before the agricultural issues were directly negotiated.

What are these Singapore issues? They involve trade and investment rules, trade and competition rules, rules about transparency and government procurement and rules about trade facilitation. Whilst these are important, they are not the main game for the developing agricultural nations or for Australia. However, we do not control the agenda. As an observer of the round, it was clear that our Minister for Trade, Mark Vaile, who is the Chair of the Cairns Group of agriculture producing nations, and all the officials served Australia particularly well. I would like to put on record that Mark Vaile did a great job for Australia in Mexico. That was recognised by his team there and all of us, with the exception perhaps of Senator O’Brien.

Ours is a conservative or defensive position with respect to the Doha Round. Like less developed nations we had much to gain from the round, but a stalemate result is much better than a bad result. Australia is making good headway in world trade for all the reasons that most of us understand: we have a good export culture, we have highly competitive farmers and we have low trade barriers to manufacturers and people who want to trade with Australia, including those who want to export agricultural products to this nation. We recognise that there is more that should be done for all trading nations, particularly poorer agriculture-producing nations. The Cancun result was an opportunity lost. This was an extremely bad call by the countries of the G22, particularly Brazil, which is the leader of this new group of poorer agriculture-producing nations.

Whilst it is clear from the mandate of the Doha development agenda, the freeing up of world trade comprises three pillars: firstly, the removal of domestic subsidies; secondly, the removal of export subsidies; and, thirdly, access to markets, particularly through mechanisms that allow incremental access to developing nations to protect them. It is all about giving them access to developed nations but, at the same time, putting some onus on them which requires their markets to be opened up in time as well. These objectives remain after this WTO, and the critical role for Australia remains as leader of the Cairns Group.

Senator O’Brien said in the media that we have lost more than we have gained. We have lost nothing. We would have lost much more if there had been a bad outcome. This organisation of 150-odd nations operates by consensus, with the result perhaps not as we would like it. We live, as all trading nations live, to fight another day. I can report to the Senate that not only does our minister have international credibility and an obvious leadership role within the 150-odd members of the WTO but so do the farm leaders and in particular Peter Corish, who is President of the NFF and who was with us in Cancun. He did sterling work in forging a relationship with his US counterpart, US Farm Bureau chief, Bob Stallman. These links will be absolutely vital to Mark Vaile and Australia as
CHAMBER

we move forward to negotiate the FTA, hopefully concluding it by Christmas.

I think Mark Vaile would agree that the support from our farm lobby and all the members of Team Australia, including our industry reps and the NGOs, did a very constructive job for Australia. Having listened to Senator O’Brien today, I would say that clearly he was the odd man out. I find that very disappointing, because I did not feel that that was the feeling or response that we had whilst we were in Cancun. Like Senator O’Brien, I was given the opportunity on behalf of the government to make an intervention in connection with motions that were moved in the plenary session. That was an honour that was conferred on me, as it was conferred on Senator O’Brien, and I am sure he enjoyed it as much as I did.

This Cancun setback is also regrettable because Australia has worked very hard and constructively since Doha to find a way forward across a whole range of agricultural issues and was looking for major reforms, particularly on market access. The working text, which had been presented to the WTO heads of mission, fell well short of Australia’s expectations. Nevertheless we believed that, with all the major players engaged through the Cairns Group, further improvements to achieve real market access increase in both agriculture and manufacture could have been the result. This was not to be the case, and all WTO members must consider the causes of this disappointing result. Minister Vaile made very clear at the end of the meeting the need to reaffirm the Doha undertakings and to recommit to achieving a conclusion through post Cancun negotiations which will start almost immediately in Geneva. Australia will certainly be making the strongest contribution it can to this process in the coming months.

Alan Mitchell, in today’s Australian Financial Review, summed it up pretty well when he said:

If the collapse of the Cancun meeting dislodges further concessions from Europe, Japan and the US, well and good. But even if it doesn’t, the Doha Round is still a better bet for the developing countries. And if that means the developing nations have to make concessions on their own restrictions on trade and investment, so much the better for them and everyone else.

I want to reaffirm the importance of the role of our minister, Mark Vaile, and to acknowledge the effort of Team Australia at the conference. There is a real professionalism about our trade negotiating team. I was very impressed with their credentials and how they went about their business. The role they play in the Cairns Group, which they have played for many years now, is a real credit to all Australians. I do not think that opportunities should be missed to build Australia’s credentials in trade, and it has undertaken a responsible role. To be generous to our political opponents over the years, when Senator Cook had some responsibility for the Cairns Group was a time of constructive contribution as well.

I was very pleased, as I mentioned earlier, to make an intervention on behalf of Australia in the plenary session to support four very poor African cotton producers—Benin, Burkina Faso, Chad and Mali—by calling on developed countries to cease corrupting world markets through export subsidies on cotton, which is not grown as a commercial proposition without a range of export subsidies. Australia, a major producer and exporter of fibres including cotton and wool, knows from first-hand experience the disastrous impact that these export subsidies have on international trade. Australian cotton producers—some of whom attended the conference and supported me when I spoke and included, as I mentioned earlier, the NFF
boss, Peter Corish—receive absolutely no subsidies from government. This message was extremely well received. It is a great shame that the agricultural text was not agreed to because I think that a date for the elimination of all forms of farm subsidies, including export subsidies, is well within our reach.

This round was not a failure for us. It is ongoing. The meeting may not have been successful, but it is certainly not an end of the Doha Round. Ministers have failed to agree on a negotiating framework at this point, but they have set in train a continuing work program in Geneva which, as I said, will start almost immediately. They have emphasised that all negotiating done to date since Doha should be part of that program. (Time expired)

Senator RIDGEWAY (New South Wales) (5.02 p.m.)—I rise on behalf of the Australian Democrats to speak to this matter of public importance and to express our views on this timely and significant topic. We agree that there has been a valuable opportunity lost with the collapse of the Cancun negotiations, both from the perspective of the Australian agricultural sector and the broader impacts the events of this week will have on the rest of the world. Multilateral reform of world agricultural trade is of huge importance to the Australian agricultural sector and primary producers. Australian farmers currently export over 80 per cent of their total production, worth billions of dollars to the Australian economy, and they do so in an environment of low general tariff levels and minimal government assistance. So achieving real progress on the Doha mandate of substantial improvements in market access; reductions of, with a view to phasing out, all forms of export subsidies; and substantial reductions in trade-distorting domestic support—are, I believe, crucial to our agricultural sector, and it is very disappointing that the Cancun meeting of the WTO has failed to deliver a result in this regard.

The Australian Democrats are particularly concerned at reports this week that the Cancun outcome might damage our prospects for a good agricultural outcome in the proposed Australian-US free trade agreement. US farm support subsidies are a crucial issue for our agricultural sector in obtaining real benefits from any proposed free trade agreement. If this agreement is not about truly free agricultural trade, then I think we do legitimately have to ask the question: what does it stand for and what do we stand to gain? It is certain that we do stand to lose a great deal. The proposed FTA is likely to have far-reaching impacts on many sectors of our economy, as well as valuable aspects of Australian society and culture. It is also important to note that the further collapse of the WTO negotiations has an impact that goes far beyond Australia’s interests. In fact, the result of the Cancun talks highlights the need for a change of approach to trade negotiations. These talks form an important part of the Doha development round of WTO negotiations and yet no agreement has been reached on the critical issue of agricultural trade reform.

The insistence of the larger nations that the deal be conditional upon the so-called Singapore issues—that is, investment and competition policy—in our view stalled the negotiations. Further liberalisation in these areas is likely to benefit already established industrialised economies, such as the European Union and the United States, yet the EU and the US continue to pay billions of dollars to subsidise their farmers. They grossly distort the world agricultural trade and make it very difficult for developing countries, whose economies depend on agriculture, to sell their products in world markets. If rich nations are serious about the development focus of this round, they need to make a real commitment to agricultural trade reform.
Cancun demonstrates that you cannot have one thing and not the other. In that regard, the Minister for Trade, Mr Vaile, and certainly the Australian government, should be encouraged to retain their existing position in line with the Cairns Group countries to achieve meaningful reform in agriculture in line with the views expressed by developing countries. And there is a very good reason for this. As the Cairns Group itself emphasised, the Cairns Group alone represents some 300,000 million people, most of them living in rural areas. They live on less than $2 a day. Their capacity to be able to absorb shocks to their domestic market, when they live on the margins of existence, should be obvious to all. Their need for improved opportunities to export should be equally obvious.

Developing nations for a long time have had to fall into line with a WTO ruled by rich countries and subject to their agenda. We are now seeing a group of developing countries coming together and demanding reform in areas that are important to them before they will submit to the broader objectives of the rich countries—and so it should be. At the same time, I think that we have to acknowledge and recognise that you cannot have one thing and trade off the other. You have to work both of those issues together in order to save face and also to come out with meaningful results.

This is an important development and, as British commentator George Manbiot recently wrote, the developing world is ‘beginning to shake itself awake’ and ‘the proposals for global justice that relied on solidarity for their implementation can spring into life’. We may yet see democratic reform of the WTO to turn it into a properly representative and accountable world body, where the interests of all of the nations of the world must be considered for consensus to occur. The Australian Democrats believe that we do need some form of comprehensive rules based system for international trade: a world system with clearly established rules and processes and with all countries being able to negotiate in good faith and abide by the agreed terms.

**Senator COOK (Western Australia) (5.07 p.m.)**—I put this motion forward today because it is very important for this parliament and this chamber to recognise that the collapse at Cancun is a major catastrophe for the multilateral trading system and it has severe economic implications for Australia. In public debate in Australia it is very hard to relate what happens at Cancun or in the WTO to the hip-pocket nerve of ordinary Australian voters. But if we do not open markets and if we are not able to achieve the ability to trade on a fair playing field to enable our competitive advantage to flourish then the economic growth of this country will be stunted and the employment prospects of ordinary Australians and the ability to pay them better and fairer wages will also be limited. So this touches directly on the hip-pocket nerve of ordinary Australians and, while it might seem remote, it is immediate and the outlook is unfortunate.

Nobody has won because the Cancun ministerial meeting has collapsed—everybody loses. That has been said by a number of commentators, among them Patricia Hewitt, the British Labour Party Secretary of State for Trade and Industry, and Pascal Lamy, the negotiator on behalf of Europe. It is also stated in today’s *New York Times* in a considered article. Of all the losers, though, the poor have lost most and that is the most regrettable feature of this. But, as well, we have to recognise that the survival of the multilateral trading system is at risk unless the world trading system is re-energised and unless the WTO is given the support to be able to focus on delivering what its core task
is: trade liberalisation and growth for economies.

The antiglobalisation movement should not celebrate this loss of momentum. If you believe its rhetoric then there is certainly no comfort for the poor nations of the world, which will now not be able to negotiate greater access to the dominant economies in Europe and the United States. I note that Senator Sandy Macdonald referred to cotton. It is most outrageous that the west African countries which are globally efficient in cotton cannot export because of subsidies that the Americans provide to their cotton producers and cannot realise their competitive advantage. There is a clear case here for change and reform.

A lot of the commentary has been: ‘In Australia, at least we have got the fall back for the failure of the round to this point with free trade agreements that have been put into negotiation.’ I say absolutely and categorically that that is no fall back. There is no substitute for making the global trading system work. There is no substitute for pursuing global trade liberalisation through a rules based system like the WTO. The bilateral trade agreements are a very poor substitute indeed and do not, in fact, hold a candle to the main game. It is misguided to believe otherwise, and it is disappointing to see that the Prime Minister has said that he thinks that the US free trade agreement can somehow be a backstop for Australia.

But the proliferation of so-called free trade agreements—which are more properly described as bilateral trade agreements, preferential trade agreements or, on another view, discriminatory trade agreements—creates a patchwork quilt around the world which leaves out almost fully developed countries and developed countries to do trade deals with each other. A patchwork quilt of new regulations imposes transactional costs on business and creates a new province for lawyers and accountants to charge business a high fee for working out how you penetrate this maze of new regulation. That impacts on small exporters most of all and in this country, a country of small business, on small business most of all. I find it amazing that in this chamber a government spokesman can get up and talk about small business while the government’s trade policy is about imposing more regulation, more transactional costs and more expenses to access international markets through a proliferation of free trade agreements.

It also has to be said that the failure at Cancun was partly delivered because of the proliferation of these bilateral agreements around the world. That is not me saying that, although I do believe that is the appropriate description of what has happened. The Economist last year devoted a front-page article and a considerable internal set of articles to why that is the case. The premier trade writer in the world, the writer for the Financial Times Guy de Jonquieres, has written that on many occasions. The directors-general of the WTO, including the past one and now Dr Supachai, have said it and have also sounded the warning that you cannot run parallel negotiations and expect that the momentum you need to achieve global change can be created while you are, in their terms, sucking the oxygen out of the global trading system and devoting your energies to bilateral trade agreements. And the pretty pass that this has got Australia into in agricultural trade negotiation, which is of course one of our key concerns and interests, is that now that Cancun has collapsed and put out further the prospect of there being a negotiated settlement to the Doha Round in a bilateral trade agreement with the United States, where we are trying to persuade the US to open their market to Australian exporters, the US know that we have no recourse at global
level, so they will drive at bilateral level a tougher deal for our farmers, meaning that it will be harder for us to achieve any real gains in the FTA.

The other thing that has to be said about the US-Australia FTA is that, if this were industrial relations, we would be talking about pattern bargaining by the United States. The US FTA started with negotiations first of all with some Middle Eastern countries, including Morocco, and established a set of standards. They continued that pattern in the negotiations they had with Chile and Singapore and now want to roll that pattern on with Australia. We are caught in the problem of the US Congress having established these principles with other negotiating partners and now wanting to establish them with us. The question for us in preserving our independence in these negotiations is: are those precedents appropriate for the Australia-US relationship? That is a matter for further discussion as well.

In saying how important—in fact, how nationally imperative—it is that this government now devote its primary energies to regaining the momentum, saving the multilateral system and trying to bring the Doha Round to a successful conclusion, I want to spend a few moments talking about what has happened at Cancun to the Cairns Group. I do so with a considerable degree of regret, because I can speak in this debate as a former chairman of the Cairns Group and, better still, as chairman of the Cairns Group and the Australian trade minister when we successfully negotiated the end of the Uruguay Round.

Australia in those negotiations sat at the top table. We were able to look the US and the Europeans in the eye on equal terms, because we chaired a group of 17 countries, most of whom were developing countries and all of whom were committed to liberalising agricultural trade. We had clout as the permanent chair of that group and we played a key role in those negotiations. At Cancun the Cairns Group has been bypassed. Two of the principal members of the Cairns Group, Brazil and South Africa, and a number of other Cairns Group countries, including Malaysia, have in effect defected from the Cairns Group to a new group, the G22—a group of developing countries who have taken over the running on agricultural trade negotiations.

Our pre-eminent position in the world to lead and be a significant player has now been relegated to that of a junior partner. Instead of sitting at the top of the room at the front table, we are at the back of the room with the rest of them. We do not any longer punch above our weight as we used to do. The people who will pay the penalty for that, most of all, are Australian farmers and the rest of the Australian economy. It is a very sad day for Australian primary producers that Australia has allowed this to happen. The weight of responsibility it has rests with the trade minister, Mark Vaile. To pretend that he did not know of these changes, that he could not have acted to prevent them and that he could not have forged a better relationship with developing countries is just, in a word, unbelievable.

Senator FERRIS (South Australia) (5.17 p.m.)—The content of Senator Cook’s motion today is dead right. The fact that the negotiations broke down in Cancun does mean a significant opportunity was missed for Australian primary producers, for exporters and for the national economy. On that, Senator Cook and I agree. The developments in Cancun are clearly a disappointment that denies, for the moment, a real opportunity for our farmers, our manufacturers and our service providers to achieve significant gains through the Doha Round. But I would go further than that. I would say that a great
opportunity has been missed for the whole world as a result of the collapse in the negotiations, because developed and developing countries alike would have benefited from a further liberalisation of international trade. Developing countries would have been the biggest winners, of course, and that is the greatest tragedy to come out of the collapse at Cancun.

