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SITTING DAYS—2004

<table>
<thead>
<tr>
<th>Month</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>February</td>
<td>10, 11, 12</td>
</tr>
<tr>
<td>March</td>
<td>1, 2, 3, 4, 8, 9, 10, 11, 22, 23, 24, 25, 29, 30, 31</td>
</tr>
<tr>
<td>April</td>
<td>1</td>
</tr>
<tr>
<td>May</td>
<td>11, 12, 13</td>
</tr>
<tr>
<td>June</td>
<td>15, 16, 17, 21, 22, 23, 24</td>
</tr>
<tr>
<td>August</td>
<td>3, 4, 5, 9, 10, 11, 12, 30, 31</td>
</tr>
<tr>
<td>September</td>
<td>1, 2, 6, 7, 8, 9, 27, 28, 29, 30</td>
</tr>
<tr>
<td>October</td>
<td>5, 6, 7, 25, 26, 27, 28</td>
</tr>
<tr>
<td>November</td>
<td>22, 23, 24, 25, 29, 30</td>
</tr>
<tr>
<td>December</td>
<td>1, 2</td>
</tr>
</tbody>
</table>

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- **MELBOURNE**: 1026 AM
- **ADELAIDE**: 972 AM
- **PERTH**: 585 AM
- **HOBART**: 729 AM
- **DARWIN**: 102.5 FM
CONTENTS

TUESDAY, 9 MARCH

Committees—
  Corporations and Financial Services Committee—Meeting ........................................ 21051
Medical Indemnity Amendment Bill 2004 and
Medical Indemnity (IBNR Indemnity) Contribution Amendment Bill 2004—
  Second Reading ............................................................................................................ 21051
  Third Reading ............................................................................................................. 21059
Great Barrier Reef Marine Park Amendment Bill 2004—
  Second Reading ............................................................................................................ 21059

Questions Without Notice—
  Social Welfare: Pensions and Benefits ................................................................. 21071
  Economy: Policies ...................................................................................................... 21072
  Taxation: Income Tax ................................................................................................. 21073
  Indigenous Affairs: Government Policy ................................................................. 21075
  Taxation: Family Payments ...................................................................................... 21076
  Education: University Fees ...................................................................................... 21077
  Taxation: Family Payments ...................................................................................... 21078
  Environment: Murray-Darling River System .......................................................... 21079
  Social Welfare: Pensions and Benefits ..................................................................... 21081

Distinguished Visitors ................................................................................................. 21082

Questions Without Notice—
  Immigration: Border Protection ........................................................................... 21082
  Taxation: Family Payments ...................................................................................... 21083
  Trade: Free Trade Agreement .................................................................................. 21084
  Taxation: Family Payments ...................................................................................... 21086

Questions Without Notice: Additional Answers—
  Trade: Free Trade Agreement .................................................................................. 21084
  Asia Pacific Space Centre ......................................................................................... 21086

Questions Without Notice: Take Note of Answers—
  Taxation: Family Payments ...................................................................................... 21089
  Social Welfare: Pensions and Benefits ..................................................................... 21089
  Education: University Fees ...................................................................................... 21094

Notices—
  Presentation .................................................................................................................. 21095
  Australian Grand Prix: Tobacco Advertising .......................................................... 21096
  Australian Broadcasting Corporation: Radio National ............................................ 21097
  International Women’s Day ....................................................................................... 21097

Committees—
  Foreign Affairs, Defence and Trade Legislation Committee—Extension of Time...... 21097
  Community Affairs Legislation Committee—Extension of Time.......................... 21098
  Foreign Affairs, Defence and Trade References Committee—Extension of Time..... 21098

Matters of Urgency—
  Education: Higher Education ................................................................................... 21098

Privacy Amendment Bill 2004—
  First Reading ............................................................................................................. 21111
  Second Reading ........................................................................................................... 21111

Committees—
  Electoral Matters Committee—Membership .............................................................. 21113
  Electoral Matters Committee—Membership .............................................................. 21113
CONTENTS—continued

Great Barrier Reef Marine Park Amendment Bill 2004—
   Second Reading ............................................................................................................ 21113
   In Committee ................................................................................................................ 21114
   Third Reading ............................................................................................................... 21115

   Second Reading ............................................................................................................ 21115
   Third Reading ............................................................................................................... 21123

Superannuation Safety Amendment Bill 2003—
   Second Reading ............................................................................................................ 21123

Documents—
   Australian Radiation Protection and Nuclear Safety Agency ....................................... 21141
   Telecommunications (Interception) Act 1979: Report .................................................. 21142

Adjournment—
   Heath, Mr Jeff ............................................................................................................... 21143
   International Women’s Day ......................................................................................... 21145
   Brown, Mrs Freda ........................................................................................................ 21147
   Australia Day ................................................................................................................ 21149
   Education: Lifelong Learning ....................................................................................... 21151
   International Women’s Day ......................................................................................... 21154
   Taxation: Policy ............................................................................................................ 21156
   Education: Higher Education ....................................................................................... 21158
   Queensland: Beattie Government ................................................................................. 21160
   Eureka Stockade: 150th Anniversary ........................................................................... 21163

Documents—
   Tabling ........................................................................................................................ .. 21166
   Departmental and Agency Contracts ............................................................................ 21167
   Indexed Lists of Files ................................................................................................... 21167

Questions on Notice—
   Employment and Workplace Relations: Institute of Public Affairs—(Question No. 2058) ....................................................................................................................... 21168
The President (Senator the Hon. Paul Calvert) took the chair at 12.30 p.m., and read prayers.

COMMITTEES
Corporations and Financial Services Committee
Meeting
Senator Ferris (South Australia) (12.31 p.m.)—by leave—At the request of the Chair of the Parliamentary Joint Committee on Corporations and Financial Services, Senator Chapman, I move:

That the Parliamentary Joint Committee on Corporations and Financial Services be authorised to hold a public meeting during the sitting of the Senate today, from 4 pm, to take evidence for the committee’s inquiry into the Corporate Law Economic Reform Program (Audit Reform and Corporate Disclosure) Bill 2003—exposure draft and relevant related matters.

Question agreed to.

MEDICAL INDEMNITY AMENDMENT BILL 2004
MEDICAL INDEMNITY (IBNR INDEMNITY) CONTRIBUTION AMENDMENT BILL 2004
Second Reading
Debate resumed from 3 March, on motion by Senator Patterson:

That these bills be now read a second time.

Senator Chris Evans (Western Australia) (12.32 p.m.)—I wish to speak briefly on the Medical Indemnity Amendment Bill 2004 and the Medical Indemnity (IBNR Indemnity) Contribution Amendment Bill 2004. I indicate at the outset that the Labor opposition will be supporting passage of these bills. As the Senate would understand, this is not the first time we have debated this issue. We have debated it on a number of occasions, as we have dealt with the government’s long-running and largely incompetent attempts to deal with the medical indemnity crisis in this country. I suppose this attempt represents the most recent instalment in the political fix to try to respond to the crisis. We have dealt with a number of measures prior to this, but these bills provide for the replacement of the incurred but not reported claims contribution with the UMP support payment and the implementation of the Premium Support Scheme.

As I say, we have had a long-running saga about all this, as the government has attempted to get the issue of the collapse of UMP postponed for 18 months or so. As the politically damaging spectacle of doctors walking out of hospitals was looming, we have seen that the doctors have seen through the government’s original attempt to impose a large levy on them, without seeing the figures on which the government’s calculations were supposedly based. As a result of that brouhaha, the Medical Indemnity Policy Review Panel was born. These bills effectively represent the government’s response to the recommendations of that expert panel. We think the measures it recommended and which the government accepted are sensible in all the circumstances, so we will be supporting them.

The measures have had the effect of preventing mass resignations by doctors from public hospitals and that, obviously, is a good thing. The general handling of this matter has been a disaster. It has been a political fix, crisis management at its worst. Labor has a range of concerns—which I have put on the record previously—about the whole handling of this matter and about some longer term issues. I do not intend delaying the passage of these bills any longer than necessary. Of course, the parliament will have to revisit this topic after further reports of the Medical Indemnity Policy Review Panel. I think the review will be in about 18 months time after

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the next federal election. We will then, again, have to deal with a range of issues that remain unresolved.

This matter has obviously been at a cost to the taxpayer and at a cost to confidence in the medical system. This matter has had a long history that has been considered by the Senate on a number of occasions. Labor have attempted to take a positive position in that, while we are highly critical of the government’s handling of this whole thing and are critical of a number of steps and measures they have taken, we are committed to providing a solution that supports doctors and the health system. Despite the critique of the government and their failure to address these acute problems, we think that in some small way these bills will help to provide some solutions, given the fiasco the government got themselves into. Of course, I have great concern about the cost to taxpayers that has been brought about by the government’s failure to handle this issue properly, but we have debated these issues in the past. In essence, because these measures were recommended by the Medical Indemnity Policy Review Panel, they are a way forward and Labor will be supporting them.

Senator RIDGEWAY (New South Wales) (12.36 p.m.)—I also rise to speak to the latest round of medical indemnity legislation. This is the 2004 edition—the fourth package of amendments that, essentially, aim to provide doctors and specialists with acceptable insurance arrangements and avert a medical crisis, particularly in our hospital system. The cost of the package is now up to $620 million over four years—although I think it needs to be kept in mind that this is only an estimate, because the government has assumed a significant portion of risk on claims that cannot currently be quantified. The threat of mass resignations by doctors working in public hospitals forced the government to announce these changes in December of last year, and these amendments largely adopt the recommendations of the Medical Indemnity Policy Review Panel.

In summary, the Medical Indemnity Amendment Bill 2004 and the Medical Indemnity (IBNR Indemnity) Contribution Amendment Bill 2004 replace the previous incurred but not reported levy with a much lower UMP support payment. The formula of the new payment ensures that doctors who were members of UMP will pay no more than two per cent of their gross Medicare billable income each year. The number of years that the levy is paid is also reduced from 10 to six. The bill also makes amendments to the medical indemnity premium subsidy scheme. The amendments allow premium subsidies to be paid directly to medical indemnity insurers rather than doctors having to apply to the HIC. The premium support applies to cover 80 per cent of a doctor’s medical insurance costs if those costs exceed 7½ per cent of gross income. The Democrats would not like to see insurance costs drive doctors away from practice or indeed from their work in public hospitals. However, we are concerned that the taxpayer is once again being asked to foot the bill for the incompetence of the old medical insurance organisations. The medical community, who reaped the benefits of this incompetence through reduced insurance premiums at the time, is making a very small contribution to the repair of the medical insurance industry, and that needs to be put on the record.

I acknowledge that the collapse of UMP insurance would have left 60 per cent of doctors in Australia without professional indemnity cover, including 90 per cent of the doctors in New South Wales—my home state—and Queensland, and that therefore something had to be done. Accordingly, it is worth recalling why UMP went into provisional liquidation in the first instance. In the past, medical defence organisations like UMP did
not make sufficient provision for incurred but not reported claims. One of the features of liability insurance is its long tail. This means that there can be many years between an injury occurring and an insurer receiving notice of a claim. MDOs are unable to assess the amount of money they will need in reserve to meet the costs of claims that have occurred and have not been reported to them. UMP is an example of an organisation that did not sufficiently provide for future claims.

The response from the government is a package that puts in place arrangements for it to provide, on behalf of Australian taxpayers, subsidies to certain sectors of the medical profession that are seeking medical indemnity cover. But it still excludes medical professionals such as midwives and others within the medical sector who are not covered by MDOs but who are also vital to the health system. These are things that I have spoken about previously, but I want to put them on the record once again and take a moment to record the effects that this insurance crisis is having on other groups and organisations that will not benefit from this package of bills—or, indeed, from the very generous financial support that the government is providing to doctors.

The first organisation I would like to mention is the Dharruk Aboriginal Medical Service in Western Sydney. It has seen its professional indemnity premiums rise by 150 per cent. While doctors, dentists and some midwives working at the service have individual professional indemnity cover, the service does not have insurance at an organisational level for protection against vicarious liability actions where the service could be held at least partially liable for the actions of those employees. The only suitable cover that could be found would have cost them $96,000, and this included a significant rise in the organisation’s excess: from $2,000 to $10,000. That is an extraordinary leap from previous years. The Dharruk Aboriginal Medical Service and countless others like it across the country operate on a shoestring budget. They do not have stockpiles of excess cash or moneys to meet any of these increases in operating overheads, and the type of increase is simply not sustainable. It has, and will continue to have, an impact on the services provided to communities.

Whilst at this stage the evidence of the scale and scope of the effects on services is just beginning, members within these support services have marked it as a significant and growing problem. It is not going to go away; we are going to have to revisit these issues. We also need to consider that these organisations are at the front line in the war against medical problems in that they provide medical services to those in most need in our society. Yet there is no publicly funded bailout package for them. Where will these already stretched organisations get the extra dollars to be able to provide their services? What price can we put on the health of all Australians?