This government was determined to see gains for Australia’s farmers, for our manufacturers and for our service providers to come out of the fifth WTO ministerial conference in Cancun. Before the conference, our trade minister, Mark Vaile, had identified agriculture as the key issue at Cancun. Before he left for Mexico, Mr Vaile highlighted the importance of the ambitious approach that was being taken to world trade reform set at Doha and the need for it to continue, despite the early indications that it was under great pressure.

Australia and the Cairns Group of agriculture exporting countries argued for a continued commitment to the Doha mandate for agricultural reform, which demanded substantial improvements in market access, reductions in barriers with a view to phasing out export subsidies, and substantial reductions in trade-distorting domestic support measures. Australia went to Cancun with a belief and a hope that this could be achieved. Unfortunately, despite the best efforts of Minister Vaile, negotiations broke down. But we will not be discouraged, Senator Cook. Multilateral trade rounds, as Senator Cook would recall, are long and can be very difficult affairs, especially with a growing developing country membership and an ever-widening political agenda. But they nevertheless do reward persistence and energy. These rounds are too important and come along too rarely for us to have anything but a full commitment from those countries participating.

Australia does continue to be a key player in the round, as shown by our strong role in the negotiating process across so many issues. Australia has been committed to agricultural trade liberalisation for a very long time. Despite being a relatively small voice in the global trading environment—we are a long way away and we have a small population—Australia was one of the first nations to recognise that a country gains most from reducing its trade barriers, irrespective of what other countries do. Both sides of this chamber have had the courage to do that and all Australians have been the beneficiaries.

For too long, agriculture was excluded from negotiations under GATT, the forerunner of the WTO. The Cairns Group was established in 1986 as a group of 12 ‘fair trading’ agriculture exporting nations to address the lack of progress on agricultural trade liberalisation within the GATT. These countries, both developed and developing, were fed up with the high levels of protection in farming and a global system that had made agriculture one of the most distorted sectors in world trade. Today the Cairns Group has 18 members.

I am very proud to say that in 1986, when the Cairns Group was formed, one of the key players in its formation was the National Farmers Federation. At that time I was a very proud member of the staff of the NFF, and I know just how hard NFF staff and the President of NFF at the time, Mr Ian McLachlan, worked with the then trade minister, the Hon. John Dawkins, to ensure that the Cairns Group was launched. The Cairns Group has become a key player on the world stage as a result of that very courageous decision taken in Cairns back in 1986.

The Cairns Group has effectively put agriculture on the multilateral trade agenda; it has kept it there and it has grown. It has given Australia and the other member na-
tions—some of them very small—a real voice on the international stage, where agriculture had been neglected for a long time. Ann Capling has described the Cairns Group as ‘the most unusual, cohesive and effective coalition of countries ever seen in multilateral trade negotiations’.

There was a very strong resolution from both the membership of the Cairns Group and the United States farm leaders to see that the WTO meeting in Cancun took an aggressive approach to reforming world agricultural trade. In a joint press release on 14 September they called for a decision in Cancun that kept the Doha commitment to a substantial reduction in support and protection, and that maintained the momentum for change. They further called for both developed and developing countries to contribute to achieving a balanced outcome. Sadly, that was not to be.

However, the federal government remains fully committed to ensuring that WTO negotiations can be put back on track as soon as possible. Some progress was actually made at Cancun, and the agreement by ministers at the end of the meeting to recommit to implementing the ambitious mandates of the Doha declaration does in fact provide some hope. Of course, this is not the end of the Doha Round. Ministers have failed to agree on a negotiating framework at this point, but they have set in train a continuing work program in Geneva. They have emphasised that all the negotiating work done to date since Doha should be part of that program.

I am very pleased to say that Mark Vaile took an extremely courageous position in Cancun. He stood up for Australia. He stood up for the Cairns Group and he never lost sight of the fact that negotiating trade agreements can deliver substantial gains to Australia. Our pursuit of a successful outcome in the Doha Round will continue, and I have every confidence—and so do Australian farmers—that in the future the Doha Round will have successful outcomes. We know that negotiating these trade agreements is often difficult. Doha has been complex, but I have every confidence that Minister Vaile will continue to be at the table representing both Australia and the Cairns Group.

Senator NETTLE (New South Wales) (5.25 p.m.)—The collapse of the WTO talks in Cancun, Mexico, has highlighted many issues and many strategies within international trade. One of the things that came out of Cancun, which others have talked about, was a historic alliance formed between developing countries, the G22, that stood up to the interests of primarily the United States and the European Union in trade talks. A somewhat similar situation, but less formalised, occurred in relation to the WTO talks in Seattle, where developing countries came together and, as a result, the international trade talks were stalled, trade talks that were being driven by the interests of the most developed countries and particularly the world’s four largest trading countries.

There were two main issues discussed in Cancun in Mexico. One of those related to agricultural subsidies. The G22 in particular stood up to the European Union and the United States in relation to the agricultural subsidies paid by these developed countries to their farmers. The collapse of the WTO talks has also placed renewed focus on the free trade agreement negotiations taking place between Australia and the United States. The issue of agricultural subsidies in international trade can only be discussed in multilateral trade negotiations. The issue cannot be discussed in a bilateral negotiation like the free trade agreement between Australia and the United States.

The Greens believe that the government has misled Australian farmers to believe that
there will be significant wins in agricultural exports to come from the free trade agreement negotiations with the United States. Even if the tariffs and the quotas that can be discussed in the FTA negotiations were to be reduced, which is unlikely given the US government’s position in the recent Cancun talks, Australian farmers would still be up against continuing subsidies for US farmers. 

Developing countries have long pointed to the unfair processes of the WTO negotiations that disadvantage developing countries. Some of these processes are: meetings occurring simultaneously when developing countries have only a few people in their delegations and are therefore not able to attend all meetings; meetings being held without simultaneous translations; documents being available only in English or not being available at all; and the start and end times of meetings not being advertised to all interested parties and not being adhered to. On these issues, as well as on other content issues of the WTO talks, developing countries have been supported in their cause by a plethora of non-government organisations.

During recent WTO talks, the ire of developing countries has been raised partly because of the arrogant attitude towards trade negotiations taken by the quad countries. The developing countries have joined with many supporters of fair trade found around the world to advocate for changes in WTO processes. Some of these are about the issues I just spoke about and are very reasonable changes. Community groups continue to advocate for a world trading regime that is based on fair trade, that is transparent and that respects international labour standards, human rights standards and environmental standards. There continues to be a debate about whether there can be a reform of the WTO or whether in fact another trade body needs to be implemented that operates on the principles of ecological sustainability and social and economic justice and does so transparently and with a commitment to peace.

Senator LIGHTFOOT (Western Australia) (5.29 p.m.)—The World Trade Organisation arose out of the Uruguay Round in 1994 from the General Agreement on Tariffs and Trade. A considerable amount of credit must be given to Senator Cook, who undertook the signing of those arrangements on behalf of the then Australian government. The WTO now monitors international trade. Its headquarters are in Geneva. Geneva, and Switzerland generally, is an excessively expensive place—not a place I would recommend anyone go to—and it does tend to lock out large delegations from developing countries because of its inordinate cost. The WTO meets every two years and has about 148 members, including, most recently, the People’s Republic of China and Cambodia. The General Agreement on Tariffs and Trade—the forerunner to the WTO—was a United Nations body formulated in 1948.

Minister Mark Vaile recently chaired the Cairns Group in Cancun, and there was a failure to close. There is no doubt about that; it was something of a disaster for Australia. Few groups or coalitions have been as successful, though, as the Cairns Group. The collapse of the Cancun talks was bad for Australia but worse for the developing world. Australia has few, if any, agricultural subsidies, but has the most efficient producers in the world of wheat, wool and beef and also significant producers of sugar, rice, barley and—strangely—goats.

Australia is Chair of the Cairns Group of 17 agricultural producer countries. With respect to tariffs, Japan, for example, locks our rice out of Japan by imposing a 1,000 per cent tariff on imports of rice from Australia. Tariffs on beef going into Japan from Australia have recently increased to 50 per cent.
Lifting tariffs would lift some 144 million people in the world out of poverty by the year 2015 and would increase world income by $500 billion. By comparison, almost the same amount is paid by way of subsidy by the United States and the European Union to their inefficient farmers. In other words, the United States and the European Union farmers wax fat at the expense of farmers in the developing world and Australia—Australian farmers being the most efficient in the world and Western Australian farmers, if I may say so, the most efficient in Australia.

The Europeans have continued blatantly to flout requests to reform. They are the most inefficient on the globe. The United States, quite rightly, is reluctant to reform its farm sector until the worst offenders in the world—the European Union—reform. The Australian newspaper puts it this way: a European Union cow is subsidised daily at the rate of US$2.50, about A$3.80. An African worker will get less than that as a daily wage—US$2 or about A$3.50. Notwithstanding all this, developing countries could gain just as much, or more, by internal reforms. Australia, as an example, has brought about economic growth as a result of unilateral tariff cuts and competition.

It is not just the EU and the US in our trading bailiwick of East Asia. For instance, 37 per cent of tariffs are imposed by Asian countries. The industrialised countries impose about 40 per cent of tariffs, on average. Bilateral trade is important, but multilateral trade is more significant. It is important to remember that when Senator Cook said, by way of a question, that the Cairns Group had ‘gone down the gurgler’, the talks concluded on the basis that negotiations would continue. It seems to me that putting 150 agricultural ministers together and expecting consensus—or even a majority decision—was irrational optimism. But the free trade negotiations between the United States and Australia will emulate the Cancun World Trade Organisation conclusion unless an unimpeded US market is allowed for Australian agricultural products. There is a supplementary prize of $4 billion extra to Australia within the next few years if we enter that market. Farmers within this decade will take advantage of that agreement when it is successful.

What we must do is go on with bilateral trade, regional trade talks and our unilateral trade talks. Senator Cook says—and he has some knowledge of this and I acknowledge that—the Cancun meeting is dead, but in this instance he is wrong; it is not. It is disappointing, but the government will obviously be proceeding. History is littered with abandoned meritorious negotiations that have eventually concluded in victory: the creation of the League of Nations, its transformation to the United Nations and the formation of this Commonwealth itself all failed at some stage or stages. Australia is still a formidable player in multilateral and regional trade talks. There will be continuing talks and renegotiations in Geneva. Work undertaken so far will be part of those new talks. There have been early and mid-term reviews that have been ultimately concluded successfully.

There are 148 members in the WTO, about the same as in the House of Representatives here—and I do not need to remind senators that there is hardly a majority agreement there, let alone a consensus. Most notable, though, was the Uruguay Round in Montreal that ended in disarray, but was ultimately concluded and gave an enormous boost to the world economy. There is almost invariably a reward for persistence, energy and full commitment, and this government, through its trade minister, has those three qualities.

The ACTING DEPUTY PRESIDENT (Senator Kirk)—Order! The time for con-
sideration of this matter of public importance has concluded.

**COMMITTEES**

**Scrutiny of Bills Committee**

**Report**

Senator MACKAY (Tasmania) (5.36 p.m.)—On behalf of Senator Crossin, I present the 10th report of 2003 of the Standing Committee for the Scrutiny of Bills. I also lay on the table Scrutiny of Bills Alert Digest No. 11 of 2003, dated 17 September 2003.

Ordered that the report be printed.

**BUDGET**

**Consideration by Legislation Committees**

**Additional Information**

Senator MASON (Queensland) (5.37 p.m.)—On behalf of the Chair of the Legal and Constitutional Legislation Committee, Senator Payne, I present additional information received by the committee relating to hearings on the additional estimates for 2002-03 and the budget estimates for 2003-04.

**COMMITTEES**

**Public Works Committee**

**Reports**

Senator COLBECK (Tasmania) (5.37 p.m.)—On behalf of the Parliamentary Standing Committee on Public Works, I present two reports of the committee as follows: No. 9 of 2003—Construction of a new chancery, New Delhi, India; and No. 10 of 2003—Refurbishment of staff apartments, Australian embassy complex, Paris, France. I move:

That the Senate take note of the reports.

I seek leave to incorporate a tabling statement in *Hansard*.

Leave granted.

*The statement read as follows—*

**New Chancery, New Delhi, India**

The proposed New Delhi works are intended to provide a new chancery for Australia’s diplomatic mission to India. There has been no significant refurbishment of the current premises since the chancery was constructed 36 years ago. Since that time, staff numbers have increased and the chancery no longer provides adequate space, amenities, building services, technological provisions or safety measures.

The Department of Foreign Affairs intends that the new chancery will fulfil the requirements of the New Delhi post for the next 50 years. The estimated cost of the proposed works is $24.61 million.

The works proposal consists of:

- construction of a temporary recreation centre and interim office accommodation;
- demolition of the existing chancery building;
- construction and fit-out of a new chancery building;
- associated services infrastructure and landscaping works; and
- provision of five additional on-compound accommodation units through construction of two townhouses and conversion of an existing house into three apartments.

At a confidential briefing conducted prior to the public hearing, the Committee questioned the Department of Foreign Affairs on project costs. Issues covered at this briefing included taxes and duties, fees and allowances, sundry costs, and contracting arrangements.

At the public hearing, the Department informed the Committee of an amendment to the original proposal for the new chancery. Initially, the new chancery was to be set back 15 metres from the northern boundary of the compound perimeter. However, in order to improve the long-term security of the building against terrorist attack, it is now proposed that the new chancery building be set back 25 metres. The Department assured the Committee that the level of security planned for the interim chancery building is appropriate to the current threat environment, and added that higher levels of security will be incorporated into the permanent building to ensure its security in the
event of any future deterioration in the local threat level.

The Committee invited the Department to comment on fire safety and flood mitigation measures. The Department described a range of fire safety measures planned for the new chancery building and explained that the new building will also be elevated to accommodate local flooding.

The Committee observed that other overseas missions have experienced difficulties with heating and cooling, and was interested to learn more about the specific type of air-conditioning that would be installed in the new chancery building. The Department told the Committee that it intends to install energy efficient, zoned air-conditioning suitable for the New Delhi climate. The Committee asked the Department to supply technical details of the air-conditioning system when these become available, and recommended that the Department ensure that the air-conditioning system installed at the New Delhi Chancery is operationally effective, energy efficient and cost effective.

As the majority of construction and fit-out works will be executed by local tradespeople, the Committee sought assurance that the building would be constructed to Australian standards. The Department told the Committee that it anticipated a high level of expatriate supervision throughout the construction period. While the majority of construction materials are to be sourced in India, Australian timbers and finishes will be used in public areas to endorse an Australian image.

Refurbishment of Staff Apartments, Australian Embassy Complex, Paris, France

In Paris, the proposed works are intended to modernise the 29 apartments in the Australian Embassy Complex. It is envisaged that the works will extend the life of the property for another 25 years before further major refurbishment is required. The estimated cost of the proposed works is $9.5 million at June 2003 prices and exchange rates.

The Paris apartment complex is over 25 years old. While the apartments have been well-maintained, finishes and fittings have deteriorated. Work is needed to ensure compliance with current building codes and standards, and occupational health and safety regulations.

Work elements to meet the Department’s objectives consist of:

- replacement of electrical wiring and fittings;
- upgrade of fire detection equipment;
- upgrade of heating and lighting;
- installation of secondary glazing;
- refurbishment of bathrooms;
- replacement of door hardware and locks;
- refurbishment of kitchen exhaust systems;
- repair of damaged wall sections;
- repainting; and
- refurbishment of all surfaces and finishes.

At the public hearing, the Department of Foreign Affairs and Trade told the Committee that a prototype apartment, serving as a model for the remaining 28 apartments, had provided a sound basis for costings and had received the approval of residents.

The Department assured the Committee that it intends that refurbishment will be executed in compliance with both Australian and French building regulations, and occupational health and safety legislation.

When questioned by the Committee as to the compatibility of Australian and French building standards, the Department responded that the codes are of a comparably high standard. The Department acknowledged that, due to their split-level design, the apartments do not conform to the requirements of the Disability Discrimination Act 1992. However, it is envisaged that facilities for disabled residents, such as travelators, could be installed in the apartments as required.

The Committee also wished to know if the refurbished apartments will comply with the Commonwealth Energy Policy. The Department replied that provisions for increasing energy efficiency included installation of low-energy fittings and secondary glazing, and replacement of white-goods with the latest models.

In response to questions about security and fire safety measures, the Department assured the Committee that current arrangements at the em-
bassy complex, which include 24-hour guard services and controlled lifts to the apartments, were deemed sufficient for the current threat environment. The Department explained that battery-powered smoke detectors in each apartment were to be replaced by more sophisticated fire detection equipment.

As the Australian Embassy Complex in Paris is considered to be a building of architectural significance, the Committee was interested to know what impact the works might have on the architectural integrity of the property. The Department responded that the exterior will remain unchanged and that proposed interior works will maintain the original style of the apartments.

Finally, the Committee asked the Department to clarify whether any revenue would be derived from the project through the leasing of the apartments. The Department stated that rental was charged at the Paris market rate and may increase once the works are completed. The Department explained that the planned refurbishment works are necessary to enable them to attract tenants. The Department added that, while the apartments are leased to individual agencies on a commercial basis, the resulting revenue is spent on administration and maintenance of the property.

Having reviewed the information for both these works, the Committee recommended that the proposed construction of a new chancery at New Delhi, India, proceed at the estimated cost of $24.61 million, and that the proposed refurbishment of staff apartments at the Australian Embassy Complex in Paris, France proceed at an estimated cost of $9.5 million.

Mr President, I would like to extend thanks to my Committee colleagues, the secretariat staff and all those who helped with the inquiry process for the proposed New Delhi and Paris works. I commend these Reports to the Senate.

Question agreed to.

Treaties Committee

Report

Senator KIRK (South Australia) (5.38 p.m.)—On behalf of the Joint Standing Committee on Treaties, I present the 54th report, entitled Treaties tabled in June and August 2003, together with the Hansard record of proceedings and minutes of proceedings. I move:

That the Senate take note of the report.

I seek leave to incorporate a tabling statement in Hansard.

Leave granted.

The statement read as follows—

Report 54

Treaties tabled in June and August 2003

Social Security Agreement—Croatia

Pollution by hazardous and noxious substances

Employment of dependants of diplomatic and consular personnel—Belgium

Working holiday arrangements—Belgium

Bougainville Transition Team

Report 54 contains the findings of the inquiry conducted by the Joint Standing Committee on Treaties into five treaty actions tabled in the Parliament in June and August 2003, relating to the matters identified in the title of the report.

The Social Security Agreement with Croatia, tabled on 17 June 2003, is similar in terms and approach to several other agreements of its kind; three of which were examined in the last report of the Committee. These social security agreements essentially address gaps in social security coverage and provide for portability of benefits from one country to another. They predominantly cover age pensions, disability support pensions for people who are severely disabled, and survivors’ pensions.

The Protocol on pollution incidents by hazardous and noxious substances was tabled on 24 June 2003 and provides for a global framework for international cooperation and planning in major incidents or threats of marine pollution by hazardous and noxious substances other than oil. Once the Protocol enters into force, it will operate to strengthen Australia’s existing response arrangements under the National Marine Chemical Spill Contingency Plan, CHEMPLAN, by giving
The bilateral agreement between Australia and Belgium on the employment of dependants of diplomatic and consular personnel will enable spouses and certain other family members of diplomatic and consular officials to undertake paid employment for the duration of the officer’s stay in another country. Australia has 26 similar arrangements, only five of which have the status of a treaty. In this case, the need for a treaty-level agreement was required under Belgian law. The Committee agrees with the Department of Foreign Affairs and Trade that the lack of opportunity for spouses and family members of Australian diplomatic and consular officials to engage in paid work is a (sometimes significant) disincentive for officers to serve in particular countries. In order to encourage other states to provide employment opportunities for dependants of Australian officials overseas, Australia offers reciprocal opportunities for overseas officials based here.

The second bilateral treaty with Belgium examined in this report was tabled with the aforementioned treaty on 12 August 2003. The Agreement between Australia and Belgium on ‘Working Holiday’ Arrangements will allow Australian and Belgian nationals between 18 and 30 years of age to stay in the territory of the other country for up to 12 months and, according to certain conditions, undertake paid work during their stay. Australia has Working Holiday Maker arrangements with 14 countries, and is currently negotiating with a further 12 countries. Not all such agreements have the status of a treaty, but again, Belgian law required it in this case. The Committee is aware of the recent study by the University of Melbourne’s Institute of Applied Economic and Social Research, which showed that about 8,000 effective full-year jobs are created by the annual intake of 80,000 working holiday makers from countries with which Australia has agreements in place.

The final treaty action examined in this report was the Protocol concerning the Bougainville Transition Team. This multilateral agreement between Australia, Papua New Guinea, Fiji, New Zealand and Vanuatu takes over from the Australian-led Peace Monitoring Group and its predecessor, the Truce Monitoring Group.

Mr President, you and other Senators will be aware of the ongoing role that Australia has played in promoting, facilitating and instilling confidence in the peace process in Bougainville and in the transition towards autonomous government. Under the Peace Agreement signed in August 2001, parties to the Peace Monitoring Group were scheduled to withdraw between the middle and the end of 2002. At the request of the Papua New Guinea Government, Australia agreed to maintain a presence beyond that date, and operations were then scheduled to end on 30 June 2003. Following further requests, from the Bougainvillean leaders as well as the PNG Government, Australia decided in late May this year that it would be prepared to lead a small civilian team.

Because of the need to rapidly deploy this civilian team, and for the need to be able to extend the same legal protections to team members as had existed under the previous agreements, the protocol was concluded and came into force before the normal treaty review process could be undertaken. While the Committee has expressed concern in recent months at the apparent increased incidence of treaties entering into force, or enabling legislation being introduced, prior to the conclusion of the Committee’s review, it acknowledges the urgent need for this protocol to be in place. It recognised the limitations which were placed on the Government in terms of timing for negotiation and conclusion of the Protocol.

In conclusion, it is the view of the Committee that it is in the interest of Australia for all the treaties considered in Report 54 to be ratified where action had not occurred prior to the Committee’s review, and the Committee has made its recommendations accordingly.

I commend the report to the Senate.

Question agreed to.

MINISTERIAL STATEMENTS

National Safe Schools Framework

Senator IAN MACDONALD (Queensland—Minister for Fisheries, Forestry and Conservation) (5.39 p.m.)—I table a statement on behalf of the Minister for Education,
Science and Training, the Hon. Dr Brendan Nelson, relating to the National Safe Schools Framework.

DOCUMENTS

Genetically Modified Organisms

The ACTING DEPUTY PRESIDENT (Senator Kirk) (5.39 p.m.)—I present a response from the Minister for Agriculture, Fisheries and Forestry, Mr Truss, to a resolution of the Senate of 11 August 2003 concerning genetically modified material.

DELEGATION REPORTS

Parliamentary Delegation to the Cambodian National Assembly Elections 2003

Senator MARK BISHOP (Western Australia) (5.40 p.m.)—by leave—I present the election observation report of the Australian parliamentary delegation to the Cambodian National Assembly elections 2003, which took place from 24 to 29 July 2003. I seek leave to move a motion in relation to the report.

Leave granted.

Senator MARK BISHOP—I move:

That the Senate take note of the document.

I take this opportunity to pass a few remarks about the report of the Australian parliamentary delegation to the Cambodian National Assembly elections of this year. As the conduct of elections in Cambodia in late July of this year is a matter of continuing and critical interest to all persons interested in both the establishment and maintenance of democratic regimes in this part of the world, it is probably in the public interest for a few comments to be made by delegation participants.

Firstly, I propose to discuss a bit of historical detail concerning Cambodia whilst concentrating on the process of democratic elections in that country in the last 10 years or so. Secondly, I propose to make some observations about the conduct of the ballot in July of this year in the city of Phnom Penh and its immediate environs. Thirdly, I will address the findings of the delegation as contained in the report just tabled and, finally, I will make some comments on the background, briefings, assistance and cooperation provided by the Australian Ambassador to Cambodia and a number of her staff members who were assisting the delegation.

The Australian delegation comprised Mr Johnson, the member for Ryan; Mr Hart-suyker, the member for Cowper; Senator Stott Despoja and me. Following an invitation from the Minister for Foreign Affairs, Senator Robert Ray asked if I would make myself available to observe the elections, firstly, presumably because of some continuing interest I have expressed over the years on Indochina and, secondly, because of some fine work done by former Senator Gareth Evans and Mr Michael Costello when the Labor Party was last in government.

Cambodia, as we all know, has been a much troubled country for over 40 years. War, civil war concluding in genocide, foreign invasion from nearby neighbours and puppet governments have all combined to prevent sustained and peaceful development over that period of time. Distrust of government, officials, bureaucrats and near neighbours has been endemic. Since 1993 the move to a democratic society has often been challenged, resisted by vested interests, subverted by opposing interests and corrupted by foreign interests who wish to exploit potentially rich endowments of natural resources that may be found over the length and breadth of that country. In that 10-year time frame, an emerging democracy has grown and the wider population has become and is becoming interested in the expression of a viewpoint without the threat of harm or the actuality of harm being visited upon them for that. Three elections since 1993—
1993, 1998 and July 2003—have seen marked improvement in participation rates, campaign practices, balloting processes and general community interest. This trend obviously needs to continue.

Turning now to the conduct of the ballot itself and the campaigning processes that all members of the delegation observed in the two or three days prior to the election, I make the following observations. Some hundreds of press persons from all around the world were in attendance and were fully able to observe the entire election process. Continuing reports were filed in the domestic print media, and detailed reports were carried via international TV on the likes of CNN, Fox and BBC. Detailed analysis of the election process and campaigns was reported in the quality international media: the Wall Street Journal, The Economist and reputable English, European and particularly French newspapers. In discussions I had with a number of journalists, their conclusion was that generally the campaigning activity and balloting process were conducted in a more liberal environment than previous elections. Generally, the process was considered by those journalists to have been largely, but not exclusively, uneventful.

The Australian delegation had unrestricted ability to observe and even participate in the pre-ballot day activity. Rallies of opposing political parties were common. The rallies varied in size but went from the low hundreds to many thousands of people. Those rallies were all conducted in a carnival like atmosphere accompanied by speeches, dancing, singing, and processions of hundreds of vehicles and thousands of individuals. All the usual paraphernalia of election campaigning was clearly visible—T-shirts, peaked caps, balloons and the like. No attempt was made to restrict Australian observers from freely moving in the rallies; indeed, large numbers of photographs were taken with rally participants.

Similarly, in the days prior to the ballot itself, delegation members attended around 10 to 12 separate briefings from a range of interested groups. In no particular order, those groups included various agencies of the Australian government, different political parties in Cambodia, ministers of the Cambodian government, the National Electoral Commission of Cambodia, various NGOs, different aid agencies, different human rights groups and various delegations from Europe and the USA. These foreign groups had particular concerns and points they raised with the Australian delegation. Finally, meetings were arranged with different individuals from labour unions, environmental groups and the legal fraternity who live and work in Cambodia.

Concerns that were raised at those briefings were as follows. Past elections had been accompanied by violence, death and intimidation, although the trend, scale and incidence of violence were clearly reducing. Unfair and discriminatory access to media and media outlets was the norm. Even though there was some access to state media by opposition parties, it was not regarded generally as anywhere near equal access. Government officials had been partisan in the past and were likely to be in 2003. At the village level there was significant and undue government influence which was both overt and direct and sometimes led to intimidation, and there were reports of violence. We were told that government spending on infrastructure followed a pattern of patronage and there was practical discrimination made against the resident Vietnamese population still in Cambodia. Indeed, on balloting day we also observed—and complaints were made to me and Senator Stott Despoja on this—discrimination against that resident Vietnamese population around Phnom Penh. The
Australian Ambassador, Ms Louise Hand, her senior officer, Counsellor Karen Lanyon, and Mr Justin Whyatt, Third Secretary (Political-Economic) and Country Manager Australian Trade Commission, were particularly helpful in bringing this set of briefings together.

Turning now to the conduct of the ballot itself, Senator Stott Despoja and I observed in and around numerous polling stations in Phnom Penh and rural areas across Kandal Province. Our colleagues from the House of Representatives observed in and around a number of polling stations in Kampong Cham Province. Generally, my observation was that the election balloting process was legitimate, above board and conducted within the spirit and intent of the election regulations.

The following was fairly typical. Voters waited in queues outside polling places from the early hours of the morning. Voters provided proof of their identity, were marked off the roll, voted privately in a secure place, inserted their ballot in the ballot box and had a finger dipped in dye as proof of voting and as a mechanism to prevent multiple voting. Ballot boxes were properly sealed and secured and in some instances hundreds of local voters slept around the sealed boxes until they were taken to a central location for counting. Agents from all major political parties clearly observed the entire balloting process. Minor or technical irregularities were observed from time to time, and reported irregularities were rectified, usually on the spot, by officials from the National Electoral Commission.

In summary, I thank all of my parliamentary colleagues who participated in the delegation. Finally, it would be most remiss not to put on the public record acknowledgment of the fine preparatory work undertaken by officers of the Australian embassy. Their planning and cooperation enabled delegation members to effectively carry out their duties, and it would be untoward not to recognise that.

**Senator STOTT DESPOJA** (South Australia) (5.50 p.m.)—I think Senator Bishop has provided an excellent overview of the delegation’s visit as part of monitoring the Cambodian elections in July of this year. I would like to add my thanks also to the Australian embassy officials who, as Senator Bishop has put on the record, worked so hard not only in the preparatory stage but indeed in their briefings with us. More than that, their friendship, their compassion, their intelligence and I think the most extraordinary teamwork were things we all observed. Speaking of teamwork, I think it was a pretty good group of politicians, and I also thank the colleagues who made up the delegation. The four of us travelled closely as a group but, and Senator Bishop has explained, the two of us went to a particular province for the monitoring of the actual election day.

I think many Australians and certainly parliamentarians would be aware of Australia’s strong relationship with Cambodia, and that is something that we will continue to work to strengthen. Senator Bishop has provided a comprehensive view of the lead-up to, the conduct of and the analysis of those elections. I underscore what was commented on in the executive summary of the report, and that is that the administration of the elections was handled effectively and generally in accordance with the election law and procedures. There were minor irregularities to which Senator Bishop referred which will be dealt with according to the law and the processes that have been established.

We did observe minor irregularities at some polling stations, but the majority of incidents seemed to be as a consequence of inexperience rather than an intention to cor-
rupt the process. We certainly noted a number of possibilities for improvement in the administration, including increased voter education in certain rural areas and more efficient— that is, faster— counting procedures and the administration of clearer voter registration protocols. Senator Bishop mentioned that we did hear of a couple of instances that were a little more serious in terms of potential irregularities, and we have some confidence that the grievance and complaints mechanism that is in place will deal with that.

I take this opportunity to state on record what a wonderful place Cambodia is— certainly, from what we got to see of it in that very short time. I thank the people for a very warm reception. Being there at an election time, we were part of an international community. Obviously, there are observers that come from other countries— the EU, Japan, Canada, New Zealand and Australia were the notable ones. I think that Australians were responded to with a degree of warmth, but also I do not think we got in the way. We did our job; we did not seek to intervene or interfere, but to monitor— that was the job, and I think and hope that we fulfilled that task.