The government’s solution has been simply to target the broader issue of insurance and tort reform. As a consequence of various roundtable discussions and meetings that have been held, state governments across the country have enacted or are in the process of enacting legislation that in the view of the Australian Democrats severely limits an individual’s right to sue and their entitlement to damages. The assumption is that there is some sort of correlation between tort law reform and the cost of insurance. That was proved incorrect in a recent study conducted in the United States where there was no difference at the end of the day between the cost of insurance in states that had little or no tort reform and in states where large-scale tort reform took place. In the view of the Australian Democrats, the present and very public concern about the affordability and
availability of public liability insurance and professional indemnity insurance requires a holistic national approach.

What does seem to be clear is the link between insurance reforms and insurance company profits. We have recently seen massive profit increases from the major insurance companies IAG (formerly NRMA), QBE and Suncorp. I am still not convinced that the so-called 'insurance crisis' was anything more than a clever opportunistic response from the insurance industry to the collapse of HIH. Certainly, the profits of the industry indicate that that crisis is now over. If there is real competition within the industry then premiums should be coming down. Yet we are not starting to see any of those results being delivered through to customers.

At the same time, the rights of the injured are being stripped away so that the crucial questions are being ignored. I would like to ask once again what answers tort law reform provides for those who are seriously injured as a result of someone else’s negligence. How does tort law reform ensure that the sick and injured will be cared for in the long term and that they will be appropriately compensated? How does tort law reform encourage individuals, businesses and service providers to take greater care to prevent accidents and deal with the whole question of better risk management strategies. I also want to ask: how does tort law reform help prevent corporate collapses of insurance providers? The government has not answered any of these questions in the package of four bills that we have seen to date.

It seems to me that we ought to be making sure that the system that is there to provide health cover is one that is affordable, that has the capacity to provide services, particularly to those in remote locations, and that, more particularly—as I have said on many occasions—recognises the vital role that a range of practitioners play in the field. It should recognise the role that midwives play in the birthing process, as more than 96 per cent of children delivered in this nation are delivered by midwives. If anything, the argument is there that they need support, and so far that has not been forthcoming from the government. We still ought to be calling for the government to give them the support that they require.

The Democrats recognise the inherent need for these bills to be enacted so that doctors are available in the public health system, and it is for that reason alone that we will support the passage of the bills. But I want to make it quite clear that I think the government has been too generous in this respect. When we compare doctors to any other profession in this country, we see that members of every other profession have to pay their way. Doctors in this case get a generous bonus from the government—and they not only get it the first time but are getting it the second time around—because they have been able to blackmail patients in hospital by saying that they will not be available for necessary services.

**Senator NETTLE (New South Wales)**

(12.47 p.m.)—The Medical Indemnity Amendment Bill 2004 and the Medical Indemnity (IBNR Indemnity) Contribution Amendment Bill 2004 represent the third attempt by the government to address the problems of medical indemnity insurance. Essentially, the legislation adopts most of the recommendations of the Medical Indemnity Policy Review Panel—a panel made up of doctors and lawyers but with no consumer representative, and there was no community consultation as part of that process. It replaces the controversial IBNR claims contribution with a UMP support payment that lessens the financial burden on doctors, changes the method of calculating the UMP support payment and its method of collection.
and puts in place new exemptions to the UMP support payment. It also alters the government run premium subsidy scheme so that subsidies are to be paid directly to the insurance companies, thus allowing doctors access to subsidies automatically through reduced insurance premiums. It caps the UMP payment at $5,000 per year and caps the number of years it needs to be paid at six years.

In addition, regulations were passed earlier this year to reduce from $500,000 to $300,000 the threshold at which the government pays 50 per cent of any claim. Essentially, this legislation, in addition to the regulations, increases the cost to the taxpayer and provides benefits to both doctors and the insurance industry. This package, in all its stages, will cost the government more than $600 million over four years.

The Greens supported the previous medical indemnity legislation for the same reason that we will be supporting this legislation—that is, in the absence of this short-term solution the hardship caused to individuals and the disruption to medical services would be unacceptable. However, the Greens maintain that the legislation represents yet another move by the government to prop up an adversarial system that is fundamentally unsustainable and that does nothing to reduce the incidence of adverse events or to address the systematic causes of problems in medical treatment. Although the medical indemnity crisis came to a head due to the 2002 collapse of UMP, the reality is that the system as a whole was primed for collapse because it is unsustainable. The Greens remain convinced that the government’s strategy thus far fails to address the question of how to prevent any future crises from occurring in the coming years.

As I said when I spoke on the 2002 legislation, the Greens, the Consumers’ Association and other groups have consistently made the point that the government seems only too willing to bail out insurance companies and doctors whilst it merely pays lip-service to what we all agree is the real issue—that is, improving the quality of patient care. The adversarial system currently in place is fraught with problems, and its outcomes often work against its goal. It automatically benefits those with the financial ability to bring a negligence action in the first place. It discourages the transparency and the disclosure necessary to forge any real improvements to patient care, and it provides financial assistance only to those who can prove negligence.

As the Greens have said many times, the option of a no-fault system needs to be investigated. It is not a new idea. It is a system that operates in New Zealand, Finland, Norway, Sweden and Denmark. When it was introduced in New Zealand in 1972, the architect of the scheme was invited by the Whitlam government to look at the option of introducing a similar scheme in Australia. Whilst we acknowledge that there are problems with the New Zealand no-fault model, we argue that the model needs to be assessed for the feasibility of implementing it here in Australia as one long-term option for addressing the ongoing crisis of medical indemnity insurance. It seems that even the present government recognises that something more long term needs be done to address the issue; it is just failing to make any substantial commitment to investigating long-term solutions, such as a no-fault scheme. In her address to the medico-legal conference on 25 February this year, Senator Coonan said:

... I should point out that long-lasting relief for the medical profession and others will not be found just through targeted Government support, but through an approach which both restores balance...
to the compensation system, and uses risk management to attack the problem at its source.

If Senator Coonan is concerned about restoring the balance, surely the government owes it to taxpayers, who are also patients, to launch a comprehensive inquiry into a sustainable alternative to the current adversarial system. In the same speech Senator Coonan stated:

Law reforms must balance the interests of individual consumers with the interests of the community as a whole, and must not be seen as a solution crafted to help the few.

Yet the Medical Indemnity Policy Review Panel had, as I said previously, no consumer representation and conducted no community consultation. According to this government and the proposal in this legislation, the community is expected to shell out more than $600 million to bail out the medical indemnity insurance industry and doctors, yet it is not even allowed to participate in the panel that makes the decisions on how we can ensure that crises such as this are avoided in the future.

Again in 2002, Senator Coonan announced that the government would look at long-term care programs for victims of medical negligence. I wrote to Senator Coonan at the time asking for the details of the programs that were being looked into. My recollection is that her response was essentially a brush-off. It was a clear indication to me that the government was paying lip-service to this idea of long-term responses and had no plan to deliver on its promise. The government needs to answer whether it believes that the balance that Senator Coonan has been talking about in the system is served by the government’s tort reform agenda of curtailing the litigation rights of citizens while failing to comprehensively investigate how the long-term care of victims of medical negligence and misadventure whose claims are capped will be funded.

The government’s response is part of a disturbing pattern by other governments across the country to severely restrict the legal rights of citizens and employees. In New South Wales and Victoria we have seen moves to curtail workers compensation laws. As in the case of medical negligence, the focus of these changes is wrong. It should be on reducing the incidence of workplace injuries, not on making life more difficult for those who suffer through workplace accidents. Likewise, the federal government is intent on removing an important consumer protection from the Trade Practices Act, having reintroduced a bill that the Senate has already found to be inadequate. There is no justification for exempting business from the false and misleading conduct provisions of the Trade Practices Act. There is no evidence to support the government’s argument that the provisions constitute a loophole that could undermine tort law changes in the states. The Greens continue to be steadfastly opposed to this bill.

The government’s approach to the medical indemnity issue, and indeed to tort reform generally, relies on the premise that patients are becoming increasingly litigious. This premise is not borne out by the facts. Whilst there has been a greater number of medical negligence claims, the Australian Health Ministers Advisory Council Legal Process Reform Group found:

... little evidence that there is a recent change in behaviour where many more patients are suddenly suing their doctors and hospitals.

Rather, the number of medical services provided has increased, so it follows that the amount of claims made has also increased. The reasons for the medical indemnity crisis are far more complex and include mismanagement in parts of the insurance industry, which is why the Greens in the past have supported moves by the government to increase the regulation of the medical indem-
nity insurance industry and bring it under the ambit of the regulation regime of general insurers.

The government is expecting the taxpayer to foot the bill, in this case a $600 million bail-out package for the medical insurance industry. Its tort reform agenda focuses on capping the litigation rights of patients without any real exploration of alternative ways to fund the care of these patients. It makes long-term financial sense for the government to commit to an inquiry into how we are going to deal with this issue in the long term—what are the alternatives, what is the future, what is the vision? Let us look into the no-fault schemes that exist on the other side of the Tasman and in other countries as an option so that we are not constantly here, like we were last year and the year before, with bail-out programs for the medical indemnity insurance industry rather than dealing with the root causes of the problem. The government needs to commit to this in the long term so that we are not here again next year with another piece of legislation that everyone feels they need to support but without any commitment to looking at the long-term issues of improving quality patient care and reducing the incidence of medical negligence.

Senator IAN CAMPBELL (Western Australia—Minister for Local Government, Territories and Roads) (12.57 p.m.)—I thank Senator Chris Evans, Senator Ridgeway and Senator Nettle for their contributions and for their support for medical indemnity legislation that is clearly very important for all Australians as we seek to resolve the crisis—which is not too sharp a word to use—that was threatening because of the potential collapse of the UMP scheme. That put at risk the services provided by key medics in most parts of Australia and required urgent action by the Commonwealth—but also, very importantly, by the states. This search for a policy outcome is a very good example—and therefore will probably attract virtually no media coverage—of the states and the Commonwealth working constructively together to solve a problem that potentially affects communities in all states of Australia. It is a further example of how politics can come up with some good results. We have seen that in the Senate today with all of the major parties and the Greens agreeing to these measures, although with some reservations of course about the broader policy outlook. Because we have all agreed, all the states have agreed and we have worked constructively, it will not get a single column inch in any newspaper in the country, except maybe one buried on page 52 of the Financial Review.

I want to address one of the issues raised by Senator Nettle, and that is why we did not look into a New Zealand style no-fault scheme. As all honourable senators have said in their remarks, the government did respond to the deep concerns of doctors in October of last year by setting up the Medical Indemnity Policy Review Panel that was chaired by the Minister for Health and Ageing and was also attended, as I recall, by Senator Helen Coonan, the Minister for Revenue and Assistant Treasurer, and some key representatives from the medical profession. They were charged with recommending ways of ensuring an affordable medical indemnity insurance system. I asked my advisers when Senator Nettle raised the question as to whether they looked at the New Zealand model, and I was told that they did indeed do so but that they did not give it very long consideration because it is widely regarded as a financial failure.

In fact, I am advised that that scheme is notable because the New Zealand model does include unfunded liabilities of some hundreds of millions of dollars, which is the cause of the problem that brought UMP to
the brink of liquidation. They have actually created the same problem over there, but I presume—I have only had a very recent and brief briefing on it—that effectively the state, or the government, would pick up all of those liabilities. We have tried to come up with a sustainable long-term model that will ensure that doctors can do what they should be doing, and that is providing vital medical services to all in the Australian community. We have tried to create a sound legislative model that is well financed where an affordable load falls onto the shoulders of the doctors and the specialists and the government picks up a fair underwriting, particularly of the unfunded incurred but not reported liabilities—something like $485 million worth—and put in place a series of measures that reflect special circumstances, particularly of specialties such as obstetrics and neurosurgery as well as procedural general practitioners and GP registrars who are undertaking procedural training. Each of those groups and probably others have special claims.

This package of measures is the third in a series of bills; there is still one to come. The minister will bring forward legislation later in the year to implement the run-off reinsurance vehicle, which was part of the recommendations of the panel. This key legislation today gives effect to the UMP support payment arrangements and provides a broad framework for the premium support scheme. In summing up, I do not want to go over all of the fine comments made in the speeches in the second reading debate, but I do say that this does put Australia in a secure environment for vital medical indemnity insurance.

The other crucial thing that we did was bring medical insurance under the prudential regulation of the Australian Prudential Regulatory Authority. That addresses one of the issues raised by Senator Ridgeway, which was what we are doing to prevent this sort of collapse in the future. All of us need to be concerned, and all citizens of Australia would be concerned, that we do not get ourselves into the mire that UMP threatened. You need to ensure that the fund of any insurance company—whether it is your car insurance, your house insurance or, if you are a doctor, your indemnity insurance or, if you are in another profession, any other professional indemnity insurance—is prudentially sound. We have seen in Australia with the HIH collapse and with the problems at UMP which we saved at the brink that, if there is not sound prudential management and sound prudential regulation, the whole scheme is put at risk.