In closing I would like to thank the embassy and pay particular tribute to the now former ambassador, Louise Hand, who had to be seen in action to be believed. She is an extraordinary woman who not only has been an effective person and clever liaison for Australia but also is possibly one of the most charming diplomats that Australia has been responsible for. I certainly wish her successor well. In closing I also thank Karen, Justin and many other embassy officials. Blair Excell and others from AusAID were quite extraordinary in the way that they dealt with us and, indeed, in the way that they portray and represent our country and our country’s interests in Cambodia.

Question agreed to.

INTERNATIONAL TAX AGREEMENTS AMENDMENT BILL 2003

First Reading

Bill received from the House of Representatives.

Senator IAN MACDONALD (Queensland—Minister for Fisheries, Forestry and Conservation) (5.55 p.m.)— I move:

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

Question agreed to.

Bill read a first time.

Second Reading

Senator IAN MACDONALD (Queensland—Minister for Fisheries, Forestry and Conservation) (5.55 p.m.)— I move:

That this bill be now read a second time.

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

Leave granted.

The speech read as follows—

This bill will provide legislative authority for the domestic entry into force of two new comprehensive taxation treaties with the:

• United Kingdom of Great Britain and Northern Ireland; and
• the United Mexican States.

The bill will repeal Schedules 1 and 1A of the International Tax Agreements Act 1953 and insert the text of:

• the 2003 United Kingdom tax treaty (including the text of the associated exchange of notes) as Schedule 1; and
• the Mexican tax treaty as Schedule 47.

The treaties between Australia and Mexico and Australia and the United Kingdom were signed...
on 9 September 2002 and 21 August 2003 respectively.

Details of the treaties were announced and copies were made publicly available following the date of signature.

The Government believes the conclusion of the Mexican tax treaty will strengthen trade, investment, and wider relationships between Australia and Mexico.

The 2003 United Kingdom tax treaty reflects the close economic relations between Australia and the United Kingdom and is a major step in facilitating a competitive and modern tax treaty network for companies located in Australia.

The new Treaty will substantially reduce the withholding tax on certain dividend, interest and royalty payments in line with outcomes achieved in the recent amending Protocol to the United States treaty. This will provide long term benefits for business, making it cheaper for Australian based business to obtain intellectual property, equity and finance for expansion.

It will significantly assist trade and investment flows between the two countries and further demonstrates the Government’s commitment to update aging treaties with major trading partners as recommended by the Ralph Report. The treaty will produce a positive economic outcome for Australia. Gains include a larger and faster growing Australian economy with flow on effects on employment, trade and investment.

The new Treaties achieve a balance of outcomes that will provide Australia with a competitive tax framework for international trade and investment, while ensuring the Australian revenue base is sustainable and suitably protected.

Both the Mexican tax treaty and the 2003 United Kingdom tax treaty will enter into force on the last of the dates on which Australia and the respective treaty partners exchange notes through the diplomatic channel. These notes advise each country that all domestic requirements necessary to give the tax treaty the force of law in the respective countries have been completed.

The enactment of this bill, and the satisfaction of the other procedures relating to proposed treaty actions, will complete the processes followed in Australia for those purposes.

This bill also includes an amendment to the International Tax Agreements Act 1953 clarifying the operation of the Dividends Articles in Australia’s double tax treaties. The need for this clarification follows the introduction of Australia’s debt equity rules in 2001.

The proposed amendment will ensure that amounts that are treated as a return on debt under the debt and equity rules are taxed at interest withholding tax rates and not dividend withholding tax rates. This conforms to the internationally accepted view that the Dividends Article of a treaty applies to equity interests and the Interest Article applies to debt interests.

Full details of the amendments are contained in the explanatory memorandum.

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

FAMILY ASSISTANCE LEGISLATION AMENDMENT (EXTENSION OF TIME LIMITS) BILL 2003

First Reading

Bill received from the House of Representatives.

Senator IAN MACDONALD (Queensland—Minister for Fisheries, Forestry and Conservation) (5.56 p.m.)—I move:

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

Question agreed to.

Bill read a first time.

Second Reading

Senator IAN MACDONALD (Queensland—Minister for Fisheries, Forestry and Conservation) (5.56 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 purpose of the Family Assistance Legislation Amendment (Extension of Time Limits) Bill 2003 is to extend the amount of time families have to receive a top-up to their Family Tax Benefit (FTB) payment by twelve months. The bill also gives families a further twelve months to claim their FTB and Child Care Benefit (CCB) as lump sum payments.

By providing families with more time to receive FTB top-up payments and to lodge FTB and CCB lump sum claims, the amendments recognise that some families and tax agents require extra time to finalise their taxation details. The extension will apply to those customers seeking top-ups or lump sum payments for the 2001-2002 financial year and subsequent years.

Currently, families have twelve months from the end of an income year to receive a top-up to their FTB payments and to lodge their FTB and CCB lump sum claims. Amendments are made to provide families with an additional twelve months to receive a top-up to their FTB payment and to lodge FTB and CCB lump sum claims.

FTB top-up payments are mostly made to families who receive their FTB payments on a fortnightly basis and who have overestimated their income for the year. Under existing arrangements, families must lodge their income tax returns within twelve months following the end of the income year to be eligible for a top-up payment. This means that for the 2001-2002 income year, families had until 30 June 2003 to lodge their income tax returns and receive any FTB top-up payment. This bill will extend that time to 30 June 2004. This bill does not change the legal requirement for families to lodge tax returns within 12 months. It simply means that, even if they do not lodge within that 12 months, they will be eligible for a top-up if they lodge in the subsequent 12 months.

This bill extends the time period in which top-ups can be paid for the 2001-2002 tax year and subsequent years. It provides families with an additional twelve months to receive FTB top-up payments. Provided families lodge their 2001-2002 tax return by 30 June 2004 they will receive any FTB top-up payment to which they would be entitled. However, the penalties that apply for late lodgement under taxation laws will continue to apply.

This bill also introduces an extension to the time period in which lump sum claims can be made. The existing law allows families until 30 June 2003 to claim FTB and CCB lump sum payments relating to the 2001-2002 tax year. This bill gives families an additional twelve months to 30 June 2004 to make claims for lump sum payments. The twelve month extension for FTB and CCB lump sum claims will also apply to subsequent tax years but the penalties that apply for late lodgment under taxation laws will continue to apply.

To enable these payments to be made to families, existing time frames relating to the exchange of tax file number data for the purposes of income reconciliation and to the destruction of that data is extended from two to three years after the relevant income year.

The deadline for lodging tax returns for tax purposes is not affected by this bill. Individuals would continue to be subject to penalties applied by the ATO for lodging after 1 October of the year following the end of the year to which the tax return relates.

The amendments contained in this bill give families more time to ensure that they received their full FTB and CCB entitlements.

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

BILLS RETURNED FROM THE HOUSE OF REPRESENTATIVES

Message received from the House of Representatives returning the Workplace Relations Amendment (Fair Termination) Bill 2002, acquainting the Senate that the House has agreed to amendments Nos 2, 3 and 4 made and insisted on by the Senate, and agreed to the further amendments made by the Senate to the bill.
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
In Committee
SUPERANNUATION (SURCHARGE RATE REDUCTION) AMENDMENT BILL 2003

Senator MASON (Queensland) (5.58 p.m.)—by leave—I indicate to the committee that there was an error with pairing arrangements for the division held earlier today on the opposition amendment to this bill. The count for the noes should have been 30 rather than 31. Accordingly, I seek leave for the result of the vote on the amendment to be recorded for the ayes.

Leave granted.

The TEMPORARY CHAIRMAN (Senator Kirk)—The question is that the bill, as amended, be agreed to.

Question agreed to.

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

Bill—by leave—taken as a whole.

Senator SHERRY (Tasmania) (5.59 p.m.)—I have some questions on this piece of legislation. I am not sure whether Senator Brown is aware that we just had an effective recommittal—a reversal—of that earlier vote and that the Labor amendment has now been carried.

Senator Brown—Thank you.

Senator SHERRY—We are now at the committee stage of the government co-contribution for low income earners bill. Could the minister tell me whether there is any minimum age to which this applies?

Senator COONAN (New South Wales—Minister for Revenue and Assistant Treasurer) (6.00 p.m.)—No, there is no age limit. You just have to be in receipt of employer contributions.

Senator SHERRY (Tasmania) (6.01 p.m.)—We had some discussion of the detailed costings of this measure in our consideration of the previous bill. I think the minister gave a figure of 540,000 low-income earners. Is that correct, Minister?

Senator Coonan—Yes.

Senator SHERRY—It was established that the estimate was approximately 540,000. Could the minister give me an estimate of the number of people who will benefit from the full $1,000?

Senator COONAN (New South Wales—Minister for Revenue and Assistant Treasurer) (6.02 p.m.)—I have that information to hand. I am advised that, in 2004-05, 350,000 below the income level of $32,500 will receive a co-contribution; 540,000 people in total will receive a co-contribution; and 75,000 people below the $27,500 income level will receive a $1,000 full contribution.

Senator BROWN (Tasmania) (6.02 p.m.)—I would like to ask the minister about what information she has on the clear and well-founded assumption that those people on low incomes who are best going to be able to take up this offer from the government are those who are partnered with people on high incomes. They will be able to find the $1,000 to put in to receive the government matching grant, which tapers off at $40,000 to zero. That indicates that one in nine people earning less than $40,000 are going to be able to afford to take up the gov-
ernment’s offer. I notice, by the way, that there was some talk earlier about people being motivated or taking the opportunity and so on. I want to again say that I think whether or not people will take up this co-payment will be simply a matter of economic possibilities. There is a good argument, which comes from ACOS and other organisations, that those who will best be able to take it up are those with partners who have a much bigger income. The minister must have information on that, and I would like her to share that with the committee.

Senator COONAN (New South Wales—Minister for Revenue and Assistant Treasurer) (6.04 p.m.)—I will see in what form I can provide some further information in relation to the proposition that you have put forward—namely, that it is more likely to be availed of by those with partners with high incomes. I must say it is not information I have seen earlier, but it may exist in some form and I will see if I can get some particularity on that from the officials.

Senator CHERRY (Queensland) (6.04 p.m.)—I want to read into the record an extract from today’s Courier-Mail on the question of the benefits of the co-contribution. The article quotes savings expert Dr Vince FitzGerald. He uses the example of a woman who returns to the work force at 45 and works until retirement at the age of 60, earns $30,000 a year and contributes an extra $1,000 a year to super. He says the government would co-contribute an extra $500. Dr FitzGerald says:

This could improve her retirement income from $15,681 a year to $17,371 a year.

The article goes on to quote ING Research and Technical Manager, Louise Biti:

The co-contribution plan is really valuable for low-income earners. It’s even better than salary sacrificing for these people.

That evidence from Dr Vince FitzGerald shows that a very significant benefit would flow through to someone on $30,000. I thought I would read that into the record because Vince FitzGerald is probably the most eminent savings expert in Australia. He was commissioned by the Keating government in 1992—as Senator Sherry would recall—to do a major report on national savings, and that was part of the reason we went to a compulsory superannuation system in the first place.

Senator SHERRY (Tasmania) (6.06 p.m.)—I have considerable respect for Dr Vince FitzGerald; he is our foremost expert in this area. But I think even he made the point that this is voluntary and dependent on your capacity to find the $1,000, if your income is less than $27,500, to take advantage of the matching contribution of up to $1,000. We do know, from figures given to us by the minister, that the estimated take-up rate is no better than one in 10.

I concur with Senator Brown: I am interested to see the information that the minister is able to provide about those on a higher income level—certainly greater than $40,000—who will avail themselves indirectly by transferring part of their income to a spouse or a partner on a lower income. I have seen a figure which projects the benefit and the value of the $1,000 co-contribution over time. I recall a figure of $66,000—I think it was in Senator Cherry’s press release, which I think was information provided to the minister. Could the minister outline the projected benefits over time that are being used as examples either by the minister or Senator Cherry—because I assume it is information provided by the minister to Senator Cherry—of the benefit of the co-contribution over time.

Senator COONAN (New South Wales—Minister for Revenue and Assistant Treas...
First of all I will deal with Senator Brown’s query: whether or not I have any figures in relation to his suggestion that only spouses of high-income earners will be able to contribute. I indicated that I had not seen any, but I will of course always ask what we have. There is no evidence to support this claim. The calculation of the number of people able to contribute $1,000 is based on surcharge data, and this data does not contain spouse income details.

However, I can say that one of the amendments that I will be moving later on to the Superannuation (Government Co-contribution for Low Income Earners) Bill provides for a report to parliament on both a quarterly and an annual basis about various aspects of the co-contribution measure. Previously the reporting was done only annually, and the amendment will provide further detail about what can be covered, including details about the recipients of the co-contribution measure and the extent of the benefit received. While I am not in a position to do this now, I expect that more of that information will be available as part of the new regime for reporting.

In relation to Senator Sherry’s question about the projection of the benefits of the $1,000 co-contribution over time, I am not aware that Senator Cherry’s examples are ones that have been specifically run past me. However, we have made some projections. They will be given to me shortly so I can check them, and I will then inform the chamber.

Senator BROWN (Tasmania) (6.11 p.m.)—I thank the minister for that, but what the minister is telling the committee is that there is no information on the skewing of this package that will take place. That is commonsense. It is going to be skewed: the people on low incomes who take up the government incentive of up to $1,000 are going to be those in households which are bringing in much more money than that—where there is a sharing of incomes that allows it to be taken up. I will not be surprised if a great slab of the money—which will run into hundreds of millions of dollars over the next four years—that the government is putting in simply goes to low-income individuals in high-income households. That is what ACOSS and other organisations have predicted will happen.

Senator Cherry—Dr Vince FitzGerald did not predict that.

Senator BROWN—Dr Vince FitzGerald may have a different point of view, but that is the view of ACOSS and the Australian Institute of Superannuation Trustees.

Senator Cherry—It is not the view of the Australian institute. You should check with them.

Senator BROWN—I will read from last Tuesday’s Age:

ACOSS, the Australian Institute of Superannuation Trustees, and the Australian Consumers Association said the only low income earners who could afford to direct $1000 a year into super to qualify for the Government’s top up, were the spouses of high income earners.

ACOSS President Andrew McCallum said:

If you are the sole breadwinner on $27,000 a year, the last thing you are going to be thinking about is trying to quarantine $1000 so you can get $1000.

The Institute of Superannuation Trustees President, Susan Ryan, said the package had a ‘design fault’ that filtered out genuine low-income households unable to make the $1,000 payment to be eligible for the contribution. She said:

The single income household earning less than $40,000 a year really is going to be struggling to have enough to retire on.

The Australian Consumers Association’s finance policy officer, Catherine Wolthuizen,
said that low-income earners were not in a position to save for retirement and higher income earners had other options. She said:

It’s the middle group of people who may mix it up—some years self-funding, some years on the pension—that you really want to get making voluntary contributions now ... and they are not really provided for in these packages.

So there is real concern out there, but it is logical and commonsense. If I heard the minister rightly, there is going to be provision in the follow-up response to parliament that will discover whether or not it is high-income households largely taking up this money which is meant to go to low-income earners. But it is a bit like closing the stable door after the horses have bolted. That factor should have been taken into account much more. It would be a very limited largesse to low-income earners to actually ensure that the money does go to low-income earners. Unlike the high-income earners who will get the refund under the Democrats-government deal, low-income earners will have to put money in to get money back. That is the problem. Logically, it is going to knock out the people who have the least amount of money. It is pure logic and that is what is wrong with the package and the philosophy behind it.