When Senator Ridgeway turns to the profits made by some of the insurance organisations—they are, in the case of IAG, for example, publicly listed organisations that have to compete in the marketplace for investors' capital—they need to run their insurance businesses well. They are under the glare of a very hot marketplace. The way they run those businesses, the way they make provisions for their risk and the way they compete for customers is under close scrutiny by the investment community and the financial press. That is a very good thing. If they are making super profits or profits that are not acceptable to the market, they will be subject to the pressures of that marketplace. They are competing in a very hot and competitive marketplace for capital, as well as competing very vigorously, as you would know, Mr Acting Deputy President, for customers in the marketplace.

The fact that they make profits is something that we should all applaud. The profits get returned to their shareholders. What is forgotten is that most of the shareholders are investment funds and superannuation funds, and so the better they perform the more secure the futures are of people that will ulti-
mately rely on superannuation. We should be cautious of Senator Ridgeway’s pointing the stick at insurance companies making profits. It is a very healthy thing that they do so. The reverse makes the case: if they make massive losses, they will end up like HIH. We do not want that to ever happen again. We want to ensure that people who have insurance know that when they have to make a claim they will be able to have it paid. That is part of the contract you have, whether it be medical indemnity insurance or general insurance for your car or your house. That is a vital thing. Once again, thank you to all honourable senators for their contributions. I commend the bills to the Senate.

Question agreed to.

Bills read a second time.

Third Reading

Bills passed through their remaining stages without amendment or debate.

GREAT BARRIER REEF MARINE PARK AMENDMENT BILL 2004

Second Reading

Debate resumed from 4 March, on motion by Senator Ian Campbell:

That this bill be now read a second time.

Senator LUNDY (Australian Capital Territory) (1.07 p.m.)—The purpose of the Great Barrier Reef Marine Park Amendment Bill 2004 is to amend the Great Barrier Reef Marine Park Act 1975 to clarify that GST is not payable on the environmental management charge levied on standard tourism operations. Such a simple concept and such a simple amendment—it really makes one wonder why it has taken the government not days, not weeks, not even months but years to make this simple and just clarification.

Since 1993 every visitor who has travelled to the Great Barrier Reef has paid a visitation charge, technically known as the environmental management charge or, as it is more affectionately known, the reef tax. The funds generated from this tax are remitted to the Great Barrier Reef Marine Park Authority and are used for the management of the Great Barrier Reef. No-one begrudges expenditure on the preservation of this environmental icon; in fact, Labor believes that much more should be done by the government to protect the reef. There is and always has been, however, a great deal of concern that funds raised from this tax are being used instead of, rather than in addition to, appropriations that the federal government should be providing. Further discussion on the issue of government appropriations to ensure the preservation of the reef will, however, have to wait until there is a federal government in power which takes environmental issues seriously and is willing to act to redress this issue.

Today’s bill deals specifically with the collection of the reef tax. To say that this tax has been controversial since it was introduced in 1993 does not go any way to highlighting the imbroglio that has surrounded its introduction. When the tax was being considered for introduction there was extensive discussion around how it would be collected. This task eventually fell to reluctant tourism operators who held strong reservations regarding their new role. As discussions progressed, however, it became clear that the alternative was to leave collection of the tax in the hands of the Howard government. All concerned realised that this option would prove to be a very expensive administrative fiasco. To save a mismanagement nightmare, marine park tourism operators agreed to collect the reef tax on the government’s behalf. Collection ran quite smoothly up until 1998, when the coalition introduced the concept of the GST in their federal election campaign. In the GST’s infant stages there was much discussion—and even greater confusion—over the question of whether a tax being
charged by the government could or should attract GST. The reef tax was used as a prime example of this very issue.

In essence, the question was whether it was legal, justifiable and moral for the government to tax a tax. According to coalition candidates at the time who gave absolute assurances in the lead-up to the election that GST would not apply to the environmental management charge, it was not legal, it was not justifiable and it certainly was not moral to tax a tax. They gave their rock solid guarantees that there would most certainly not be a GST charge placed on the reef tax. Knowing, however, that there was an inherent risk in relying solely on the promises of coalition candidates during an election campaign, marine park tourism operators sought clarification from the Assistant Treasurer’s office. The taxation adviser from the Assistant Treasurer’s office assured operators:

... the Government intends to include the Environment Management Charge in the list of taxes and charges that do not constitute consideration for the purposes of the GST.

Based on the election promises and the so-called ironclad guarantee provided to them from the Assistant Treasurer’s office, the Association of Marine Park Tourism Operators wrote to their members, telling them not to collect the GST on the reef tax because it did not apply to it.

Marine park tourism operators were soon to find, to their own detriment, that the Howard government’s so-called ironclad guarantees and promises turned out to be just another bunch of tinfoil non-core promises. In the second half of 2002, the Australian Taxation Office started auditing operators, who unexpectedly received retrospective bills ranging from $15,000 to $60,000. Apparently, despite initial government assurances that the GST did not apply to the reef tax, the ATO had decided that the GST now would apply to the reef tax. The ATO ruled that, although the reef tax was not subject to the GST when charged by the Great Barrier Reef Marine Park Authority to the operator, it was payable when the amount charged by the operator to its customer included the on-charged tax as part of the ‘ticket’ price.

As a result of this obfuscating decision, operators were now being judged liable to pay back the GST funds they had failed to collect based on advice from the government. You can imagine how they felt. Labor immediately called for urgent legislation to clear up the absolute chaos and confusion that surrounded this mess created directly by the Howard government giving misleading advice and reneging on a campaign promise. That was in 2002. It is now March 2004 and the government is only now, as a result of considerable and constant pressure being applied by Labor senator Jan McLucas and member of parliament Joel Fitzgibbon—

Senator Crossin—And a splendid job they both do, too.

Senator LUNDY—Thank you, Senator Crossin—taking belated steps to honour its pre-election commitment not to charge the GST on the reef tax. While Labor supports this bill, it must be noted that Labor condemns the government for its deplorable mishandling of the application of GST to the environment management charge, for its total disregard for and ignorance of the concerns of marine park tourism operators and for failing to act expeditiously to rectify this matter. The government has known for years that this has been a problem.

The fiasco evidenced by the collection of the reef tax is not, however, out of accord with the coalition government’s general disregard for environmental issues. The Howard government’s failure to take the issue of climate change and greenhouse gas emissions seriously, failure to act as a good environ-
mental citizen and ratify the Kyoto protocol, failure to protect our coral reefs from mass bleaching due to increased water temperatures as a result of global warming, failure to increase renewable energy targets and failure to look after the health of the Murray River are just a few issues on an extensive list of government environmental cop-outs.

The Great Barrier Reef Marine Park Amendment Bill 2004 belatedly clarifies the issue of GST and the reef tax. The Howard government, however, must not be allowed to claim moral justice for an injustice that arose purely through their own negligence and mismanagement. Without continued pressure by the Labor Party to force the issue, the Howard government would have left this issue to float aimlessly within the miasma that is their environmental policy. This is a minor step along the path that the Howard government must venture if they are to even begin to be seen as addressing problems of their own making. They have a long way to go.

Senator BARTLETT (Queensland—Leader of the Australian Democrats) (1.15 p.m.)—On behalf of the Australian Democrats I speak to the Great Barrier Reef Marine Park Amendment Bill 2004. I have spoken many times in this chamber on issues to do with the Great Barrier Reef Marine Park. It is something that is of great importance to my own state of Queensland as well as being of great significance in a broader environmental sense—literally on a global scale. The Barrier Reef is one of the world’s great environmental wonders and one of the world’s major environmental assets, particularly its marine environment. It is a source of bemusement really that marine environmental issues receive far less attention in Australia than land based environmental issues. Perhaps, in the initial stages, that was understandable because we live on the land and we are not out on the oceans. But, over time, the excuses for not having as much focus on marine environmental issues have very much diminished. Australia actually has a larger area covered by marine ecosystems than it has land or terrestrial components to its national boundaries. A lot of it is severely neglected. The Barrier Reef is one area that has had more attention than most, but it is certainly an area that needs more attention because it faces a number of severe threats that have environmental as well as economic consequences.

This bill makes a number of amendments to the Great Barrier Reef Marine Park Act to correct flaws in the way in which the environmental management charge is levied and administered. More particularly, it is designed to ensure that GST is not payable on the charge when it is passed on by tourism operators to people who are visiting the Great Barrier Reef. In that sense, the bill is not particularly controversial. Indeed, the real substantial question is why it has taken so long for this bill to appear and for the government to make these changes. These amendments should have been made, at the very latest, at the end of 2002. The problem had been identified by then and there should have been prompt action taken. One has to question why the amendments were not made even earlier than that really, given the relative simplicity of the tax issues involved. It seems when there is a court decision that this government does not like that does not actually hurt anyone and might provide help to vulnerable people, such as giving some rights to refugees, it can rush in laws overnight that dramatically change the direction of legal principles. But when it is something to do with assisting small business operators in an area which causes them significant problems and confusion, it takes the government two years to take any action to address those concerns. It gives a clear exam-
ple of where the priorities of this government lie in many cases.

I am sure, however, the tourism operators who rely on the marine park for their livelihood will be grateful these changes have finally been made. I am also sure that the tourism operators are happy with the recent changes this government has made to the zoning of the marine park. This new plan is a significant step forward. While the Democrats have been appropriately critical of this government on many occasions in relation to its environmental performance, its actions should be commended when necessary or appropriate. The significant rezoning of the marine park is an action that should be noted and commended. Like the amendments that are made by this bill, the changes to the zoning of the marine park are long overdue and do not go far enough. But they are a step forward.

I would like to take this opportunity to speak more broadly on some of the issues involving the marine park. This bill only goes to a small component of the environmental management charge, although this is a charge that goes directly to the management of the marine park through the Great Barrier Reef Marine Park Authority. It has been rezoned after quite an extensive consultation process. Again, commendation must go to the government and particularly the marine park authority and those in the community, including the tourism industry, who helped drive the debate and raise community awareness about the need for a significant increase in protected areas, or what are often called ‘no take’ zones. Close to one-third of the marine park now has no take zones or protected areas. That is a significant increase on the previous situation, when less than five per cent of the park had fully protected areas.

Coming from Queensland, I frequently speak with people from further south. Before the increase I would make them aware that less than five per cent of the marine park was protected and they would be amazed and astonished that that was the case. While increasing the area to a third is a major advance that should be acknowledged, there are still large parts of the marine park that are not fully protected. I am by no means suggesting the whole place should be locked up and people not allowed in there, but we need to acknowledge that it is still only at a phase which a lot of scientific evidence suggests is at the lower end of what is needed to increase the chances of long-term sustainability of the reef, particularly given the number of significant threats that have been made to it.

We must also note that the 33 per cent no take zone figure that continues to be pointed to is misleading to a certain extent. There was intense lobbying by the commercial fishing industry and this led the government to shift a large proportion of the no take areas to the northern and eastern parts of the marine park where there is less commercial and recreational fishing. It also left many highly significant areas without the complete protection they need, including Bowling Green Bay, Princess Charlotte Bay and Repulse Bay. The primary function of the representative areas program was to lessen the pressure on the reef from fishing by excluding fishers from ecologically significant areas. However, if the green zones are located in areas that are not used by fishers, it does not perform its intended purpose. It merely keeps the status quo and will not sufficiently improve the health of the reef to provide it with the necessary resilience to ensure it can withstand the effects of climate change and many other environmental threats, particularly in the inshore areas.

Whilst I commend the federal government, the Minister for the Environment and Heritage, Dr Kemp, and his predecessor,
Senator Hill, for what has been achieved with the significant increase in protected areas in the marine park, equally I am critical of some members of the coalition, in particular the member for Leichhardt, Mr Entsch. He went out of his way to bolster the interests of the commercial fishers and to act as a focal point for their agenda to the detriment of the broader interests of a much larger industry in his electorate, the tourism industry. Anybody can have a look at the basic core figures and see the number of jobs and the amount of money that go into central, northern and Far North Queensland from the tourism industry. In dollar terms it is far in excess of what commercial fishers bring in.

When that tourism component is put at risk by overfishing and fishing in inappropriate areas and when other land based activities are impacting on the marine park—which Mr Entsch also goes out of his way to defend—then he is acting against the interests of his own electorate and those of the major industry and the major bringer of employment and wealth into his own area.

His decision to side with minor sectional interests and a noisy minority against the interests of the majority of the public, the economy and the environment in his region should be condemned. A lot of positive and constructive attempts to work with people to drive things in a direction that they need to go for the future prosperity and protection of the environment in that region were undermined by the local member. The same can be said to apply to some extent to other environmental assets in the region, such as the wet tropics World Heritage area. Senator McLucas lives up in that part of the world, so she may want to chide me for being so harsh on probably her local House of Representatives member. I do not know if she feels I am being too harsh on him.

Senator McLucas—Go right ahead.