Senator BARTLETT (Queensland—Leader of the Australian Democrats) (6.15 p.m.)—I have to say I am a bit confused about the approach some senators are taking to the issue of the co-contribution. Until this debate started, my understanding was that the ALP, at least, were supportive of the co-contribution aspect of the legislation, yet if you were to listen to them throughout this debate you would say they are basically trying to devalue it as a worthless exercise that will be a waste of money and misdirected towards people in high-income households—but apparently they are still supporting it. I am not quite sure why they are going out of their way to try to attack the co-contribution component of this package when, quite clearly and unequivocally, it will provide assistance to a significant number of low-income earners. Nobody knows how many, and that is something we will obviously see over time. It may assist more people than have been estimated. If the number is lower, that will be reported and we will look at how else that income can be used. Obviously, nobody can be sure because the data is not available. The nature of superannuation is such that the data relates to the individual, not to household income. So no-one is going to know for sure until we start doing it. The fact that some people who are not the intended recipients may benefit is no reason to say, ‘We won’t do it at all.’ I would say the intended recipients will all get it, because they are low-income earners.

I understand the surface argument that we do not want people with rich spouses getting assistance. There is a significant problem, which has been noticed for some time, with the lack of independence of dependant spouses, particularly in relation to superannuation and to women. Personally, I do not see it as necessarily a significant problem for individuals to be able to build up and have incentives to build up their own independent superannuation. We all know that households and relationships break up, and there has been a significant problem of some of those spouses basically being left with far fewer resources, particularly in relation to ongoing security through things such as superannuation. I do not think it should be immediately dismissed as an automatically bad thing for low-income earners to get assistance to develop their own superannuation asset base just because they have a spouse who, at this point in time, may be earning what is seen as a high income.

It will almost certainly more easily and widely benefit women, who unfortunately
are disproportionately represented in the low-income brackets. I do not think that should be discounted either. I do think that, as has been pointed out by others, it is somewhat offensive to suggest that nobody who is on a lowish income can somehow or other manage to save twenty bucks. It should be noted that twenty bucks is a lot of money for people on low incomes. I do not discount that. At the same time, I suggest that one of the reasons the level of saving at this spectrum of income recipients is low is that it is really not worth the bother for a lot of people. If you are putting a small amount of money into a super account, you have to go through all the hassle—the different administrative dramas, the fees and those sorts of things, some of which we still need to try to address through other legislation—and people think it is just not worth the bother. Nobody knows for sure, but this could well provide that extra incentive for people to think it is worth the bother because it will double the value of the money.

People make their priorities and choices whether they earn $100,000 a year or $30,000 a year. You obviously have far fewer options if you are on a lower income, but this will provide people with assistance by doubling the value of the money they invest in it—and if super funds are doing their job you get the compound value after that. To continually belittle that, I find quite astonishing. I do not know what the attitude of the Australian Greens is to this co-contribution legislation, or whether they will support it, but they also seem to have gone out of their way to belittle the thing as possibly worse than a waste of time and a so-called subsidy for people who do not deserve it. I think that is a gross misunderstanding of what this measure is almost certainly going to achieve. As for how successful it is, we will have to wait and see. That is why it is important the reports are required to be provided every quarter: to give us an ongoing assessment of that. If it is not this government then I have no doubt, given that Labor does support this measure, a future government will find ways of improving its effectiveness should such a measure be needed. But to suggest that we should walk away from it now, particularly at a time when we have such a problem with savings in Australia, is very irresponsible. It is quaint and mildly nostalgic to hear Labor proudly quoting ACOSS and saying how sensible and wonderful they are, because usually when they mention ACOSS in this place—

Senator Sherry—I haven’t quoted ACOSS at all.

Senator BARTLETT—You’ve never mentioned ACOSS?

Senator Sherry—I haven’t mentioned them once in this debate.

Senator BARTLETT—The great unspoken, not to be mentioned: the dreaded ACOSS.

Senator Sherry—No, you said that I have and I haven’t.

Senator BARTLETT—I have heard the word ‘ACOSS’ a lot—

Senator Cherry—Only Bob Brown has mentioned ACOSS.

Senator BARTLETT—Only Bob? There you go. Senator John Cherry will detail what the apparent position is of the super trustees, but most of the time ACOSS say things—I certainly recall it a few times in other debates here—they are roundly criticised by Labor as having no idea what they are talking about and as being a bunch of idiots who really do not know their job. There may not have been mentions of them in a praiseworthy sense, but there certainly have not been any of those criticisms repeated on this occasion. I will refrain from making them myself on this occasion, but I think their view that only people with high-income spouses are
going to manage to find the money to save is selling people short. Obviously, we shall see the proof of that down the track once this measure is in place.

I understand the political reason why the Labor Party and the Greens are trying to devalue the significant benefit of the agreement that the Democrats have reached, but in doing so they are doing a bit of a disservice to a lot of people and underestimating the potential very significant value of the co-contribution measure. We shall see how valuable it is over time, but if super funds get behind it and promote it, as I am sure some of them will, it may well be that Treasury and others will not be so keen that this agreement has been reached, because down the track, once the measure becomes more known and is built into some of the packages and promotions that superannuation funds do, a lot more money than is anticipated may have to come out of Treasury coffers to provide the co-contribution.

It is a positive measure. We have had a fairly long debate already, and I have not contributed much, but from some of the previous contributions some of the values and benefits of this measure for a whole range of people have been misunderstood and have unnecessarily devalued the co-contribution. If you want to have the argument about the parts that you oppose such as the surcharge reduction, that is fine, but to unnecessarily devalue the co-contribution component is a bit unfortunate. It is a significant measure that has a lot of potential to do a lot of good. The Democrats can commit—and I am sure others in the chamber would not have a problem in committing likewise—to following up on how the scheme is operating and, if necessary, to looking at ways to make it work more effectively, because we all, or most of us here, want to see an increase in secure savings in Australia. This is one mechanism that will clearly provide incentives to do that.

Belittling it excessively purely because you do not like other parts of the package is a bit unfortunate.

Senator SHERRY  (Tasmania)  (6.25 p.m.)—Senator Bartlett’s description of ‘belittling’ is certainly not Labor’s approach. We are trying to obtain a realistic picture of exactly who benefits under this proposed low-income earners co-contribution. The press release that Senator Cherry put out said that up to 4½ million people could benefit. Those magic words ‘up to’ are used very frequently in political debate by all political parties. But then we go to the reality: the estimated take-up is approximately one-tenth of that. It is therefore necessary to probe with detailed questions the likelihood of who will benefit from this particular measure.

The earlier debate focused primarily on the exclusive tax cut for high-income earners. It is necessary to draw a contrast between the exclusive and guaranteed benefit of the tax cut to high-income earners—they all get it; it is a tax cut—and the claimed benefits for low-income earners on less than $40,000, with the maximum $1,000 co-contribution being available at an income level of $27,500. We know that approximately one-tenth of low-income to middle-income workers will obtain a benefit—and then it is not the maximum $1,000—in contrast with the other end of the income scale where a guaranteed benefit is delivered to higher income earners via the tax cut. I think that is a legitimate contrast to draw to the attention of the chamber. It is legitimate to obtain a realistic picture of what is likely to emerge based on the government’s costing estimates.

Senator Brown asked a question earlier about a high-income earner who diverts the $1,000 or less over to a lower income spouse. There is no doubt that that will happen, because it is not prevented. There is no
provision in the low-income earner’s co-contribution to prevent a high-income earner shifting $1,000 to a low-income spouse. So it will happen. Indeed, high-income earners who get the tax cut to the value of $1,000 get a double-whammy because they can take the $1,000 tax cut, give it to their low-income earning partner and, if they earn less than $27,500, pick up another $1,000. The tax cut will pay for the low-income earner’s co-contribution. At least in some circumstances that will happen. It is logical. There is an incentive to do that, in the minister’s own words. You cannot prevent people from doing that. I asked the minister about the projection of benefits over time. I wonder whether she has that information available.

Senator COONAN (New South Wales—Minister for Revenue and Assistant Treasurer) (6.29 p.m.)—I would just like to refer to Senator Bartlett’s contribution where he said that in his view, although he did not have a concluded view, this co-contribution really seemed to be worth the bother. I think it is more than worth the bother, as some of the projections that I will share with the chamber well and truly indicate. I will give a few cameos and alternatives, and then I will provide the assumptions. Someone earning $20,000 this year receives superannuation guarantee contributions from their employer, and they also make additional personal contributions of $1,000 each year during a 30-year working life. The personal contributions are matched with the government co-contribution of $1,000 in each of those years. The person, whom I am calling person 1, would have, on retirement, a superannuation account balance of $838,785. This is $183,217 more than the person would have had without the government co-contribution—an improvement of 28 per cent.

Person 2 earns $25,000 this year and receives superannuation guarantee contributions from their employer, and they also make additional personal contributions of $1,000 each year during a 30-year working life. The personal contributions are matched with the government co-contribution of somewhere between $862 and $1,000 in each of those years. Person 2 would have, on retirement, a superannuation account balance of $442,695. This is $84,398 more than they would have had without the government co-contribution—an improvement of 24 per cent.

Person 3, on an income of $30,000 this year, receives superannuation guarantee contributions from their employer and makes additional personal contributions of $1,000 each year during a 30-year working life. With personal contributions matched with the government co-contribution of anywhere between $27 and $800 in the years a co-contribution is received, that person—person 3—would have, on retirement, a superannuation account balance of $450,920. This is $34,534 more than the person would have had without that government co-contribution—an improvement of eight per cent.

Alternatively, person 2, who earns $25,000 this year, receives superannuation guarantee contributions and makes additional personal contributions of $1,000 each year
during a 40-year working life. The personal contributions are matched with the government co-contribution of anywhere between $788 and $1,000 in each of those years. Person 2 would have, on retirement, a superannuation account balance of $956,101. This is $170,230 more than person 2 would have had without the government co-contribution—an improvement of 22 per cent.

Person 3, on the alternate projection of a 40-year working life, earns $30,000 this year, receives superannuation guarantee contributions from his employer and makes additional personal contributions of $1,000 each year during a 40-year working life. With personal contributions matched with a government co-contribution of anywhere between $27 and $800 in the years a co-contribution is received, person 3 would have, on retirement, a superannuation account balance of $981,500. This is $65,326 more than person 3 would have had without the government co-contribution—an improvement of seven per cent.

The assumptions underlying these projections are: earnings growth of four per cent per annum equals assessable income and reportable fringe benefits; inflation at 2.5 per cent per annum; earnings by the fund, before fees and taxes are deducted, at seven per cent per annum; the co-contribution lower and upper income thresholds are $27,500 and $40,000, respectively; the co-contribution lower income threshold index, from 1 July 2007, is four per cent per annum; and retirement superannuation account balances and improvements are in nominal dollars.

Senator BROWN (Tasmania) (6.35 p.m.)—I thank the minister for those figures. On the figures the minister has given, it will get to one in nine people in that area. It means that eight out of nine are not going to get the benefits. I would very much stick to the logic that it is going to be people whose partners are on better incomes who are going to be better able to take up the government’s offer. It is going to be those who are struggling, without that extra income coming into the household, who are not going to be able to take it up. Therefore, it is not just poorly targeted but very tough on low-income earners, because they are going to be sitting there with their pencils trying to work out whether they can do it or not.

It would have been much better if there had been across-the-board support for people at income levels that low, as indeed the government in this legislation is giving across-the-board support to people on high-income levels who do have superannuation. The Democrats are, I think, pursuing the idea for low-income earners, and I congratulate them on that part of it, but I think it is poorly targeted and would have been much better targeted at people who are in need. Of course, it would have been better targeted so those who are most in need in those categories got it rather than those least in need, which is the way it is likely to go under this formula.

I want to ask the minister as well about the Parliamentary (Choice of Superannuation) Bill 2003, introduced into the House of Representatives by the Independent member for Calare, Mr Peter Andren. This legislation has been improved to meet some criticism which there was when the bill first came into the House in 2001. As Senator Coonan might remember, at that time I referred it to the Senate Select Committee on Superannuation and there were over 3,000 public submissions. The point about Mr Andren’s legislation is that it aims to allow members of parliament who do not want to get the hand in the public purse top-ups—which make any-
thing we are talking about here today pale into insignificance—to go to a superannuation scheme which is commensurate with what the rest of the public gets, where you can expect an eight per cent top-up from employers, not the 69 per cent notional top-up which is occurring with parliamentary superannuation schemes.

I draw senators’ attention to the fact that we are talking in the Senate tonight about very small contributions to low-income earners which pale into insignificance when compared to the amount of money that is being taken out of the public purse to top up and enrich the parliamentary superannuation scheme. It pales into insignificance compared to the thousands of dollars that go through that 69 per cent self-endowed scheme to members of parliament. I think it is a blight on us that that arrangement is there. I think we should deal with it. I think it is important for a whole range of reasons that we deal with that piece of legislation. As it is, in this legislation today we are looking at cutting the tax on high-income earner superannuation schemes, which we will benefit from anyway.

It is my intention to refer this bill to a Senate committee for a re-evaluation. I think it is very important and I think it is very ethical legislation that Mr Andren has come up with in the House of Representatives. But can the minister say whether there has been any movement in the government’s attitude towards the Andren legislation, whether the government would entertain it being reviewed or whether the government is reviewing it with a view to seeing that it is brought on for debate in the House of Representatives? It warrants that, and it is voted on in the House of Representatives in the same way as this legislation—giving tax cuts to wealthy high-income earners and giving these comparatively modest supplements to low-income earners—which has gone through the House and is here today.

**Senator CHERRY** (Queensland) (6.40 p.m.)—I want to respond to some earlier comments from Senator Brown. I know that we are getting close to time and I will not speak for long because I know Minister Coonan wants to respond to the questions Senator Brown has asked. I thank Senator Brown for his comments that he does acknowledge that the co-contribution will provide benefits to some low-income people. The dispute in this debate is how many. The answer is we do not know, and we will never know until we see what the figures are that are collected, and the figures will be collected and reported to the parliament.

I want to correct the record with respect to two things: one relates to the comments that appeared in the *Age*, I think, from Susan Ryan from the Australian Institute of Superannuation Trustees, entitled ‘A better attitude to the co-contribution’. My office rang Ms Ryan to ask her about those comments and she confirmed that she was misquoted and that her organisation actually supports the package and is urging the Senate to pass it. I note that for the record.

The second note for the record is that ACOSS’s view on the co-contribution is not one of opposition but simply a view that it is inadequate and it does not go far enough. It is a pity in some respects that more senators and, in particular, Senator Brown were not at the inquiry of the Senate Select Committee on Superannuation into these bills last September, because ACOSS put in a submission to the inquiry at that stage. I would like to read extracts from their submission to the inquiry:

ACOSS supports the principle of a co-contribution for low income-earners.

They go on to say:
If a co-contribution is to be introduced, it should extend higher up the income scale to somewhat less than average full-time earnings, and should preferably extend to Superannuation Guarantee contributions. It should be funded by reducing the existing tax concessions for high-income earners, as proposed in our previous submission.

Therein lies ACOSS’s position, and I thought that is what we did—we actually pushed the co-contribution up the scale to $40,000 and we funded it by paring back the government’s proposed cut of the surcharge. We did exactly what ACOSS told us to do. I am used to getting belted over the head when I do what ACOSS tell me to do. They did it to us with the GST and they have done it to us with this, but they are my friends and I look after them. But, on this particular occasion, I note for the record that the submission to the inquiry—their public record position, which I have responded to—was that the co-contribution should be extended up the scale, preferably extended to SG, and I agree with that.

The next stage of reform for the co-contribution, in my view, is to extend it to SG, because, as I think Senator Coonan and Senator Sherry have said in previous debates, what we are dealing with today is a start. I hope it is not the be-all and end-all of co-contributions. What we are dealing with today is the first tentative step to finally get a co-contribution in place. In my view, targeting low-income people who are prepared to save is a reasonable place to start. It is the best place to start. The next stage is to extend that to SG for low-income people. The next stage is to extend it further up the scale and increase it. That is the way we should go, and eventually we will hopefully get a proper co-contribution that will fill that gap—the inadequacy in superannuation which was identified by Dr FitzGerald in 1993 and which, I should note, the Keating government sought to fix with their co-contribution proposal in 1996.

**Senator Sherry**—They abandoned the co-contribution in 1997, not 1996.

**Senator CHERRY**—It was a government plan, I think, in 1995-96. My memory fails me. But the key point I want to make is that this is a start, and the changes we have made are directly in line with what ACOSS told us to do as a start: to take it up the scale. The next stage, in my view, should be as ACOSS has recommended, extending it to SG.

Finally, I want to deal with how many people will pick it up. I quoted these figures earlier, but they are worth quoting again because I think Senator Brown missed that part of the debate. The figures which Treasury has put up are based on current experience with the low-income earners’ rebate. They are all that Treasury can put up, but they do not take into account the possible behavioural effects that offering an incentive of this sort would have. It is worth quoting yet again the research that IFSA had done by market research company Eureka Strategic Research. It went out and asked people in various income ranges whether they make voluntary contributions now and whether they would be prepared to make voluntary contributions if the government offered them a dollar-for-dollar rebate. Just looking at the two key areas of those earning $20,000 to $30,000 and $30,000 to $40,000, according to this research, of those earning $20,000 to $30,000, 19 per cent said they make contributions now and 33 per cent said they would be prepared to make voluntary contributions if the government offered them a dollar-for-dollar rebate. For those in the $30,000 to $40,000 range, 20 per cent said they make contributions now and 41 per cent said they would make contributions if they were offered dollar-for-dollar contributions. That suggests there will
be a behavioural response and that is why this measure is worth having.

Senator HOGG (Queensland)  (6.45 p.m.)—I happened to walk in when Senator John Cherry was making a very self-righteous comment about Senator Brown and his participation in the processes of the Senate Select Committee on Superannuation. It stirred me into action for one reason, Senator John Cherry. One should realise that the Democrats are not without some shame in this area themselves—

Senator HOGG—That is very good, but that is different from participating in the Senate process. I remember one day I stood up in this chamber on a very important bill and the Democrats had not participated in the process in any way whatsoever but chose to use the committee stage, which is the right of any senator in this place, to debate the bill. I would encourage all senators, if they have an interest in any bill, to attend the appropriate hearing on the bill, but please do not stand up here and throw stones when you are in a glass house yourself.

Senator SHERRY (Tasmania)  (6.47 p.m.)—On that last point, I think the record of the Senate Select Committee on Superannuation is well known. It has been an incredibly activist committee over the last 12 years—with a couple of years break—and has been ably chaired by Senator Watson, who is chairing the committee stage at the moment. I think it would be very unrealistic to have expected Senator Brown to have fronted up to more than perhaps a handful of those hearings.

Senator Brown—I looked in, saw that there were six Democrats and thought, ‘It can’t be important’!

Senator SHERRY—We have got to have that interjection on the record. But just as we know the Democrats struggle to get to estimates committees because of the number of Democrats, Senator Brown, certainly up until the last election, was by himself. It is just a bit unfair to castigate him for not attending Senate superannuation committee hearings. If you look at the number of committee hearings there are, and it is part of the effective process of this chamber, there are literally weeks on end when there are one or more Senate committees meeting on the same day, during the non-sitting periods of parliament in particular. Senator Brown and I have had very fierce exchanges on a lot of issues, but on this issue I think the criticism that was launched at him was just a bit unreasonable.

Senator COONAN (New South Wales—Minister for Revenue and Assistant Treasurer)  (6.48 p.m.)—In the few minutes that are left before we have to terminate the debate tonight I want to make some comments about the anticipated behavioural changes that this carefully targeted measure is likely to have on low-income earners. Senator Cherry in fact outlined some of the comments I was about to make about the figures that have been based on the low-income rebate, where there was not a high take-up rate. Those figures were probably not the best, although they are the only ones available to Treasury to make current estimates.

It is a very well-targeted measure and I would hope that everyone in this chamber would support what we are trying to do for low-income earners. It is not a bad thing we are doing here tonight or tomorrow, whenever we get this passed—this is overwhelmingly important. It is a very important step to try to provide something that low-income earners do not currently have, and that is some assistance with saving. I have been astounded by the debate, which has sought to be disparaging about a measure that really can do nothing but have a good effect, I would have thought. I want to very quickly
respond to Senator Brown and his question about Mr Andren’s bill. Of course, those matters do not actually fall within my portfolio responsibilities.

Progress reported.

**DOCUMENTS**

**Australia Post**

**Senator TIERNEY** (New South Wales)

(6.50 p.m.)—I move:

That the Senate take note of the document.

It is important in our modern society that communications be developed to a point that takes advantage of the technologies that exist. This has been the case throughout history, and there have been some dramatic advances at various points in history. Australia Post and its predecessors have always played a very important role in this. Sending things like mail is as old as the written word, but transmitting has at various times in history been fairly problematic.

In James A. Michener’s book *The Covenant*, the story of the settlement of South Africa, he tells of sailors in the 17th century pulling in for water and other supplies before there was any settlement at the Cape of Good Hope and leaving in a cave the mail that they wanted sent back to England. The ship coming the other way months later would pick it up and take it back to England. Sometimes it would take 18 months to two years for a letter to actually arrive back in England. Contrast this with email and the way in which we can so rapidly change and move information in the age we are now living in.

Moving on from the story of South Africa at that time, we come to the beginning of the 20th century, particularly at the time of Federation, when we set up the Australian postal system in this country. What we did was actually quite dramatic. We take this all for granted nowadays but, just think, over 100 years ago we set up the first universal service obligation with the post. It was the same price to send a letter anywhere in Australia—and of course it still is today. But just think about what we are doing. If you send a letter from Parliament House to Civic, it will cost you 50c. If you send it from here to Port Hedland, it will cost 50c. We have the same price across Australia for the standard post—the first universal service obligation. It is absolutely marvellous that we provide that service in Australia Post. In terms of providing communications and helping build the fabric of Australian society it has certainly done a marvellous job.

We have to look at where a postal service goes in the information age from this point. I caught on Sky News tonight the story of the British postal strike. One of the problems British post is having is competition from new technologies. With the rise of email a lot of people, instead of sending things through the physical post, are now sending them by email. British post is struggling in the face of this change.

So what is happening with Australia Post? I had a look at the Statement of Corporate Intent 2003-05 tonight to pick up from its mission and vision something that might relate to that. It says in its mission and vision ‘to innovate easy-to-use products and services and use modern efficient networks’ and, in terms of values, Australia Post will ‘recognise and contribute and will share its success and, where Post falls short, find constructive and efficient solutions.’ It concludes, ‘Post will encourage innovation and continuous improvement in everything that it does.’

I really could not pick up from this entire document, which was about vision and mission and objectives, where it is already going in terms of the information age. There is a warning in Britain of what would happen in the future. I will just draw an analogy with
what happened with the American railroads. The American railroads thought that they were in the railroad business and did not realise that they were in the transport business.

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

Senator TIERNEY—Mr Acting Deputy President, I seek leave to continue my remarks at a later time.

Leave granted; debate adjourned.

ADJOURNMENT

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

That the Senate do now adjourn.

Redlands IndigiScapes Centre

Senator SANTORO (Queensland) (6.56 p.m.)—Tonight I want to pay tribute to a very keen Work for the Dole crew in the bay-side area of Greater Brisbane. In doing so, I want to commend the innovative environmental work of the Redlands IndigiScapes Centre at Capalaba and the great support of the Redland Shire Council under Mayor Don Seccombe. It is often said that everyone needs to focus on a vision, that everyone needs to find a mission and fulfil it. It is often said because it is always right. In today’s language, self-confidence and self-help, combined with focused energy, can get you anywhere you want to go. On that point, it is worth remarking that Confucius got it absolutely right when he said:

Wheresoever you go, go with all your heart.

What that says is: do your best. On the question of doing your best, I often like to recall the words of the famous American actor-producer Lucille Ball, who said:

I don’t know anything about luck. I’ve never banked on it, and I’m afraid of people who do. Luck to me is something else; hard work and realising what is opportunity and what isn’t.

I believe very strongly that Work for the Dole participants and the far-sighted local councils, such as Redland Shire Council, that support them with worthwhile projects are following that path. Because of this I was very pleased to be present on 18 July to represent the Prime Minister and the Minister for Employment Services and to make a very special presentation on their behalf. The Highly Commended Work for the Dole Achievement Award that I presented to the team at the Redlands IndigiScapes Centre was of course a unique tribute to all of the people involved in that project. And what great people they are—go-ahead people, lateral thinking people, people who are keen to do a good job and at the same time help their neighbours and their workmates. That is the Work for the Dole team.

The staff at IndigiScapes have grown a wonderful concept into a great community service, something that puts beautiful native plants into the suburbs, helping to bring back bird life and re-creating a truly Australian environmental experience in our streets. It is a particular tribute to Mayor Don Seccombe of Redland Shire Council that the IndigiScapes operation is as good as it is—and it is very good—and that the service it provides is truly community based. Mayor Seccombe and his council have got right behind this concept.

Work for the Dole provides a unique work experience to many thousands of unemployed Australians each year. The award I presented on 18 July recognises the important part Redlands IndigiScapes Centre and Redland Shire Council have played in the success of the program. It acknowledges the unique concept that IndigiScapes uses to show how local native plants can be used for a range of different garden styles and purposes. This is making a strong contribution
to the maintenance and enhancement of the unique environment that we live in here in Australia, even in the suburbs.

Redland Shire Council has a commitment to enhancing the unique flora of our region too, and that shows the best civic spirit of all. It is a real pleasure to know that the centre is used as a meeting place for conservation groups, and is a favourite spot for picnickers, bushwalkers, gardeners, artists, birdwatchers, students and tourists. It is a pleasure too to know that two participants in the award-winning Work for the Dole placement have secured employment with Redland Shire Council and that others have gained valuable experience to improve their employment prospects in the local area, and that is what Work for the Dole is all about.

Since the coalition government introduced Work for the Dole in 1997, there have been over 215,000 participants, and more than 12,000 activities have benefited communities across Australia. The participants who undertake this fine work benefit by gaining good work experience, improving their work skills, and becoming more motivated to find a job. They are also contributing to the continual enhancement of the sense of community that is the real essence of Australia.

A number of studies have found widespread support for, and the success of, Work for the Dole. One study, the Wallis report on attitudes to Work for the Dole and mutual obligation, found that 89 per cent of people support Work for the Dole. Successes such as the one we celebrated on 18 July, about which I speak tonight, underline the contribution that innovative and energetic people—that is, of course, the overwhelming bulk of Australians—make to programs of this nature.

It bears restating that Work for the Dole is a work experience program based on the principle of mutual obligation. Mutual obligation is a theme the Howard government presses strongly. It is a fair theme—it gives back to the taxpayer something of enduring value for money spent. It is a human development theme—it aims to develop the work habits of participants and involve them and local communities in activities that are of value.

Since July last year, participants in Work for the Dole have been able to volunteer to be part of community action groups or CAGs, as they are known. These groups provide short-term, emergency assistance to bodies such as State Emergency Service organisations and local councils, during or after natural disasters. Again we see the twin themes of mutual obligation and self-help at the centre of the picture.

It is important to note—and I do so tonight in the context of the achievements of IndigiScapes and its Work for the Dole team that I have already outlined—that the Australian economy continues to flourish, with low inflation and interest rates that will further assist economic growth, and we have heard much of that good news in recent days. In the week commencing 3 September, the Westpac-ACCI survey of industrial trends indicated that the Australian economy grew strongly in the quarter to September and expectations are for a significant acceleration in the December quarter.

Employment policy is central to economic advance. The government has a number of achievements in employment policy, most notably the fact that more than 1.2 million jobs have been created since the coalition came to office. Australia’s unemployment rate now stands at 5.8 per cent, compared to 10.9 per cent in December 1992. Just in passing, it is worth comparing that figure with the latest for the euro zone in Europe. The euro zone, of course, is the core of the European Union countries that use the euro
as their common currency. The European statistics office last week announced that the July unemployment rate in the euro zone was 8.9 per cent, the highest level since November 1999.

What a contrast. What a stark reminder of the essential and beneficial difference between the policies of economic freedom we pursue here in Australia under the Howard government and the heavy-handed bureaucracy of centralised and politicised control under which the leading economies of continental Europe continue to labour and which the ALP would like to reintroduce in Australia. All this may seem a long way from the activities in Queensland of an innovative environmental operation and an active Work for the Dole team, but it is not really—not if you act locally, think globally. The lesson is there to be learnt.

The government is firmly committed to Work for the Dole. The program shows real partnerships between community groups who sponsor activities, participants and, of course, the community. Many people can play a pivotal role in building work skills and the work ethic, and under the government’s Work for the Dole program they can do so to everyone’s benefit. And when it is combined with civic values, as in the case of the Redlands IndigiScapes Centre and its innovative program supported by the local council and community, it is doubly a winner and, of course, it deserves applause.

**Australia Post**

**Senator MOORE (Queensland) (7.03 p.m.)**—This afternoon petitions signed by over 500 people were presented in this place. They said that they wanted people to take action to ensure that Australia Post maintains and restores its level of service in the western suburbs of Brisbane. What was making those 500 people so angry? They were angry because their postboxes had disappeared. In one particular street, a lady had woken up one morning to see a truck—and it had a specially designed back part to put postboxes up and down—go down her street and take away her postbox. This caused great anger, confusion and consternation amongst the citizens in the western suburbs of Brisbane, particularly in the suburbs of Sherwood and Chelmer.

The local state member of parliament, Mr Ronan Lee, was visited by a number of people who were upset. They could not understand why Australia Post—their post office—was taking away a service from them. There was some difficulty in talking with Australia Post as well. It was not that easy to find out what was going on. We did find out that on the postbox, underneath the flap where you post your letters, there was a sticker which told people that this box was under review. I do not know about other people, but when I post letters I do not read the postbox. I just put my mail into the postbox, and this was the experience of people in the western suburbs as well. They had not read the sticker on their endangered postbox. But they did find out, because the postboxes disappeared.

They began researching this issue with the help of their local state member—and it was also a bipartisan activity because the local federal member, Mr Gary Hardgrave, became involved in this process as well. The reason those members of parliament became involved was that the community members were so upset that they took up their democratic right and contacted them. When they found someone in Australia Post who would talk to them, they found that this was a national process. There was an overall review of postal services. In line with what Senator Tierney was talking about earlier—about the vision for Australia Post—perhaps the vision for Australia Post should include listening to the people who use the services. That in-
cludes people who had been using the same postbox in the same street for years—in one case for over 40 years. The web site for Australia Post states:

Street posting boxes are provided at locations where an acceptable level of usage is known or anticipated ...

However, sometimes usage of a box may fall away and it then becomes necessary to balance the costs of clearing and maintaining the box against the reduced benefit provided. In those cases, if usage of a box falls below 25 articles per day, the box may be relocated or removed after consultation with the community.

I question the 25 units per day, and I think that that is an interesting number. We still have not found out where the number 25 has come from. But I also question consultation with the community, because if Australia Post had worked with the local community they, as an organisation and also members of the community living in that area, would have been saved a great deal of pain and upset. Maybe the boxes would still go. It is possible that, after consideration, it will be considered easier to walk the extra miles or to get someone to collect your mail. These options are being taken up by the people who are living in these areas. They are going further to use post office services. But the anger and upset that was caused to people who did not deserve that confrontation with their Australia Post has remained. The relationship, about which Senator Tierney was talking earlier, between Australia Post and the community has been damaged—and that is stupid. What we are talking about now is basic service for a community.

When the local member became involved with the people who were angry—some of whom had never taken any form of political action before—he found that people wanted something done. They wanted their voice heard. As a result of their action, there has been some quite localised media coverage.

People have talked about what their communities meant to them and, in particular, what the Australia Post service there at the corner of the street meant to them as families, as people who gathered together, as people who met outside the postbox—people who actually shared community life. So it is not just a receptacle into which to put mail; it is a gathering point in some cases for the community. I wonder whether in the assessment being done by Australia Post that form of activity has been considered or even assessed. I think there is a message here, when we are talking about a future service, about involving the people who best use the service.