Senator BARTLETT—Or perhaps she thinks I am being too easy on him. Certainly from my point of view as a senator for Queensland and as someone who tries to get to that area as often as possible—I do not profess to be a local; I am certainly still very much a southerner as far as people in the Cairns region are concerned—my particular focus is not just on the amazing beauty and environmental value of the marine park, the wet tropics and the Daintree area but on the immense economic value and, indeed, social and cultural value that those assets bring to the region. It has been pretty clear that Mr Entsch has been a continual underminer of attempts here, as he has been with protection of the wet tropics areas and some of those magnificent areas north of the Daintree River. Certainly some people in the coalition government have done some good things there, but the praise is far from universal. Because of the good work of some of those in the coalition and of course others in the community, including the tourism industry and the marine park authority, the new zoning plan displaced a reasonable amount of fishing effort from a number of ecologically significant areas. So it does deserve support, and I want to re-emphasise that as an overall conclusion.

However, we need to be prepared to extend greater protection to the more contentious areas of the reef if it is going to have a chance of withstanding the effects of climate change and deteriorating water quality. We need to do more to reduce the effects of deteriorating water quality. There is no doubt that there have been failings in some of the water quality management mechanisms that have been proposed. There has also been a failure to address basic issues such as land clearing and inappropriate land usage activities.

That brings me to two other aspects of Minister Kemp’s plan to protect the reef. The second part of Dr Kemp’s plan is the Envi-
ronment Protection and Biodiversity Conservation Act, which he claims provides a ‘quantum advance in the protection of the Great Barrier Reef’. There is no doubt that the EPBC Act has the potential to improve protection for the reef, particularly from the impacts of actions outside the marine park.

This is one of the reasons the Democrats supported this legislation, after forcing massive amounts of amendments to it. It clearly advanced the opportunities for environmental protection compared to what was there before. I think it is a continuing shame that the significant advances provided by the EPBC Act continue not to be recognised by sections of the environment movement. Presumably, they are still bemused by the ongoing insistence of the Greens party not to support an improved environmental act simply because it did not go far enough. That, from my point of view, and certainly from the Democrats’ point of view, is simply cutting off your nose to spite your face. We do not pretend that this act addresses every issue, but it is a clear gain over what was there before, and to reject that opportunity is simply irresponsible.

Of course you can have the best act in the world but, if you do not have the political will to enforce it, you are really missing the opportunity. This government has certainly done everything within its power to avoid using the significant powers it now has under the EPBC Act. That it has not adequately examined and addressed the area of the marine park and the activities outside the marine park is one aspect of that. The government’s failure to enforce the legislation and key industries to refer actions that are likely to have a significant impact on matters under the act is of great concern to the Democrats. The two industries most at fault are the fishing and agriculture industries.

Despite the breadth of coverage in relation to marine issues, to date not a single action involving the fishing industry has been referred under the federal environment act. The reason is that, in effect, the government has granted fishers a de facto exemption from the act. The minister wrote a letter to the DPP informing the DPP of the government’s wish that no fishers be prosecuted until such time as the strategic assessment processes were complete. The minister and AFMA then notified the fishing industry that it was not required to comply with the act. It is interesting that the Commonwealth Auditor-General failed to pick this up in the review of the operation of this act, because it certainly was not hidden. AFMA published a notice to this effect in its newsletter. We have repeatedly asked the minister to provide us with a copy of the letter that he wrote to the DPP; however, he refuses to provide it, claiming it is subject to legal professional privilege. Frankly, that is something the Democrats just do not accept as a valid excuse. In my view, it is a clear example of this government’s disdain for the law and for this parliament.

The story for agricultural referrals is similar, although not as blatant. There are similar problems there. It is not as if there is a lack of developments that could adversely affect the World Heritage values of the reef. Inappropriate residential and resort developments have continued almost unabated along the Queensland coast adjacent to the reef since the act came into force. Despite the government now having much greater powers to act under the new act than it did under the old, the government has done nothing to stop such development. Only late last year it approved a development near Mackay called East Point that will not only adversely affect the reef but destroy the habitat of a number of listed threatened species. There is not much point doing this major advance in increasing the number of protected areas within the marine park if you are not going to use the powers that are under the broader
overarching environmental legislation to prevent activities from occurring that will continue to damage the marine park.

This government is now also considering whether to approve Keith Williams’s latest efforts adjoining the Hinchinbrook Channel. That is something that the Democrats will be watching closely. There has been no shortage of inappropriate aquaculture developments in the marine park and adjacent waters allowed to proceed. I acknowledge that, whilst a significant proposal at Armstrong Beach was not stopped via the use of the EPBC Act, the fact that the EPBC Act is there and there are processes that the proposal could be required to go through played a significant role in that proposal not going ahead in the form it was in.

Another aspect of the minister’s strategy to protect the reef is the Reef Water Quality Protection Plan. The government’s willingness to prepare management plans and action plans might sound impressive until you look at what the outcomes have been. The philosophy seems to be: ‘I have prepared a plan; therefore the problem is solved. We have done what is necessary.’ They pour resources into the preparation of a variety of plans that are intended to improve environmental protection and management but then forget about the minor detail of implementation. The signs today are that the Reef Water Quality Protection Plan will turn out to be yet another example of a plan that predominately spends its days on a shelf gathering dust. It is a very important area, and it should be acknowledged not just in words but also by action.

Similarly, the lack of action with land clearing in the Great Barrier Reef catchment is simply unacceptable. Both state and federal governments—coalition and Labor—have acknowledged that land clearing has a major impact not just on the land but on the water quality of the marine park. Yet the main action has been the bickering and finger pointing between the state and federal Labor and coalition parties about the fact that nothing is actually happening to address the problem.

I would also like to take this opportunity to float the environmental management charge, which this bill goes to. It is collected by commercial tourism operators solely from tourists who visit the reef and the marine park. We Democrats support that but we do note that it is only that tourism industry that is making any contribution towards the management of the marine park. We believe that it is time to explore avenues—such as through other users of the park—for raising further funding for the marine park authority, particularly now that it has so many more protected areas to manage and oversee. There is a range of ways in which that can be done—and I do not want to pinpoint just one—but I think that does need to be considered.

Similarly, we need to consider whether the charge, which I understand is currently $4.50, could be increased to $5. There are certainly ongoing threats to the marine park by things such as the crown of thorns starfish. Those extra resources could either be in a fund on the side to assist when these outbreaks occur or provide for better management by the marine park authority now that it has much greater areas to oversee, manage and protect. This would better ensure that this invaluable and priceless environmental, economic and cultural asset is protected more fully into the future for the people of Queensland.

Senator McLucas (Queensland) (1.35 p.m.)—I am very pleased to welcome the Great Barrier Reef Marine Park Amendment Bill 2004 into the Senate today. It has been long awaited by those of us on this side. It is
terrific to see that finally the government has brought it to this table. This is an example of the importance of an active opposition. This legislation has come to this place as a direct result of the fact that we in the opposition have kept the government to its word—the word that it gave in 1998 that there would not be a tax on a tax. I advise those senators who were not in North Queensland during the 1998 election that there was a lot of discussion at that time about how fair it may or may not be to impose the GST on the reef tax, the environment management charge.

Senator Kemp—You had better speak to the state governments about insurance.

Senator McLUCAS—I did not know that you could interject from the advisers box. I am not sure that that is allowed by the rules. There were very strong words from the coalition candidates—‘Of course that would not occur. That would be a completely unfair and silly thing to do.’ Industry went straight on with its business and did not impose the GST on the environment management charge.

The Australian Marine Park Tourism Operators wrote to the Assistant Treasurer in an attempt to ensure that the view that had been expressed by coalition candidates was in fact correct. On 5 June 2000 a taxation adviser from the office of the then Assistant Treasurer wrote to AMPTO and said:

The government intends to include the Environment Management Charge (EMC) in the list of taxes and charges that do not constitute consideration for the purposes of the GST.

The adviser also said:

... the Treasurer has recently made a Determination that lists the taxes and other Government charges that will not be subject to the GST.

That letter was received by AMPTO on 13 June 2000 in response to a letter they had written to make sure that the advice that they were giving to their members that they should not collect the GST on the EMC was in fact correct. Of course they then thought that having received that sort of evidence and explanation they were right, so they advised all of their members not to collect the GST on the environment management charge. So you can imagine their surprise late in 2002 when the Australian Taxation Office started auditing marine park tourism operators, particularly in the Whitsunday area, and those operators started to receive bills for the GST that should have been collected but was not. Operators were getting bills for up to $60,000. That is not the sort of money you keep in your account just in case the ATO sends you a bill for something you did not know was going to be collected.

Naturally, they did the ordinary, sensible thing: they went to their local members—those same local members who had told them absolutely, unequivocally during the 1998 election that the GST would not be applied to the reef tax. So they went to their local members and said, ‘This is extraordinary. This does not fit with what you told us.’ One operator wrote to Mr Lindsay. Mr Lindsay did what a member of parliament would do and wrote to Senator Ian Campbell, who was the then Parliamentary Secretary to the Treasurer. Senator Campbell wrote back to Mr Lindsay and said:

You will note that the EMC/Reef Tax is not subject to GST when charged by the Great Barrier Reef Marine Park Authority to the operator as per the Treasurer’s determination.

But he went on:

However, it is payable when the amount charged by the operator to its customer includes the on-charged tax as part of the make-up of the price.

These are strange words to people who are out there doing their business. They were told unequivocally in 1998 that it would not be charged. They were told in a letter in 2000 that it would not be charged. And now you get this sort of doublespeak that says, ‘No, you do not charge it there, but you do charge...’
it there and, yes, we want it and $15,000 later you’ll be okay.’ One operator was charged $60,000.

Senator Sherry—How many years ago?

Senator McLucas—This was many years ago, Senator Sherry.

Senator Sherry—Five or six years?

Senator McLucas—No, not quite that long ago.

The Acting Deputy President (Senator Cherry)—Order! Senator McLucas, please address the chair.

Senator McLucas—I am sorry. So you can understand that the operators were fairly disappointed. Naturally, when they were getting that sort of advice from their coalition member and it was not the advice that they thought they should be receiving, they then went to speak to other representatives who operate in the area—and, of course, they came to talk to me. It is very disappointing that sectors of the industry have been castigated by Mr Entsch, in particular, for doing that. But this is part of the democratic process. When you have been promised something and it does not occur, any constituent has a right and a responsibility to ensure that justice is delivered. It is completely inappropriate that Mr Entsch should shoot the messenger every time a person who is not getting satisfaction from the government on a matter then takes it to the opposition. What else could they have done?

My response was to do what we do in this chamber: I took it to the environment estimates and asked Senator Hill whether or not it was his view that the EMC should attract the GST. He said he did not think that that was the case. Then I went to the Treasury estimates and asked the same questions. You do not get such straight answers out of those estimates—it is a far more technical area—but it was made very clear to me at that point that it was their view that the GST should be applied to the EMC. Then I asked a question without notice in this chamber in June 2003 to bring more attention to the matter. I continued to pursue this matter on behalf of the many tourism operators that work in the Great Barrier Reef Marine Park area. On Thursday, 5 June 2003 when we were still not really getting very far, the Cairns Post took up the cudgels as well. The editorial said:

Given the government’s commitment that the GST would not be applicable, the solution is easy. Our politicians can pass the required laws before Parliament rises for the winter recess; postpone their annual jaunts to the North and keep Parliament sitting while it amends the law; or face the ire of local tourist operators as the polities trek north ... in coming months, when all the politicians really want to do is enjoy our beautiful weather.

That is what the Cairns Post said in June of last year; here we are in March of the following year and, yes, we have finally got the legislation but it has taken eight months from that point. I was therefore quite astonished last week when Mr Entsch put out some sort of press release or was reported in the Cairns Post as seeming to question whether or not the Labor Party would facilitate this legislation through the Senate. I was astonished because it is only that the Labor Party has pursued this matter that the legislation is here.

Last year Mr McMullan, the shadow Treasurer, and I put out a joint press release saying that we would facilitate the passage of this legislation through both houses to ensure that justice was delivered to marine park tourism operators. I raised the matter again with Mr Fitzgibbon, who was at that time the shadow minister for tourism. I raised the matter again with Mr Fitzgibbon, who was at that time the shadow minister for tourism. I raised the matter again with Mr Fitzgibbon, who was at that time the shadow minister for tourism. I raised the matter again with Mr Fitzgibbon, who was at that time the shadow minister for tourism. I raised the matter again with Mr Fitzgibbon, who was at that time the shadow minister for tourism. I raised the matter again with Mr Fitzgibbon, who was at that time the shadow minister for tourism. I raised the matter again with Mr Fitzgibbon, who was at that time the shadow minister for tourism. I raised the matter again with Mr Fitzgibbon, who was at that time the shadow minister for tourism. I raised the matter again with Mr Fitzgibbon, who was at that time the shadow minister for tourism. I raised the matter again with Mr Fitzgibbon, who was at that time the shadow minister for tourism. I raised the matter again with Mr Fitzgibbon, who was at that time the shadow minister for tourism. I raised the matter again with Mr Fitzgibbon, who was at that time the shadow minister for tourism. I raised the matter again with Mr Fitzgibbon, who was at that time the shadow minister for tourism. I raised the matter again with Mr Fitzgibbon, who was at that time the shadow minister for tourism. I raised the matter again with Mr Fitzgibbon, who was at that time the shadow minister for tourism. I raised the matter again with Mr Fitzgibbon, who was at that time the shadow minister for tourism. I raised the matter again with Mr Fitzgibbon, who was at that time the shadow minister for tourism.

So for Mr Entsch to suggest last week that there
was some question about whether or not we would ensure this legislation was passed through this chamber is quite extraordinary. This is called spin. This is very bad spin.

It has taken a lot of time and there has been a level of uncertainty in the industry. We have had operators facing bills that they had not put money aside to pay, but finally the legislation has come to fruition. Something that was started in 1998 has now been completed, and I am very pleased about that. I believe we are not going to go into committee—

Senator Ian Macdonald—Someone told me we were going into committee.

Senator McLUCAS—I want to raise some questions. I do not know whether Senator Ian Macdonald can answer these questions in committee or in his speech on the second reading. Firstly, have any operators collected GST on the EMC since its inception? Secondly, if they have—and I understand that that is the case—what will happen to those moneys? Will those moneys be refunded to the operator? I understand there is only one.

In the last couple of minutes I want to go to the point that Senator Bartlett made. Senator Bartlett talked about Mr Entsch’s lack of support for the Representative Areas Program. I think Senator Bartlett was alluding to that but I would like him to go to Mr Entsch’s second reading speech when this legislation was introduced in the other place. Mr Entsch said:

A third of the entire area is now protected as a no-take zone. It shows that we do have a serious commitment to taking care of the reef.

I am pleased to note that Mr Entsch has that view. That is a different view to the one he often puts in the media in North Queensland. I am pleased to see that that is what he is saying down here. It is often the case that members of parliament can seem to say one thing a long way from Canberra and a different thing down here, but I am sure the people of North Queensland will be pleased to see that Mr Entsch seems to have changed his tune.

The other thing that I found intriguing in his address was that he was saying that the government has done fantastic things for the Great Barrier Reef. The work that has been done between the Queensland government and the Commonwealth government on water quality is to be commended. It is good work and I support wholeheartedly the work that has been progressed there. But Mr Entsch says that the work that the government has done on the prohibition of mining is impressive. That was in the legislation to establish the World Heritage area in the mid-1970s. The purpose of establishing the Great Barrier Reef Marine Park was partly to stop oil drilling. People will remember that there was an application, supported by the Bjelke-Petersen government of the day, to drill for oil in the Great Barrier Reef region. That was partly the reason it was listed as a World Heritage area.

The other threat still exists. There are still ongoing applications to drill for oil in the Townsville Trough just outside of the marine park area as it currently exists. I suggest to Mr Entsch that if he really thinks that his government’s support on the prohibition of mining is impressive then he should ensure that the legislation that I have introduced into this chamber—to extend the marine park area to the exclusive economic zone—is supported. That would ensure that we rule out once and for all the prospecting and potential drilling for oil in areas that could affect the marine park. If he really wants to support protection of the reef—in terms of ‘mining’ in his words—in terms of prospecting and oil drilling, then he should take that opportunity.
I conclude my comments today by congratulating the Association of Marine Park Tourism Operators. They have prosecuted this argument with enormous professionalism, ensuring that the interests of their members have been kept to the fore. I acknowledge, in the gallery, Mr Laurie Stroud and Mr Col McKenzie from AMPTO and commend them for the work they have done on behalf of their members. I commend this legislation to the Senate; I just wish we had had it a long time ago.

Senator IAN MACDONALD (Queensland—Minister for Fisheries, Forestry and Conservation) (1.49 p.m.)—I begin my comments on the Great Barrier Reef Marine Park Amendment Bill 2004 by thanking those who have made a contribution to the issue and those who have shown interest in the Great Barrier Reef, one of Australia’s—and indeed the world’s—seven wonders, I think. It is certainly Australia’s greatest icon. The tourism that flows from the reef is very important to the area from which I hail in North Queensland and it is very important to the Australian economy. The Great Barrier Reef is one of the things for which people around the world recognise Australia, as is the magnificent way in which it has been managed, particularly in recent years by this government.

I also want to thank those who have been very involved in this issue, complex though it is. I want to thank the Association of Marine Park Tourism Operators—AMPTO—and both David Windsor and Col McKenzie, both of whom have had a long involvement in this. David in particular has been involved with this for many years. Laurie Stroud has also been very much involved in issues relating to the Great Barrier Reef Marine Park and the tourism aspect of it. Laurie and I go back a long way and I know his great dedication to the cause he serves through his representations on this. I also want to thank my colleagues in the area: Mr Warren Entsch, the Liberal member for Leichhardt in the north of our country; Mr Peter Lindsay, the Liberal member for the Townsville based seat of Herbert; Mrs De-Anne Kelly, the National Party member for Dawson; and Mr Paul Neville, the National Party member for Hinkler. Those four members, over the years, have continued to knock on Dr Kemp’s door—and before him, on Senator Hill’s door—and on my door to make representations on behalf of the industry.

I have heard from Senator McLucas and others that all of this good work is somehow a result of their efforts. I have just checked this: Senator McLucas has never been to my office. And I have checked this with Dr Kemp’s office. She has never been to Dr Kemp’s office to make a representation in relation to this particular issue. It is easy to get up and speak in the parliament and it is easy to issue press releases, but when you want to actually achieve something in this parliament and in the government of the nation you make representations to the minister involved, which in this case is the Minister for the Environment and Heritage.

Senator Sherry—Senator Kemp?

Senator IAN MACDONALD—I am not sure that Senator Kemp has ever been the minister for the environment, but certainly his brother, Dr David Kemp, is the minister for the environment—and a very good one. Senator Kemp did have an involvement in the environment when he was the shadow minister for the environment before the very successful 1996 election. A lot of the very good environmental policies of the coalition government are in fact a credit to the work that Senator Kemp did. But his brother, Dr Kemp, is doing a fabulous job in the environment portfolio, as did Senator Hill before him. I am very proud to mention them, because the Howard government has done
more for the environment in Australia than any other government in history.

Senator McLucas has some concerns about mining, the marine park and RAP. I ask Senator McLucas: your party was in government for 13 long years; what did it do about all of these crucial things at that particular time? Did it do anything at all? It did nothing. So it is typical of the Labor Party and its current leader to just sit back, pretend the past never happened and try to attack the very good work that this government has done in relation to the Great Barrier Reef.

I particularly note that Senator Bartlett acknowledged the great work that the Howard government and Dr Kemp have done in so many ways in relation to the Great Barrier Reef, most notably in recent times with the Representative Areas Program under which over 30 per cent is reserved as marine park. I note Mr Entsch's very great support for that program. Indeed, Mr Peter Lindsay was perhaps the first voice to call for that quite some years ago—long before Senator McLucas woke up and thought she could make some political capital out of it. They have done a very good representative job to achieve what we have on the reef.

There is one difference between the way we have handled the Representative Areas Program and the way in which Labor governments have, which is very obvious in Queensland at the moment. Because of the Representative Areas Program, some of the fishermen will have a severe curtailment of their ability to maintain an income. Some of them will have to go out of the industry. What is the federal government doing? We say to those people: we understand that this is being done for the greater public good, so we will get the greater public good—that is, the taxpayer—to help you adjust. But, let us switch over to what the Queensland state government have done with their fisheries.

They have done the right thing by the fisheries, I have to say. They were overfished and they have brought in fisheries plans. But have they even thought about anything to help those who will be put out of work by this? No, there has not been a red cent for it. The stark contrast that the fishing industry sees between the way the federal government does it by helping them with industry adjustment and the way the Labor Party do it by not giving them a brass razoo is so very obvious.

This signifies the difference between having a Howard federal government and a Latham federal government: we will do the work. We will compensate and we will adjust for those industries that have been affected by decisions of government; whereas a Latham Labor government, should that ever be, would simply do a lot of talking and do nothing about the Great Barrier Reef, as Labor did in the 13 years they were in government. They did absolutely nothing for the Great Barrier Reef. If they do do anything, they will simply ignore those whom their decisions impact badly upon.

The issue before us is one that we are conscious of. I think some of the speakers quite rightly said that in our GST package we made it very clear, in either section 87 or section 88, that there would be no GST on the reef tax—on the environment management charge, I should say, not the reef tax.

Senator Sherry—That's a slip; it's another tax.

Senator IAN MACDONALD—Mr Stroud and I remember when Labor introduced a reef tax. The government quite clearly said that there would not be a GST on the environment management charge. Any of you who have been in government—and there are not many over there who understand what government is about—will realise that the Australian Taxation Office is, some
of us would say regretfully, a law unto itself. The Australian Taxation Office had a different view from the government, which has been discussed at some great length over a period of years between the government and the tax office.

Senator Sherry—It’s your tax, and you’ve taken five years to fix it.

Senator IAN MACDONALD—Senator Sherry says it has been five years. Senator Sherry, you obviously have little idea about this particular issue. At least Senator Mclucas does understand the issue, so perhaps you had better butt out of this and let someone who understands this particular bill give you some tuition and advice on it. In fact, because of the ATO rulings, which disagreed with the government’s interpretation, there has been some misunderstanding and some uncertainty. I understand that, since 1 September last year, the ATO have insisted that parties collect the GST on the environment management charge. That is contrary to the government’s policy and it is contrary to our understanding. We found it necessary to legislate to address that problem as quickly as we were able.

There are some people who will have to bear the GST for that short period of time. That is something we have talked through very closely with the industry and, in particular, with the Association of Marine Park Tourism Operators. They, unlike some others, understand the complexity of these issues. We have addressed the issue before us, and that is what this particular bill is all about. Unfortunately, I will not be able to finish my contribution before question time and will need a further five minutes or so after question time to sum up the bill before we proceed with it further.

Debate interrupted.
and property values. We recognise that some review is required to ensure that people with similar resources are treated in the same way. If we look back at Labor’s record of treating unrealised capital gains and shares for the purpose of assessing the pension we see what a debacle that was, when we had people’s incomes going up and down willy-nilly.

We are ensuring that cases are reviewed where people have received benefits beyond what they are entitled to. Cases of hardship are being examined and people are being looked at on a case by case basis. It is absolutely vital in a system which is means tested that people who receive benefits from the taxpayer receive no more and no less than what they are entitled to and receive the same amount as people in similar circumstances.

Senator CHRIS EVANS—Mr President, I ask a supplementary question—effectively, I ask the minister the question again. Will the minister confirm that there are 105,000 data matches, which is due to net the government $58.2 million? Will the minister confirm that she intends recovering from these pensioners $58.2 million, because of the failure to do the checking over the last five years? Will the minister outline what measures she is taking to protect pensioners from having to sell their homes or taking other drastic measures to meet debts that the government may be collecting for them? It is a simple question that is raised by people who are concerned. Will the minister advise what steps she is taking and is she going to recover $58.2 million from them?

Senator PATTERSON—I say once and for all that no pensioner will be required to sell their home. These are the typical fear tactics that Labor use when they have no policies. Mr Swan was out there last Sunday with every opportunity to talk about policies and family policies in this area, but there was nothing. Tomorrow, he will go to the Press Club and what will we hear? Nothing. All we will hear is carping from the sidelines. No pensioner will be required to sell their home. Of course we will look to ensure that people who have received more than they are entitled to can pay it back—if that is possible—in a way that is within their means and takes into account any hardship. That is what happens with any overpayment to Centrelink. What we see now is Labor using a typical scare tactic suggesting that people will be made to sell their homes. They did the same thing about bonds in nursing homes. What they do is scare people rather than come out with alternative policies, in the pretence that they are an alternative government.

Economy: Policies

Senator WATSON (2.05 p.m.)—I have a good news question for Senator Coonan, the Minister for Revenue and Assistant Treasurer. Will the minister inform the Senate of the continued strength of the Australian economy and how this will benefit Australian businesses as well as Australian families. Is the minister aware of any alternative policies?

Senator COONAN—I thank Senator Watson for his question and for his ongoing interest in economic policy. The Australian economy is continuing to perform very well, compared to other developed economies. The latest national accounts show that the Australian economy grew by 1.25 per cent in the December quarter, the strongest quarterly growth in four years. The December growth quarter was underpinned by increased household consumption, increased private business investment and a rise in farm production, as regional Australia recovers from one of our worst ever droughts.

Consumer confidence has remained at high levels in recent months, supported by low interest rates and a growth in jobs. Un
employment remains stable at 5.7 per cent. To put this in perspective, there was a larger number of new full-time jobs created in the last six months of this government than there was in the last six years from 1990 to 1996 under the Labor government. If the government’s economic program could be fully implemented, we could get even more job opportunities. The government have been prepared to take the hard decisions to ensure that Australian businesses and families prosper. We balanced the budget and ensured that our expenses were met.