We received a letter from a lovely lady—a lady who does not have access to the Internet or email, so she could not find the web site that talked about 25 articles—who said that she had lived in the same area for her entire life. She had been using the same red postbox for many years. I believe that is the one that disappeared one morning on the back of a truck. Now, in her older age, when she needs it most, she can no longer drive, she does not have access to email or mobile phones and she is no longer able to walk down the street an easy distance and post a letter, post her Christmas cards or post letters to her grandchildren. This is what she used the postbox for. She may not have used it to the extent of 25 articles a day, but she did use the service and she was not consulted when that service was taken away.

This particular issue is not peculiar to the western suburbs of Brisbane; there has apparently been a national attack on postboxes. Indeed, these postboxes seem to be an endangered species. As a result of community pressure and people contacting their local members and the Minister for Communications, Information Technology and the Arts, Senator Alston, there has now been a reprieve, a freeze, on the attack on postboxes.
A media release dated 27 May 2003 under the heading ‘Senator the Hon Richard Alston’ says:

The Government has received a number of representations about street posting box removals.

It goes on to say that the government will institute a moratorium which will allow Australia Post and the Department of Communications, Information Technology and the Arts to conduct a review of Australia Post’s street posting box policy. That is a big name for taking away your postbox at the end of the street. We know that there is a national network of more than 15,500 postboxes across the country. In this one area of western Brisbane, 10 have gone. I am not very good at maths and I cannot work that out as a percentage, but we have to wonder how you assess the impact on the community. What we want to know is how the review is going to work and how those community people can be part of it. People have been engaged for the first time in political action. They have actually walked up and down their streets in the area where the postboxes used to be.

In Brisbane we sometimes have processes where bus services change, and there is signage that tells people why it has happened and where the nearest service is going to be. There is no such service from Australia Post. At the spot in the street where there used to be a postbox, there is no sign that there was ever a postbox in existence. So, if you did not know and you walked out to use your postbox down at the corner of the street, you would not know where it had gone and you would not know where your nearest service is. For us, that may not be too much of a problem, but for the lady who wrote that letter and who had been using the same service for so long that was a considerable disruption of her lifestyle. I think we as community members need to work more effectively with our Australia Post to make sure that the review which they are conducting involves these people and that the outright attack on postal services is stopped.

**Australian Citizenship Day**

Senator RIDGEWAY (New South Wales) (7.12 p.m.)—I want to speak about an adjournment speech that was given last evening. This chamber was subjected to a bitter display of dummy-spitting bigotry from Senator Brett Mason, who slammed the acknowledgment of Indigenous peoples or country in Australian citizenship ceremonies. I am proud to stand here in this chamber tonight and say that those Indigenous elements were incorporated into the citizenship code at my suggestion, and I welcome their inclusion.

At that time, as now, I commended the Australian Citizenship Council and its chair, Sir Ninian Stephen, for its work on the Citizenship Ceremonies Code and its inclusive response to my recommendations of incorporating Indigenous protocols. Government ministers have since acknowledged this contribution in formulating this approach, and I respect their ability to listen and act on this issue. However, it seems that one part of the government can see the value in allowing the option—and I must stress the word ‘option’—of incorporating Indigenous elements into their ceremonies, whereas another sees it as yet another bomb in a culture war.

Last night, Senator Mason was being at best lazy and at worst bigoted and divisive when describing the Citizenship Ceremonies Code. His speech ignored the essential elements of the ceremony—or, to use language Senator Mason may understand, the ‘traditional’ ones. For example, during the citizenship pledge, one pledges:

> From this time forward ... loyalty to Australia and its people, whose democratic beliefs I share, whose rights and liberties I respect, and whose laws I uphold and obey.
Senator Mason also did not mention that the ceremonies are to be conducted in the presence of the following national symbols: the Australian national flag, the Commonwealth coat of arms and an official photograph or portrait of Queen Elizabeth II. These are the essential elements of our simple but meaningful citizenship ceremony. Desirable elements of the ceremony include music, the giving of small gifts to new citizens, a short video or film screening, or the aforementioned Indigenous welcome to country or acknowledgment of country itself. Senator Mason neglected to mention these essential parts of the ceremony. Instead, he singled out what is in his view an undesirable element in order to create division and dissent among Australian people.

Today, the Minister for Citizenship and Multicultural Affairs incorporated several Indigenous elements in a special citizenship ceremony held here at Parliament House. At this ceremony Minister Hardgrave not only acknowledged the traditional owners of the land, the Ngunnawal people, but did so in front of three flags—the Australian, the Aboriginal and the Torres Strait Islander flags. The acknowledgment of country and the flying of the flags is now commonplace at most official and government ceremonies. Does Senator Mason find that alienating, inappropriate and undesirable? I am not sure those taking part in the ceremony such as Andrew and Susan Goodlace and their children would have found it so.

I ask Senator Mason to think what next month’s Rugby World Cup would be without a Haka from the All Blacks. Should he check with non-Maori New Zealanders as to whether they find the performance of the Haka as ‘force feeding them guilt and self-loathing’? Indeed, for New Zealanders, it is a time when Maori and Pakeha become one. It is living proof of why they are heading down the right path—and the best we can do is muster up Waltzing Matilda. This does not mean that I will be saying that it is an undesirable part of our World Cup campaign.

I also want to ask whether Senator Mason was filled with guilt and self-loathing during the opening ceremony of the Olympic Games. And does he feel excluded when the Aboriginal and Torres Strait Islander flags are flown alongside the Australian flag? Is this not proof that we are heading down the right path of cooperation and racial harmony? Is it also not right that our more recent use of Australian Indigenous imagery invokes a depiction of our nation or does he prefer not to travel on Qantas, as one example among many? I am of the view that the more we mix, the more we accept, the better we understand and the more likelihood that we will begin to see what is similar to us, not what is different. And the more similarity there is, surely the more unity that follows.

The incorporation of Indigenous protocols does have a history, and obviously Senator Mason has not been paying attention. In the past, all political parties have expressed their strong support for reconciliation. There was unanimous support for the legislation to establish the Council for Aboriginal Reconciliation in 1991. Similarly, all senators, including Senator Mason, supported the motion for reconciliation in August 1999, in which we reaffirmed our whole-hearted commitment to the cause of reconciliation between Indigenous and non-Indigenous Australians as an important national priority for all Australians and, recognising the achievements of the Australian nation, to work together to strengthen the bonds that unite us, to respect and appreciate our differences and to build a fair and prosperous future in which we can all share. Many senators and members joined in the spectacular bridge walks in capital cities and many towns across the country in the year 2000. Indeed, many small gestures were made and
it is often the simple measures that will be instrumental in healing the wounds that exist between Indigenous and non-Indigenous Australians.

Recognising Indigenous protocols would have to be one of the simplest ways of bringing Indigenous and non-Indigenous people together. Indeed, the examples I have used here tonight show that many organisations and governments now adopt this practice. Whilst we have made inroads there, we can at best say that we are only halfway along that journey. But in a positive way we now have acknowledged the realisation that the nation’s Indigenous peoples do retain a living culture, that we have provided ordinary Australians with opportunities to witness and experience at first-hand ceremonial aspects of what is the world’s oldest living culture and that we can communicate to ordinary Australians how the nation’s Indigenous peoples do view their heritage through seeing ceremonies performed and explained.

However, Senator Mason has shown himself to be nothing more than a lazy bigot, a person who has been content to sit on his hands on these red leather seats for the past four years while various processes and inquiries into incorporating Indigenous protocols into Australian public ceremonies and official events have been well under way. I am not aware if he had let his strident feelings on this issue be known to the Australian Citizenship Council. I am not aware whether he made his views known in 1999 in relation to the Strategy on the Incorporation of Indigenous Protocols into State Ceremonies of the Council for Aboriginal Reconciliation. I am not aware of whether he even made a submission to the parliament’s own House of Representatives Committee on Procedure inquiry into the opening of parliament which reported in 2001 and made wide recommendations, including the one which he criticises. I am not aware whether he has corrected the Prime Minister on this front. At many of the public occasions that I attend, and which the Prime Minister has been at, he has acknowledged this special contribution to the nation.

Instead, Senator Mason chose last night, on the eve of Australian Citizenship Day, to have a cheap shot not only at the 60,000 year-strong Indigenous culture that makes Australia unique in the world but also at his own colleagues, the Prime Minister, esteemed Australians like Sir Ninian Stephen and the Minister for Citizenship and Multicultural Affairs, Mr Gary Hardgrave, who used these desirable elements in today’s citizenship ceremonies held in our Great Hall. I am reluctant to say it, but it must be said, that it has become a hallmark of this government—or certain members of it—to allow the distribution of such vindictive attitudes to justify its retreat on social equality and rights advancement for Indigenous people. And the Prime Minister must condemn Senator Mason’s inflammatory words immediately.

What greater welcome could new citizens be offered than one from the traditional owners of this land? Ultimately, it is about national character, national identity and being able to express something that is quintessentially Australian. I can think of no better way of being able to do that than to acknowledge and embrace Indigenous cultures in a greater way than we have in the past so that they become part of Australian culture, character and identity for tomorrow. I encourage all who conduct these ceremonies to include these desirable elements. Let me remind you that it is optional, it is about people making local decisions, it is available where people request it and it can be used where appropriate. I also congratulate all who have participated in ceremonies today across the country to become Australian citizens and those who will in the future undertake the same processes as a rite of passage. As an Indigenous
Australian, I want to say: welcome to Australia and welcome as Australians.

Senate adjourned at 7.22 p.m.

DOCUMENTS

Tabling

The following government documents were tabled:

- Australian Postal Corporation (Australia Post)—Statement of corporate intent 2003/04-2005/06.
- Remuneration Tribunal—Report for 2002-03.

Tabling

The following documents were tabled by the Clerk:

- Migration Act—Statement under section 252A for period 1 January to 30 June 2003.
- Sydney Airport Curfew Act—Dispensation granted under section 20—Dispensation No. 8/03.
QUESTIONS ON NOTICE

The following answers to questions were circulated:

Telstra: RAM 8s
(Question No. 1533)

Senator Mackay asked the Minister for Communications, Information Technology and the Arts the following, upon notice, on 18 June 2003:

1. How many RAM 8s are used in the Bendigo, Gippsland and Southern Gippsland regions.
2. Does Telstra agree with the assertion that the quality of service is reduced with RAM 8s, such as slower Internet connections and static; and if so, what is Telstra doing to improve the service.
3. How many complaints, concerning network faults, has Telstra received in the past year from customers in the Bendigo, Gippsland and Southern Gippsland regions.
4. (a) What is slavey cable; and (b) what it is used for.
5. Is Telstra using slavey cable to aid the provision of services to customers.
6. Can the Minister confirm whether Telstra is not allowing ‘expense works’ unless they are emergency patch ups only.
7. Given that at the Environment, Communications, Information Technology and the Arts Legislation Committee additional estimates hearings in November 2002 Telstra stated that under the Regional Network Taskforce program cable replacement was conducted in the Southern Gippsland area (QoN 47), can Telstra provide a percentage of old/new cable in the area.

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 124 from the Budget Estimates Hearings in May 2003.

1. RAM 8s are employed in the relevant regions as follows:
   - Bendigo region  160 RAM systems
   - Gippsland Region  224 RAM systems
   Southern Gippsland Region is incorporated within the Gippsland Region within Telstra’s systems. (It is difficult to separate out information between the two areas).

2. Telstra does not agree with this statement. RAM 8 technology provides around 28-31kbps in dial up data speeds. In rural areas, use of RAM 8 technology actually improves the data speed when compared to the speeds usually experienced by customers connected via long loaded lines. Telstra is not aware of any significant ‘static’ problem with RAM 8. A small number of reports have been made regarding a ‘hash’ like noise, the cause of which is currently under investigation with the equipment vendor. In the interim, resetting the system has been found to eliminate the noise.

In some situations RAM 8 technology has actually been used to eliminate noise (particularly that from electric fences etc) due to its use of a digital link and error correcting technology designed to remove the effects of any interference and noise.

Telstra has a process to continually review its technologies in association with appropriate vendors to correct and improve any inherent issues with the technology.

Individual customers who experience problems should contact Telstra on the published fault reporting numbers, or for customers experiencing data related problems, they should seek support under the Internet Assistance Program (IAP) to confirm that their modem and/or the RAM 8 are configured for best data performance.
(3) Some 707 complaints were logged that relate directly to a fault. Causes for complaints included faults not fixed properly, faults not fixed promptly, and network outages.

(4) (a) and (b)

In the process of service repair or provision Telstra, from time to time, locates faults that require significant work that cannot be undertaken immediately. In these instances, in the interest of minimising disruption to customers by providing rapid provision or repair of service, one option available to technicians is to install a temporary alternative cable where it can be undertaken safely. This is what is known as a slavey cable.

The cable may be installed on top of the ground or along an existing structure or within the Telstra ducting, pipe or tunnel network, so as to bypass the cable section were the fault is located. Each situation is independently assessed for that particular circumstance.

The definition of ‘temporary’ in this case is where a safe, technically acceptable, interim installation practice is performed to provide an immediate, stable service in response to a customer fault. It is expected that such interim solution will remain in service until the permanent restoration is implemented through the normal course of business operations”.

(5) As described above, slavey cable is used from time to time, but its use is not widespread.

(6) It is not true that Telstra is not allowing expense works unless they are emergency patch ups.

(7) The data is too complex to analyse in the manner requested. The data Telstra has identifies that under the Regional Network Taskforce programme of work in this area approximately 41.4km of new cable has been installed to replace older cable in 8 projects.

**Telstra: Overtime Hours**

(Question No. 1542)

Senator Mackay asked the Minister for Communications, Information Technology and the Arts, upon notice, on 18 June 2003:

With reference to the Environment, Communications, Information Technology and the Arts References Committee Hansard, 27 May 2003, pp 175-177:

(1) How many hours of overtime were worked by Telstra customer field staff in each year of the past 5 financial years.

(2) What is the average amount of overtime per customer field staff employee in each year of the past 5 financial years.

(3) Have any Telstra customer field staff worked for any continuous periods in excess of 30 days; if so, in which location did these employees work and what was the number of days of continuous work.

(4) Have any Telstra staff or Telstra contractors ever worked more than 20 hours straight within a 24 hour period; if so, in which location did these employees work and what has been the number of hours of overtime worked.

(5) Have Telstra team leaders been asked to rank their staff by performance or productivity.

(6) (a) How have Telstra team leaders decided which staff members are to be offered redundancies; and (b) was this on the basis of productivity or performance.

(7) Can information be provided on the measures that Telstra has used to measure field staff against the quality of work, amount of work done each day, their utilisation and how often they are available, and what these criteria have been benchmarked at.

(8) How is the criterion of ‘how often they are available’ for customer field staff measured and benchmarked.

(9) What is the benchmark for the number of installations for a Telstra customer field employee.
(10) What is the benchmark for the number of fault repairs for a Telstra customer field employee.  

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 140 from the Budget Estimates Hearings in May 2003.

(1) According to Telstra, overtime hours worked for Telstra customer field staff for 00/01, 01/02 and 02/03 are as follows. Data is not readily available for 99/00 & 98/99.

<table>
<thead>
<tr>
<th>Fin Year</th>
<th>Total OT Hours</th>
</tr>
</thead>
<tbody>
<tr>
<td>00-01</td>
<td>1,672,878.52</td>
</tr>
<tr>
<td>01-02</td>
<td>1,309,121.43</td>
</tr>
<tr>
<td>02-03</td>
<td>1,170,342.90</td>
</tr>
</tbody>
</table>

(2) Overtime hours averaged per customer field person for 00/01, 01/02 and 02/03 is as follows. Data not readily available for 99/00 & 98/99.