The Labor Party, on the other hand—now that I am asked about alternative policies—has fought this government’s tax and industrial relations reforms every inch of the way. If it were up to Labor, there would be no budget surpluses, there would have been no income tax cuts in July 2000 and again last year. The company tax rate would not have been reduced from 36 per cent to 30 per cent and wholesale sales tax would not have been abolished. It is now clear that, if elected, Labor will put up taxes to pay for a spending spree. If elected to government, Labor will put up taxes. We know this because the member for Sydney, Ms Plibersek, admitted yesterday:

We have a big social agenda. Of course, there will be tax rises to pay for it.

Yesterday, also, the member for Reid, Mr Laurie Ferguson, was frank enough to confirm that taxes would rise under Labor and said that you would have to be dishonest or naive if you did not believe that to be a possibility. If anyone was naive enough to believe that taxes will not rise under Labor, they need look no further than a leaked letter, dated 22 September 2003, from Access Economics to Mr Latham as shadow Treasurer. It contains a proposal to increase capital gains tax, to reduce Commonwealth expenditure, and to impose user charges and special levies. So, while Mr Latham is trying to divert attention by reading to children, for the sum of $150,000 Access Economics is busily working out how to slug the taxpayer with higher taxes to pay for Labor’s promises.

This government is concerned about the impact of tax on business, families and jobs. The Prime Minister has delivered the certainty that the community needs of guaranteeing that this government will not raise taxes. The best way to know what someone will do in the future is to look at what they have done in the past. The last time that Labor was elected, in 1993, they reneged on their l-a-w income tax cuts. You would have to be naive or dishonest not to believe that Labor will plunge this country back into deficit and debt. Good government does not happen by accident; it happens because of a strong team, clear vision, and policy that benefits the national interest. This government will continue with the policies of responsible economic management that will benefit Australian businesses and all Australian families—not just a fortunate few.

**Taxation: Income Tax**

**Senator JACINTA COLLINS** (2.09 p.m.)—My question is addressed to Senator Patterson, the Minister for Family and Community Services. Does the minister still stand by her comments in a press release from Saturday, 6 March this year concerning the government’s record on effective marginal tax rates? Was the minister aware that the NATSEM report she referred to actually concluded that the new tax system failed to deliver any improvement to those facing high effective marginal tax rates? Was the minister aware that detailed figures from the study reveal that the number facing effective marginal tax rates in excess of 60 per cent nearly doubled under the coalition, from 466,000 in 1997 to 814,000 in 2002? Minister, is this not the reason the work and family
task force highlighted the disincentives faced by mothers returning to work part time?

**Senator Patterson**—This gives me an opportunity—and I welcome that opportunity—to talk about effective marginal tax rates. We have the most amazing amount of misinformation being spread around—figures keep changing—by the Labor Party. As soon as you start to put pressure on Mr Swan, he pulls back. He was saying some weeks ago that it was 80c on every additional dollar. Then he reneged a bit and went back to 60c to 80c in the dollar on Sunday.

Senator Lundy got up in an adjournment speech last week—I think it was last week or the week before—and said:

Last week the Australian reported that mothers who return to work for up to 20 hours a week to boost the household income routinely lose more than 80c in every dollar they earn.

That is absolute nonsense. That is why I have been wanting the opportunity to give Senator Lundy tutorial 101 in effective marginal tax rates. The NATSEM report shows that seven out of 10 families where a person returns to work lose less than 40c in the dollar in effective marginal tax rates. A quarter of them lose nothing in effective marginal tax rates. I think just over eight per cent lose more than 40c in the dollar. Under Labor, the average effective marginal tax rate was 85.5 per cent.

We have reduced it by 30 per cent. If you want to talk about effective marginal tax rates—Senator Jacinta Collins is shaking her head; I suppose she will get up—if you think you know about them, go and tell Senator Lundy.

**The President**—Senator, I remind you to address your remarks through the chair.

**Senator Patterson**—If she thinks she knows about it, she should go and tell Senator Lundy. When Senator Lundy gets up here in the chamber and says it is 80c on every additional dollar they earn, that is arrant nonsense and rubbish. If they get up and say those sorts of things it is absolutely obvious that they do not understand a thing about effective marginal tax rates. They know nothing about getting people back into the work force. They did nothing about it. They did not give people choice—in fact, people did not even have jobs! A million of them went without jobs. So how did they get back to work? Because we have given them 1.3 million more jobs to go back to. We have reduced the effective marginal tax rate by 30 per cent. I urge Labor to give the correct figures and tell us what they are going to do. Are they going to increase thresholds? Are they going to increase the taper rate? That will add to the $8 billion of expenses they have already chalked up in promises to the Australian public. They will take us back to $96 billion of debt, where we were paying $5 billion a year on the loans that they racked up. We have now reduced that debt by $60 billion and have $5 billion more to give to families in child care and family benefits.

**Senator Jacinta Collins**—Mr President, I rise to ask a supplementary question. The minister might ignore the NATSEM data I referred to in my question, but is the minister aware that subsequent work commissioned by the Office of the Status of Women found that the number of those facing effective marginal tax rates of over 60 per cent was closer to one million in 2003? Didn’t NATSEM find that three-quarters of those facing high effective marginal tax rates were families with dependent children, particularly those on middle incomes? Minister, why is the Howard government financially punishing Australian families with kids?

**Senator Patterson**—We have reduced effective marginal tax rates by 30 per cent. The NATSEM research shows that seven out of 10 families where a person re-
turns to work have an effective marginal tax rate of less than 40c in the dollar. Do not shake your head, because that is what the report says. We have actually increased the number of jobs. We have increased family assistance by almost $2 billion in family tax assistance and we have doubled spending on child care. We have a tremendous record on assisting families. Ask Mr Swan to go out and tell the Australian public what you are going to do—what your party thinks it is going to do—and how you are going to rack up debt doing it, or increase taxes.

Indigenous Affairs: Government Policy

Senator SANTORO (2.14 p.m.)—My question is to the Minister for Immigration and Multicultural and Indigenous Affairs, Senator Vanstone. Will the minister advise the Senate of the government’s commitment to ensuring government spending delivers value for money for Indigenous Australians? Does the minister have any response to allegations that investigations into the Queensland South Representative Body Aboriginal Corporation are for trivial matters?

Senator VANSTONE—I thank Senator Santoro for his question. I understand his interest in matters relating to Indigenous affairs generally and especially to Queensland. This government has a very proud record in what it has achieved in Indigenous affairs. I will share just a couple of examples with you. The proportion of Indigenous kids staying on at school until year 12 was 29 per cent in 1996 and now it is 38 per cent. In 2002, there were 32 per cent more young people in bachelor or higher level degree courses than there were in 1996. If we believe, as I do, that education is what gives you opportunity, then significant increases in Indigenous kids staying on until year 12 and then doing tertiary education are a real benefit. We have more Indigenous families with their own homes, a fall in Indigenous unemployment and a fall in the Indigenous neonatal death rate. They are just a few things that have been achieved, and we recognise we have a long way to go.

We are working with the state governments in some trial sites to ensure that people in Indigenous remote areas do not have 40 forms to fill in from different Commonwealth and state governments. We are working to bring those together and offer a much more unified and simplified approach. Those COAG trials are working in 10 sites around Australia. I encourage people to go to the web site for those activities to see the comments of Theodora Narnu, who is an elder in the Wadeye area, and to hear her description of them. She says it is as though a door is opening for her community because finally someone is listening and they do not have to talk to 53 different people.

We are also changing service delivery to funded organisations. Instead of funding organisations directly on the basis of who they are, we are funding on the basis of what they can do for Indigenous Australians. For example, we recently released a request for tender for Aboriginal legal services. There will not be more money because you are an Aboriginal legal service; now you will get money if you can show that you will in fact deliver services to Indigenous Australians. We are working for better financial management of Indigenous organisations, and we will have some legislation in the parliament soon in relation to that.

As to the Queensland South Representative Body Aboriginal Corporation, the QSRBAC, it is true that Commissioner Robinson was reported as saying that the investigation related to trivial matters. I think the Senate ought to know that an audit and grant controller was appointed to that native title representative body and after complaints two independent examinations were conducted,
which raised serious concerns about the financial affairs of that body.

I can tell you in summary form why I am concerned. A recent audit of accounts for 2001-02 disclosed that the body wrote 400 cash cheques to a total of just over $1 million, which is a quarter of the organisation’s total grant funding—that is, a quarter of the grant funding was written in 400 cash cheques to a total of over $1 million. Of those cheques, 81 were for $5,000 or more and came to a total of over $785,000. Several of these cash cheques are listed simply as being for ‘meeting expenses’, without adequate detail. For example, two cheques—each for over $20,000—were listed as simply being for ‘claimant group meetings’. I am sure senators and members, who fill out their travel forms and account for every dollar they spend, understand that $20,000 being for ‘claimant group meetings’ without enough detail is simply unsatisfactory. Investigations into this matter are ongoing, and I will notify the Senate of any advance. (Time expired)

Taxation: Family Payments

Senator CROSSIN (2.19 p.m.)—My question is to Senator Patterson, the Minister for Family and Community Services. Does the minister concur with the Prime Minister’s admission in parliament yesterday that debts in the family payment system are still hitting one-third of all families who receive payments through Centrelink? Can the minister also confirm that there has been a significant rise in the number of families trying to avoid debts by forgoing their full fortnightly benefit entitlement? Minister, why haven’t you brought forward reforms, when the figures clearly show that despite best efforts the system is still trapping families in debt?

Senator PATTERSON—This gives me the opportunity—and I thank Senator Crossin for the opportunity—to say that there are 35,000 families who are entitled to a top-up but will not get it because they are waiting for the passing of a piece of legislation that is sitting in this house because the Labor Party and other opposition parties wish to make amendments we cannot accept. They can do that on some other piece of legislation. This piece of legislation is time critical, so do not come into this house talking to me about what is fair. We have 35,000 people out there who received less family tax benefit in a year than they were entitled to but cannot get a top-up because their tax return has not gone in. We want to extend the time in which they can put their tax return in. If Senator Crossin really cares about families—

Senator Crossin—It’s not about top-ups!

Senator PATTERSON—They never got top-ups under Labor, and Labor have never committed to giving top-ups to families in the family tax benefit. It is evident that they do not care about it because they have left that legislation languishing. Somebody can come across to me today and say: ‘Put that legislation on. We’ll get it through because it is time critical and those families deserve their top-up.’

Under Labor, people in similar circumstances did not get the same outcomes—people did not get top-ups when they were underpaid. We have given almost $2 billion more in assistance to families since the introduction of the new tax system. We have doubled child-care funding. With the new tax system, we are ensuring that people in similar circumstances get the same assistance. As I said, I went out and talked to people who got overpayments—and some of these things are difficult because they need to begin at the commencement of a financial year—and I looked at the form people used to claim for family tax benefit. I believe the form was far too complicated and far too difficult. We
now have a task force working on the form. The new form will be ready for the beginning of the new tax year. We are already looking at a new communications strategy to inform families that they can ring Centrelink on a regular basis and update their income.

What is the alternative policy? Three weeks ago Mr Swan was saying that he would actually use the previous year’s income. Then he suddenly realised there were difficulties with that. Then on Sunday there was a hint of a policy that they would have a quarterly reconciliation, which in effect means that families would be required to put in the equivalent of a tax return every 12 weeks. Is that the sort of burden you are going to put on families? When Mr Swan comes out with some suggestion about how he is going to deliver family assistance, then I will listen. What we are doing is ensuring that those people who had an underpayment get a top-up and that those people who received more than they were entitled to repay it. We want to ensure that we reduce the number of people who have an overpayment. It has been reduced by 14 per cent over the last 12 months and I am working to make sure it is reduced even further.

Senator CROSSIN—Mr President, I ask a supplementary question. My question actually went to the issue of family tax debt. Isn’t it the case that the Commonwealth Ombudsman recommended an overhaul of the system because families are continuing to be hit with tax debts through no fault of their own? Minister, given that it has now been six months since you were sacked from the health portfolio, why haven’t you used that time to repair the ongoing problems in Senator Vanstone’s family payment debt system—a system which imposes an average $900 debt on struggling Australian families?

Senator PATTERSON—You can tell when they want to get under my skin—they start using the little barbs in their questions. If Senator Crossin wants to say that, she should go outside here and say that in front of Senator Vanstone, who had the portfolio I have taken over and say it is a sacking. I bet you would get a biff on the nose—if you said you think this is a demotion. I bet my bottom dollar you will never relieve us of the $68 billion of social security because you would rack up debt, you would have no compliance and you would have us losing money like we were losing—

The PRESIDENT—Order! Address your answer through the chair, Minister.

Senator PATTERSON—What a blow! I had more to say.

Education: University Fees

Senator STOTT DESPOJA (2.24 p.m.)—My question is to the Minister representing the Minister for Education, Science and Training. Is the minister aware of comments on 20 January this year by the Minister for Science, who declared that Macquarie University’s decision to decrease HECS for some students in a select few courses was ‘a watershed in higher education in this country’ that proved the government’s higher education reforms were ‘truly taking effect’ and that he ‘would expect other universities to follow suit’? Considering only one university has planned to decrease HECS fees, seven have increased fees by 25 per cent, one has increased fees by 20 per cent and many others are seriously considering taking advantage of the 25 per cent increase, how many other universities does the minister expect to follow suit? How many universities will decrease their HECS fees?

The PRESIDENT—I call Senator Vanstone.

Senator Vanstone—I am sorry, Mr President, I thought the question was to Senator Patterson and I therefore did not listen to the
rest of it. If the senator can repeat her question, I will be happy to answer her.

Opposition senators interjecting—

Senator STOTT DESPOJA—It wasn’t a verbal biff! My question was whether the minister was aware of comments by the Minister for Science, Peter McGauran, who said on 20 January this year that the decision by Macquarie University to decrease HECS fees was ‘a watershed’ decision. Given that eight universities have since increased fees—seven universities have increased fees by the full 25 per cent, one university has increased fees by 20 per cent—and other universities are seriously considering increasing their fees by the full 25 per cent, how many universities does the government expect to follow the so-called lead of Macquarie University and actually decrease their HECS fees?

Senator VANSTONE—Senator, I thank you for the question. I am sure nobody will be offended to understand that I am not familiar with those remarks by Mr McGauran. Be that as it may, my understanding is that the government does not have any particular view as to how many would either increase or, as you say, decrease their fees, but I will ask Dr Nelson if he has anything he would like to say with respect to your question. If he has, I will get it to you quickly.

Senator STOTT DESPOJA—Mr President, I ask a supplementary question. I also ask the minister to ask the Minister for Education, Science and Training: if the Minister for Science describes the decrease by one university of its HECS fees as a watershed, then how does this government, if it does not have a so-called view, describe the increases in HECS fees by those other eight, and potentially more, universities? I also ask the minister: will these 25 per cent and other HECS increases improve the participation rate of those disadvantaged students from lower socioeconomic groups, whose participation rates have remained at an appalling figure of 15 per cent over the past decade?

Senator VANSTONE—I will pass your question on, but I think it is well understood in this chamber and elsewhere that you have a fundamental disagreement with the government’s view that higher education is both a private and a public benefit and that the kids who receive a higher education largely end up better off for the rest of their lives, they have a much lower unemployment rate and they have much higher salaries. There is a very distinct private benefit that they receive, and we believe that university funding should increase through increased contributions from private sources, and that is largely from students. You disagree with that, but we have introduced reforms that will allow the universities to make that decision. You may disagree with the universities. That is an argument that you will have to take up with the universities individually. As to the question of the participation of lower socioeconomic students, I think it was very clear from the Whitlam reforms that cheaper university fees—in fact, even making them free—does not change the input from lower socioeconomic students. To do that, you have to start in primary school. (Time expired)

Taxation: Family Payments

Senator JACINTA COLLINS (2.29 p.m.)—My question is to Senator Patterson, the Minister for Family and Community Services. Can the minister confirm that her departmental officials in estimates cautioned against relying on the early family benefit reconciliation figures from 2002 to 2003, which may overstate the likely number of catch-up payments due to these families lodging early and understate the likely number of debts due to these families lodging late? Minister, aren’t you misleading the public and the Senate by continuing to claim that the figures for 2002 to 2003—and again
today—showed debts have fallen by 14 per cent? Hasn’t the minister’s own department warned against using this figure, and does the minister agree with the Prime Minister that her payment system is still punishing one-third of families?

Senator PATTERSON—Labor’s family assistance punished families that were underpaid. They did not get a top-up. Labor has not actually indicated whether they will give a top-up or not. As I have said, the data today indicates that there is a 14 per cent decrease. We have done a number of things. We have given families more choices about reporting to Centrelink and how they get their family tax payments. I believe that has been quite complex. It needs to be simplified, and it is being simplified. As I said, the forms are being simplified because people find it difficult to understand the concept of a 12-month period.

I was asked about what reforms I could bring in. There are some changes that can occur only at the beginning of a financial year. There are some changes that can occur now, which are about changing the forms and increasing the information out to families about the whole of the family tax benefit scheme. There are some people—I do not claim that there are a lot of these people—who claim that they know they are going to get an overpayment and they would prefer to get an overpayment. There are some people who use the system and claim that they get a tax-free loan for a short period of time. We want to attempt to make sure that people in similar circumstances get paid in the same way. Any system can be targeted or based on income. People’s incomes come and go and, as I said, Mr Swan suggested going back to last year’s income a couple of weeks ago. He then realised that is not as easy as it sounds and now he is talking about a quarterly reconciliation.

Senator Collins is suggesting that families would then reconcile every quarter—every 12 weeks—by putting in the equivalent of a tax return to get their payments right. We think it is important to make sure that families get it as accurate as possible and to assist them in doing that. That is what I am about doing at the beginning without the need for legislative change, because we need to be able to do it now—improving the forms and talking to people about how we can reduce their overpayments. I hope that, if we are able to bring in legislation to this chamber to do some of the things I think may be necessary, Labor, given all its talk on this, will support any changes.

Senator JACINTA COLLINS—Mr President, I ask a supplementary question. Minister, isn’t it the case that the total number of debts will still involve more than half a million families this year? Doesn’t this represent a 1,000 per cent increase compared to the number of debts under the old family payment system? We have listened to these excuses now for almost four years. It will not fix the problem.

Senator PATTERSON—In family allowance, what we are doing is ensuring that families in similar circumstances are treated in the same way. We are working to ensure that we can assist families to make better judgments about their incomes. It is very difficult for families who have patchy incomes or incomes that come and go because they go in and out of the work force. They are not debts; they are overpayments. They have received more than that to which they are entitled, and we require them to pay it back.

Environment: Murray-Darling River System

Senator LEES (2.33 p.m.)—My question is to Senator Hill, the Minister representing the Prime Minister. I note that the Prime
Minister will be travelling in South Australia for several days next week and also note that he has repeatedly said that the Murray-Darling Basin is a priority for his government and, in particular, it is committed to environment flows and money for this water. While the Prime Minister is in South Australia next week, will he take up with the South Australian government the Eastern Mount Lofty Ranges disaster where the taking of water is still not controlled and more and more water is being removed from the system from that catchment and effectively being prevented from flushing out into the Murray and the lower lakes? Will he put direct pressure on the South Australian government to stop further dams and bores right across the Eastern Mount Lofty Ranges?

Senator HILL—Regrettably, the Mount Lofty Ranges are severely degraded. A great deal of effort and money has been put in in recent years to repair damage that has occurred and to encourage stakeholders to adopt sustainable practices. The problem has been significant urban build-up, intensive agriculture and unwise land clearing—all the very familiar issues that arise in outer suburban areas of important natural heritage. Despite the efforts that have been made in recent years, I think an objective observer would say, to put it at its best, only fair progress has been made. The principal party responsible for setting the rules, the state government, must accept primary responsibility in that regard and a significant role should also be played by local government obviously in relation to its regulatory responsibilities. The federal government, I would respectfully suggest, is one step further removed; nevertheless, to the extent to which we can contribute through encouraging better practices I agree that we should and, through the Natural Heritage Trust and in other ways, we have encouraged and supported the adoption of better practices.

I am not sure that these unsatisfactory practices in the Eastern Mount Lofty Ranges have significantly contributed to degradation within the Murray River system. Whether that is so or not, I do, as I say, accept that we can provide leadership at a national level. We can provide some funding support, as we have been. We can provide scientific support. There are other ways in which the senior tier of government in Australia can make a worthwhile contribution. I will put that to the Prime Minister and see whether there is anything he would like to say on the subject when he is in Adelaide.

Senator LEES—Mr President, I ask a supplementary question. I ask the minister specifically whether the Prime Minister is prepared to put direct pressure on any of the states in order to make sure that they are not taking out more water, as South Australia is doing for the Clare Valley pipeline, a pipeline three times the size that was needed to supply the towns in the Clare Valley. Is the Prime Minister prepared to raise issues? Is this issue of sufficient importance that you would look at other mechanisms of forcing the states to basically leave water in the river and to protect areas such as the Eastern Mount Lofty Ranges?

Senator HILL—The approach of this government has been to seek to achieve better outcomes through education and through financial support rather than as levers of power—in part because of questions that relate to what legal authority the Commonwealth has. Certainly, through the Murray River initiatives that the Prime Minister has championed, a great deal of Commonwealth money is being put into the major river systems and major biodiversity hot spots in Australia to achieve better outcomes—something we have been very committed to in our eight years in government and remain committed to. The Prime Minister will take every opportunity, therefore, to urge the states to adopt
better practices and to go as far as to provide financial support to encourage them to do so.

Social Welfare: Pensions and Benefits

Senator STEPHENS (2.38 p.m.)—My question today is to Senator Patterson, the Minister for Family and Community Services. Does the minister recall her comments yesterday in a press release on the pension bonus scheme where she said ‘the Pension Bonus Scheme is an important program to encourage older Australians’ to stay in the work force longer? If the minister stands by her comments, will she immediately release the final evaluation of this scheme by ORIMA Research, which was received by the government in January 2002, more than two years ago? Is the minister aware that the evaluation has been withheld from public scrutiny, despite more than half a dozen requests being made through the Senate estimates process? Isn’t it the case that the evaluation found that the scheme did not change decisions to work longer because most Australians do not want to work until they drop?

Senator Vanstone—Why did you raise the pension age for women then?

Senator PATTERSON—I take Senator Vanstone’s interjection. When we were in opposition and the Labor Party put up a reasonable proposition, something that was fair, something that was responsible and something that was addressing the issue of an ageing population, such as increasing the age of pension for women by six months every 10 years, guess what?

Opposition senators—What? What?

Senator PATTERSON—We were a cooperative opposition and we agreed with the proposition because we thought it was important. But any time we put up something that is responsible and that is about ensuring that we do not borrow for the next generation and that we actually build for the next generation Labor opposes it. The pension bonus scheme is an opportunity. This party is about choice. We do not make a decision about whether people want to continue working or not. I sat in this chamber for two parliamentary sessions with a private member’s bill here to—

Senator Sherry—Not much choice if you’re 70! Not much choice if there’s going to be no full-time retirement!

The PRESIDENT—Order! Senator Sherry, shouting across the chamber is disorderly.

Senator PATTERSON—eliminate the retirement age for those in the Commonwealth Public Service. Do you know what the answer was from the other side? ‘Oh, it’s too hard, we can’t deal with compensation.’ There were people talking to me in the hallways here who said, ‘I’d like to be able to continue working, Senator Patterson. I’d like the choice to continue working. But, no, let the Labor Party decide for me that I have to stop at 65 because it’s too hard to deal with a compensation issue.’ In 1999 we got rid of the compulsory retirement age for people in the Commonwealth Public Service. When I was in opposition—and in opposition we actually used to work on developing policies, but that is something that the Labor Party does not understand—I was concerned about people who were eligible for the pension and who wanted to continue working. There was very little incentive for them to do so. Also I was concerned that a lot of the people on the pension do not have a lump sum to which they can resort when something happens such as their refrigerator breaking down or their house needing new guttering or a new roof.

The pension bonus scheme allows people who are eligible for the pension to defer getting the pension, to work for the equivalent
of 20 hours a week over 48 weeks and to get a bonus. I cannot remember the exact figure but I think it is about $27,000 for a person who works for five years and, for a couple, about $46,000. For people who have not been able to save throughout their lives, that is a windfall that means they will be able to stay at home. The latest figures show that there are 60,000 people who have had a bonus of about $10,000 on average, which means that those people on pensions are more likely to be able to stay in their own homes, be independent and live the sorts of lives that we think older Australians should live.

Senator STEPHENS—Mr President, I have a supplementary question. That was quite an extraordinary response. I ask the minister again: will she stand by her comments, will she release the final evaluation of the research by ORIMA Research and will she acknowledge the fact that one of the main problems with the scheme has been the failure of the government to properly inform potential recipients? Isn’t it the case that just one direct mail letter has been sent to potential applicants in the scheme’s six-year history and that just 6,736 new applicants registered with the scheme last financial year?

Senator PATTERSON—One of the difficulties in informing people is that people need to know before they get into the system—before they are actually eligible for the pension bonus scheme. That is an issue that has concerned me, and I think we need to do more. I hope the Labor Party do not criticise us when we do more in informing people about the pension bonus scheme. If they are so critical of it, my question to the Labor Party is: are they going to keep it? Are they going to keep a scheme which gives people choice as to whether they can continue to work and where they will get a bonus as a result of doing that?
leading. Let me demonstrate the situation in relation to Customs. Customs certainly has a capacity in our northern waters for armed interdiction and interdiction of vessels, be they suspected of illegal fishing, illicit drug smuggling or any other illegal activity within our waters. In fact, I can tell the Senate that last year Customs used arms in relation to one interdiction of a suspected illegal fishing vessel off the north of Australia. In 1999 this government extended the powers of Customs to undertake such interdiction duties in relation to the powers of pursuit.