<table>
<thead>
<tr>
<th>Fin Year</th>
<th>Avge Hours</th>
</tr>
</thead>
<tbody>
<tr>
<td>00-01</td>
<td>157.8</td>
</tr>
<tr>
<td>01-02</td>
<td>114.6</td>
</tr>
<tr>
<td>02-03</td>
<td>124.08</td>
</tr>
</tbody>
</table>

(3) Telstra has advised that this specific data is not readily available directly from Telstra’s systems, however, manual investigation based on the system data available indicated that in the 02/03 financial year, there was one substantiated instance where an individual worked in excess of 30 days. This occurred in New South Wales.

(4) Again, Telstra has advised that this specific data is not readily available directly from Telstra’s systems, however manual investigation based on available system data indicates that in the 02/03 financial year technicians worked more than 20 hours during a 24 hour period on 17 occasions involving 47 staff.

Telstra's investigation of the limited instances where staff worked in excess of 20 hours showed that this occurred where technicians were repairing large cable damages where customer impacts were significant. According to Telstra, this is specialised and labour intensive work. Data confirming specific locations is not readily available however the data does show that these instances occurred in Queensland, NSW, Victoria and Western Australia.

In relation to extraordinary hours of work, Telstra would like to emphasise that in all circumstances, the safety of our people is paramount and that team leaders request volunteers for overtime work.

In addition, Telstra has stated that it acknowledges that in exceptional circumstances, its people do exceptional things and in rare cases, that includes extraordinary hours of work. Thirty days consecutive or twenty hours ‘straight’ is considered extraordinary and would, under no circumstances, be proactively programmed work. However, Telstra advise that these kinds of efforts do demonstrate the dedication of Telstra staff to customers during emergencies. In the case of work on large cable damages, this work is undertaken by teams or at least a pair of technicians.

Telstra staff should take regular meal breaks (and receive meal allowance) and in remote areas Telstra staff are monitored via the working in isolation process and the after hours centre, which are in place to protect staff.

(5) Telstra Team Leaders evaluate their staff as a normal, part of business, operation. This evaluation is undertaken with a view to recognising good performance and to determine the need for any Performance Improvement Plans for individuals.
(6) (a) and (b) According to Telstra, any decision in relation to staff redundancies is based on the processes outlined in the Telstra Redundancy Agreement 2002. There are five criteria used to assess each individual in a group; these are: safety; customer focus; effectiveness; teamwork; and skills and knowledge.

(7) Telstra has advised that it uses a process called Quality of Construction (QoC) to measure work quality. This involves random audits from inside the service region and also by staff independent to the region. In addition, team leaders periodically ‘ride-on’ with technicians to assist in monitoring and maintaining quality work practices. In terms of benchmarking, Telstra has stated that the performance target is based on achieving ‘best in team/area’. This target will vary from team to team and area to area. The amount of work done each day by field staff is measured by the Completed Contribution System, which allocates points for each type of job performed as well as travel that may be undertaken in a day. The aim of this system and the target (rather than benchmark) set for teams is to continuously improve work output.

Availability is measured by workforce planning areas so that Telstra can forecast the resource available to be deployed to complete work on any day. This measure also assists with planning activities such as training and team briefs.

(8) Availability is measured by calculating the estimated percentage of the workforce available to be deployed for work. This measure takes into account staff leave, training, team briefs etc. Levels of availability vary on an individual and team basis depending on individual and team circumstances.

(9) Due to the variable nature of the work undertaken by field staff there is no individual benchmark for the amount of work done each day.

(10) See answer to part (9) above.

Telstra: Priority Assistance Program
(Question No. 1544)

Senator Mackay asked the Minister for Communications, Information Technology and the Arts, upon notice, on 18 June 2003:

(1) Can an update be provided on how the new Priority Service Program is working.

(2) What is the budget for administering this program for the 2003-04 financial year.

(3) (a) How many staff will be allocated to work on this program in the 2003-04 financial year; and (b) if there is any variation to 2002-03 figures, what positions are involved and what is the reason for the variation.

(4) How many customers are currently registered on this program.

(5) What is the rate of assistance being provided by the Priority Assistance Program to customers: ie, what percentage, and number of the registered priority assistance customers have received assistance from the Telstra priority program.

(6) Can a geographical breakdown be provided of where this assistance was given, and how many times for each customer and in each area this assistance was provided, since the program began.

(7) Has the program been well received by registered customers.

(8) Have there been any customers who wished to register that Telstra has refused registration to; if so, can details be provided of the reasons for rejection and the number rejected.

(9) What steps is Telstra taking to promote this program to customers.

Senator Alston—The answer to the honourable senator’s question, according to 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 142 from the Budget Estimates Hearings in May 2003.

(1) Telstra has advised that the Priority Assistance Program has been implemented successfully and extensively across Telstra. Telstra has indicated that it has created dedicated teams and processes to ensure that the program continues to function effectively. Telstra advise that:

- Service assurance is managed from an end to end perspective from one site in Newcastle.
- There is a process for specialised proactive management of all new connections.
- A team has been established in Ballarat to manage Priority Assistance applications.
- Customers are notified of the availability of the Priority Service program within IVRs as well as verbal notification from staff in customer contact centres.

(2) Telstra has indicated that the budget for the program is approximately $5 million. As Priority Assistance is now considered a core workstream, no specific allocation was identified in the 2003-04 budget.

(3) (a) Telstra has advised that there are approximately 100 staff allocated to this function in 2003-04. This is approximately a 30% increase in the 2002-03 forecast as the program matures in terms of public awareness. (b) Telstra has indicated that the increased numbers of positions are spread across all Priority Assistance areas including the Commitment Management Team, the Priority Customer team and the Atlas team (applications, validation, and vetting processes).

(4) Telstra has advised that as at July 2003, there were approximately 125,000 customers registered on the program – this includes provisionally tagged customers whose applications for Priority Assistance have yet to be validated.

(5) Telstra has indicated that all customers that make general enquiries, request fault restoration or new service activation are asked if they require priority service and those who express a need for use of the program are transferred to the Priority Assistance team.

Telstra estimates that 125,000 registered customers have received assistance in this way.

(6) Telstra reports to the ACA on the geographic breakdown of Priority Assistance customers. Telstra has advised that the current breakdown as at July 2003 was as follows:

<table>
<thead>
<tr>
<th>Geographic Classification</th>
<th>Population of largest town in ESA</th>
<th>Number of Priority Assistance Customers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Major Rural</td>
<td>2,500-10,000 pop.</td>
<td>8,803</td>
</tr>
<tr>
<td>Minor Rural</td>
<td>200-2,500 pop.</td>
<td>19,035</td>
</tr>
<tr>
<td>Remote</td>
<td>&lt;200 pop.</td>
<td>589</td>
</tr>
<tr>
<td>Urban</td>
<td>&gt;10,000 pop.</td>
<td>55,419</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>83,846</strong></td>
<td></td>
</tr>
</tbody>
</table>

Telstra has advised that it is unable to provide details of numbers of reports by individual customers.

(7) Telstra has indicated that the Priority Customer Team has received letters of appreciation and verbal feedback and has been well received by customers.

(8) Telstra has advised that no customers wishing to register have been refused, and that all eligible customers wishing to register are accepted in good faith before Priority Assistance Program applications are sent and processed.

(9) Telstra has advised that it has undertaken a Priority Assistance awareness campaign, and that this has involved:

- supplying information in customers’ accounts;
- direct mail and half page advertisements in National/Local/Rural publications;

QUESTIONS ON NOTICE
• information on its website, telstra.com;
• inclusion in the customer charter; and
• scripting within IVRs and consultant scripting in the customer contact centres advising cus-
tomer of Priority Assistance program.

Telstra: Regional Network Taskforce
(Question No. 1546)

Senator Mackay asked the Minister for Communications, Information Technology and the
Arts, upon notice, on 18 June 2003:

(1) Can an update be provided on the $187 million Regional Network Taskforce that was announced in
July 2002.
(2) Has there been any change to these funding amounts; if so, can details be provided.
(3) (a) How much of the above budget was spent in 2002-03 and how much will be carried forward to
future years; and (b) can details be provided.
(4) (a) Under what part of Telstra’s capital expenditure budget, or general budget, is this program
funded; (b) is it included in the $420 million capital spending; and (c) can funding details be
provided.
(5) (a) Does the program for ‘copper network rehabilitation’ include any remedial work on the ‘seal the
CAN’ corrosive gel affected cables; if so, how much; (b) what work is covered in this category;
and (c) can details be provided.
(6) (a) Does the $88 million on ‘copper network rehabilitation’ include any cable air pressure remedial
work, such as the $40 million program to bring cable air pressure up to 40kpa in certain priority
areas; and (b) can details be provided.
(7) For each category of spending listed, please indicate in which geographical locations each category
of this program has done 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 144 from the Budget Estimates Hearings in May 2003.

(1) Telstra has advised that the Regional Network Taskforce has progressed very well. At the end of
May 2003, 2,500 projects had been completed and a further 524 projects had been briefed and were
in progress.

Telstra has also advised that as of June 12, $166 million of works were on target for completion by
the end of June 2003. The category spend breakdown was:
• Pair Gain: $22 million (of $35 million)
• Copper network rehabilitation $86.3 million (of $88 million)
• Reliability of exchanges in small communities $50 million (of $56 million)
• Power equipment to exchanges in regional areas $7.7 million (of $8 million)

Telstra has indicated that the remaining $21 million to complete the $187 million allocation is for
long lead work (ie, projects that take over 12 months to complete) and projects commenced in the
second half of the financial year. These will be completed under Telstra’s Network Reliability Pro-
gram of work through the 2003-04 year.

Telstra has advised that it has undertaken a Network Reliability Study which has identified a more
robust, nationwide, whole of network, “program of work” to ensure concepts identified in RNT are
supplemented and carried forward into future years.
(2) Telstra has advised that no, essentially the funding has been allocated as initially outlined. This funding schedule is reproduced in the table below:

<table>
<thead>
<tr>
<th>Purpose</th>
<th>Amount ($ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pair Gain Work</td>
<td>35</td>
</tr>
<tr>
<td>Copper Network Rehabilitation</td>
<td>88</td>
</tr>
<tr>
<td>Reliability of Exchanges in small communities</td>
<td>56</td>
</tr>
<tr>
<td>Power equipment to exchanges in regional areas</td>
<td>8</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>187</strong></td>
</tr>
</tbody>
</table>

Telstra has indicated that $21 million worth of outstanding budgeted programs will be completed in the 03/04 year under the Network Reliability Program.

(3) Telstra has advised that at June 12, $166 million of works were on target for completion by the end of June 2003. $21 million worth of outstanding budgeted programs will be completed in the 03/04 year under the Network Reliability Program.

(4) (a) - (c) Telstra has indicated that the $187M identified for RNT was a separate budget in its own right.

(5) (a) - (c) Telstra has indicated that the program for ‘copper network rehabilitation’ does not include any remedial work on the ‘Seal the CAN’ corrosive gel affected cables.

(6) (a) and (b) Telstra has advised that no, cable pressure work was funded under Telstra’s routine network monitoring and rehabilitation budget.

(7) Telstra has advised that around 3000 individual projects to upgrade the network across regional and rural Australia have been funded under RNT. Projects have been identified and managed by Telstra Country Wide Area General Managers and their local area network teams using local data and knowledge to prioritise areas for attention. Telstra has indicated that the geographical spend equated to: QLD 23%, NSW 44%, Southern (Vic and Tas) 15% and Western (SA, WA, NT) 18%.

Human Rights: Burma

(Question No. 1636)

Senator Nettle asked the Minister representing the Minister for Foreign Affairs, upon notice, on 17 July 2003:

(1) How much money has the Australian Government spent on human rights training in Burma.

(2) How much money does the Government propose to spend in the future on human rights training in Burma.

(3) Why is the AusAID report on the Burma human rights workshops not open to public scrutiny.

(4) Can the human rights workshops in Burma be postponed until there is official dialogue between the National League for Democracy, the State Peace and Development Council and ethnic minority groups.

Senator Hill—The following answer has been provided by the Minister for Foreign Affairs to the honourable senator’s question:

(1) The Australian Government has spent approximately $470 000 on human rights training in Burma.

(2) In March 2003 a 3-year contract to deliver the second phase of the Human Rights Initiative, which includes training in human rights, was entered into with Monash International. The contract is valued at up to $3 million. Up to 30 July 2003 payments totalling $106,886 had been made to Monash International under the terms of the contract. Human Rights Initiative activities were deferred following the arrest of Aung San Suu Kyi and NLD officials on 30 May 2003. Further
expenditure on the Human Rights Initiative will depend on resumption of activities and commercial negotiations with the contractor.

(3) AusAID project reports, including reports on the Burma human rights workshops, are internal working documents for program management.

(4) I deferred activities under the Human Rights Initiative following the arrest of Aung San Suu Kyi and NLD officials on 30 May. I have told the Burmese that they cannot be re-instated until genuine progress is made.

Foreign Affairs: West Papua
(Question No. 1746)

Senator Brown asked the Minister representing the Minister for Foreign Affairs, upon notice, on 7 August 2003:

(1) Did Australia receive intelligence in which Indonesian military officials discussed an operation against Freeport-McMoRan in West Papua prior to an ambush that killed three people on 31 August 2002; if so, what did the Government do with this intelligence to protect the many Australians working at the company.

(2) Did this intelligence implicate Indonesian military officials in the operation.

Senator Hill—The following answer has been provided by the Minister for Foreign Affairs to the honourable senator’s question:

(1) No.

(2) See answer to Question (1).

Veterans’ Affairs: London War Memorial
(Question No. 1787)

Senator Mark Bishop asked the Minister representing the Minister for Veterans’ Affairs, upon notice, on 14 August 2003:

(1) What specific Australian place names are to be engraved on the new war memorial currently being erected at Hyde Park corner in London.

(2) Is the list available to the public on the departmental website; if not, why not.

(3) Can a copy of the list be provided in electronic format.

Senator Hill—The Minister for Veterans’ Affairs has provided the following answer to the honourable senator’s question:

(1) There are 24,000 place names to be engraved on the Australian War Memorial in London, including Australian and overseas places. Australian place names are not identified separately.

(2) Yes, the list is available on the Departmental website.

(3) Yes, the Minister for Veterans’ Affairs has forwarded an electronic version format to the honourable senator.

Defence: Twofold Bay Navy Ammunition Facility
(Question No. 1800)

Senator Nettle asked the Minister for Defence, upon notice, on 19 August 2003:

With reference to the proposed naval munitions storage facility that is part of the ‘Twofold Bay Navy Ammunition Facility’:

(1) Will nuclear weapons be stored at the facility.

QUESTIONS ON NOTICE
(2) Will United States navy vessels visit the area as a consequence of the facility.
(3) Will the munition storage facility be available to all allies as a storage facility, including for the storage of nuclear weapons.
(4) Does the status of munitions storage facilities vary depending on what is stored.

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

(1) No.
(2) Conventionally armed and powered United States Navy vessels may visit the area as a consequence of the facility.
(3) Requests by Australia’s allies to use the munition storage facility, such as in the conduct of joint exercises, will be considered on a case by case basis. No nuclear weapons will be stored at the facility.
(4) Yes. The design, safeguarding zones and security measures of storage facilities vary depending on the Net Explosive Quantity and munition types that they are designed to store.

Afghanistan: War Crimes
(Question No. 1824)

Senator Brown asked the Minister for Defence, upon notice, on 26 August 2003:
(1) Has the Minister or have senior advisors to the Minister seen the documentary Massacre in Mazar, by Irish director Jamie Doran, revealing war crimes in Afghanistan during the recent invasion.
(2) Is the Minister aware of the mass grave site near the township of Mazar-I-Sharif in Afghanistan where thousands of captured prisoners of war and Taliban troops were killed by the Northern Alliance, American and Australian troops.

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

(1) The Minister did not see the documentary, although it was seen by at least one of the Minister’s senior advisers.
(2) No. Australian troops were not involved in any way in the incident at Mazir Al Sharif.