It is not only Customs that can exercise these rights of interdiction. The Royal Australian Navy has been working extensively to protect Australia’s borders, and that has been in support of Customs and Coastwatch. Since 1 July 2003 the ADF has conducted 193 boardings of vessels suspected of illegal fishing, 44 apprehensions and 26 administrative seizures. Since the start of Operation Relex in the north in September 2001, 19 vessels have attempted to land over 2½ thousand unauthorised arrivals and crews in Australia. The ADF has been directly involved in 17 of these incidents, and has returned 643 people to Indonesia. That is a strong example of the great work that is being done by the Royal Australian Navy in interdicting vessels which are involved in suspected illegal activity in our waters.

Mr McClelland should remember that when Labor was in power in 1988 it directed the ADF to provide surveillance and response forces for Customs, Immigration, Fisheries and to do other tasks throughout Australia’s exclusive economic zone. Even under Labor, the ADF had this capacity. Now we have Mr McClelland saying that we have unpoliced borders to our north; that there are no interdiction powers or capacity of behalf of the Royal Australian Navy or Customs. That is totally incorrect. It really does require the Leader of the Opposition, Mr Latham, to bring his shadow minister into line and have him correct the record as to what the true position is to the north of this country—that is, we have Customs, Coastwatch and Navy looking out for Australia’s interests and doing a great job.

**Taxation: Family Payments**

Senator HUTCHINS (2.48 p.m.)—My question is to Senator Patterson, the Minister for Family and Community Services. Can the minister confirm that the Prime Minister wrote to her predecessor in September last year asking the minister to bring forward reforms to the government’s family payment system? Can the minister explain why the Prime Minister was instructing the development of some significant changes to the family tax benefit when the minister and her predecessor argued that the current arrangements were generally satisfactory and only minor changes were required? Does the government yet understand how desperate Australian families are to get out from under debts to the Commonwealth government?

Senator PATTERSON—I understand how desperate Australian families were when millions were unemployed, when a million people lost their jobs. Under this government 1.3 million more people have jobs, and one of the reasons why they are getting an overpayment is that they are returning to work, they are returning to jobs that did not exist under Labor. One of the things this has done has been to reduce the amount of money that is being spent on family allowance. Yet Mr Swan continually misrepresents that and says there has been some sort of drawing back on family tax benefits. That is totally wrong.

Senator Conroy—Clawback!

Senator PATTERSON—Yes, he uses the word ‘clawback’, which is totally wrong. The family tax benefit is a system which is uncapped for those people getting entitlements. They get what they are entitled to.
do not know about letters going backwards and forwards between the Prime Minister and Senator Vanstone. What I know is that when I became minister, I went out immediately to talk to families who had been overpaid. I met these families in various Centrelink offices in Sydney, Melbourne and Queanbeyan and talked to them to find out what issues were affecting them. One thing that was clear was that they did not always understand that it was based on a 12-month financial period. One of them asked, ‘Why can’t we wipe the slate clean at the end of the year?’ I asked them if it would be fair if they got more benefit from the taxpayer than somebody in a similar circumstance. The person said: ‘No, it would not. I realise now why you can’t wipe the slate clean.’

We need to ensure that, firstly, people understand the system; secondly, we clarify the forms and, thirdly, we give people more information. If and when there are changes that require legislation, I hope Senator Hutchins will be first up there to pass them. We have legislation languishing in this place. If those on the other side cared about people on the family tax benefit they would pass the legislation that is already before the chamber. They would give 35,000 families that are entitled to a payment a top-up. They would get that legislation through so these people can get their entitlement.

Senator HUTCHINS—Mr President, I ask a supplementary question. Can the minister explain why 14 months have passed since the government’s own work and family task force report called for significant changes to the family payment rules? Minister, hasn’t the government’s decision to sit on possible reforms meant hundreds of thousands of families have accrued debts that average more than $900 per family per year?

Senator PATTERSON—We now have some truth coming back into it. Mr Swan was wandering around a couple of weeks ago saying it was $1,000. They are getting closer to it. One of the reforms was to give people their top-up when they put in their tax return late. That was one of the reforms we made. We have legislation in here to address that issue. As soon as the Labor Party agree to that legislation, the whip will tell me. I am sure Senator Ian Campbell will make sure it goes on the list straightaway—this is a time sensitive piece of legislation—and we can get that legislation through so those families will get their top-up. Thirty-five thousand families are waiting for that piece of reform. Why would you put in legislation if the Labor Party will not support it? We have a piece of legislation in here which reforms the system, and you fail to support it.

Trade: Free Trade Agreement

Senator RIDGEWAY (2.53 p.m.)—My question is to Senator Hill, the Minister representing the Minister for Trade, Mr Vaile. Given that the minister announced only last week in question time that economic modelling would be put out to tender in an open and transparent manner, is it true that a DFAT press release today has announced that the government has already decided that the Centre for International Economics will carry out the modelling and analytical work to assess the impact of the free trade agreement? Is it also true that the process to choose CIE was put in train on 25 February, a good week before last week’s announcement? If this is true, why has the government been so secretive about these dealings and why was the Senate not informed of these developments last week? Was the decision to engage CIE taken before or after last week’s pronouncements in question time? Was it taken before or after any advertising for tenders in last weekend’s papers?

Senator HILL—It is true Mr Vaile advised the House on 1 March that the gov-
ernment was calling for tenders for economic analysis to be carried out on the impact of the Australia-US free trade agreement. It is also true that we can now advise that the Centre for International Economics has been selected to carry out this work.

Senator Carr—What sort of a tender is that?

Senator Hill—This is a government that gets on with the business, you see.

Honourable senators interjecting—

The President—Minister, when the house comes to order, I would ask you to continue answering the question.

Senator Hill—I have been trying to suggest to the Labor Party that very significant benefits can flow from this agreement, and therefore it is important to make progress. So, as I said, I am pleased to advise that the Centre for International Economics has been selected to carry out this work—

Senator Carr interjecting—

Senator Hill—for Senator Carr’s benefit—following a restricted tender process—

Senator Carr—Restricted, all right!

The President—Order! Senator Carr, shouting across the chamber is disorderly.

Senator Hill—I am not sure what he is getting hysterical about—carried out by his department. This decision by the department follows a unanimous recommendation by a departmental tender board and reflects the continuing high quality of the work carried out by the CIE, its expertise in economic modelling and the highly competitive pricing of its tender. The terms of reference for the analysis are wide ranging. They cover implications for output and economic welfare over time, the impact on employment, states and territories of Australia, the environment, rules of origin, government procurement and intellectual property issues, case studies on agriculture, automobiles, textiles and clothing, and analysis of the effect of other countries entering FTAs with the US without Australia doing so. For the information of honourable senators, the centre has been asked to provide its final report by 8 April to ensure that as much detailed analysis as possible is put out to assist public discussion on the merits of the agreement and in order to allow early consideration of it by the Joint Standing Committee on Treaties.

Senator Ridgeway—Mr President, I ask a supplementary question. I thank the minister for his answer and for providing information that should have been provided last week. Is the minister aware of criticisms of the original work done by CIE in relation to the free trade agreement? Isn’t it true that the first study by CIE was widely criticised for using unrealistic assumptions and completely overstating the net gains to Australia arising out of the free trade agreement? How can we rely upon the fact that this will be an impartial study? Will the minister guarantee that economic modelling will also include a proper analysis of the environmental, social and cultural impacts of the free trade agreement? Will CIE be instructed to undertake such an analysis?

Senator Hill—I said, for example, that it would take into account impacts on employment, which is obviously a very important social consequence. Of course, there is always someone who will criticise economic modelling by any particular organisation. I am sure that, if another had been selected through this tender process, someone else—perhaps from the Labor Party—would have criticised that choice. The important thing is that this analysis will be before the parliamentary committees, both the joint committee and the Senate committee, and honourable senators will have the opportunity to question those who prepared it and will no doubt satisfy themselves as to the strength of the argument.
Honourable senators interjecting—

The PRESIDENT—Order! I just hope that the parliament of New Zealand is quieter than this.

Taxation: Family Payments

Senator MARSHALL (2.58 p.m.)—My question is to Senator Patterson, the Minister for Family and Community Services. Is the minister aware of admissions in Senate estimates by departmental officials confirming catch-up and lump sum family tax benefit payments paid at the end of the financial year have less purchasing power than fortnightly payments? Doesn’t this mean that families who follow the minister’s advice and defer part or all of their payments until the end of the year, in order to avoid debts, effectively dud themselves because the payments are worth less in real terms?

Senator PATTERSON—I cannot be anything but nice to Senator Marshall. He at least is a sort of reasonable person on the other side of the chamber. That will be death to your preselection.

Honourable senators interjecting—

The PRESIDENT—Order! Senator Patterson, I would ask you to stop inviting interjections from the other side.

Senator PATTERSON—I cannot be anything but nice to Senator Marshall. He at least is a sort of reasonable person on the other side of the chamber. That will be death to your preselection.

Senator MARSHALL—Mr President, I ask a supplementary question. Can the minister confirm that a family that follows her advice and defers their family tax benefit B entitlement and elects to receive only the base rate of family tax benefit A for their two children can effectively lose up to $100 in family payments compared to receiving their full entitlement fortnightly. Minister, isn’t this the reason why 95 per cent of families prefer fortnightly payments?

Senator PATTERSON—I do not have that figure and I would want to look at it very closely because I do not always believe every figure the Labor Party presents in questions. People can actually get their payments if they are prepared to give us as close as possible an estimate of their income. If you go back to the previous year, which is one of the suggestions Mr Swan had, it is even more difficult to get your family payments close to your need, especially for those families where there are significant changes in their incomes and decreases from the year before.

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

QUESTIONS WITHOUT NOTICE: ADDITIONAL ANSWERS

Trade: Free Trade Agreement

Senator HILL (South Australia—Minister for Defence) (3.01 p.m.)—I have further information in answer to a question asked by Senator Lundy on 8 March regarding the Australia and US free trade agreement. I seek leave to incorporate the answer in Hansard.

Leave granted.

The answer read as follows—
Senator Lundy asked the Minister representing the Minister for Trade, upon notice, on 8 March:

(1) Could the Minister explain why in the negotiated Australia-United States free trade agreement the Howard government agreed to set the expenditure for local content on subscription services or pay TV at only 10 per cent and that any increase will never exceed 20 per cent on drama channels?

(2) Why did the Howard government agree to such caps on pay TV when, as the Screen Producers Association of Australia points out:

The caps on expenditure on Australian adult drama (at 20%) and children’s, documentary, arts and education channels (10%) will be the lowest in the developed world and take no account of the future potential of the digital Pay TV platform in this country, particularly as the television market fragments with digital take-up. We have verified that the current 10% Australian drama spend requirement only amounts to 3.8 per cent of total transmission time.

(3) Why has the Howard government agreed to local content capping at such low levels, which only serves to provide uncertainty about Australia’s ability to ensure the future viability of Australia’s film and television industry?

Senator Hill—The following answer has been provided by the Minister for Trade to the honourable member’s question:

(1) The outcome that the Government negotiated on audiovisual local content in the Australia-United States Free Trade Agreement (AUSFTA) provides scope for any future Government to not only maintain existing local content requirements but, if it deems it necessary or desirable, to impose additional requirements across the broad range of audiovisual platforms that may be significant in the future, including free-to-air digital multichannelling and Pay TV. At present Australia has a requirement that predominantly drama channels on Pay TV must spend at least 10 per cent of their total program expenditure on new Australian content. The AUSFTA provides the flexibility for an Australian Government, at any time in the future, to significantly increase the local content requirements on Pay TV. It could impose similar 10 per cent expenditure requirements on four additional program formats, i.e. the arts, children’s, documentary and educational programming. In addition, the Australian Government could increase the current 10 per cent expenditure requirement on predominantly drama channels by as much as 100 per cent, i.e. to a 20 per cent expenditure requirement. Any finding by the Government that there was a need to move to a 20 per cent requirement would need to be made through a transparent process including consultations with any affected parties, including the United States. However, the decision on whether to increase the requirement would remain the prerogative of the Australian Government. If a future Government decided to exercise the full degree of flexibility allowed under AUSFTA in relation to Pay TV, then these measures would represent very significant increases in the local content requirements imposed on that medium.

(2) While many countries have local content requirements, these differ widely between countries in relation to the degree and type of measures used. Australia has developed a particular set of local content requirements which have gained broad community acceptance as appropriate for our market, and which are probably comparable to that of other developed countries. AUSFTA provides Australia with the right to not only maintain these existing requirements but to increase them significantly in the future in response to developments in our market and technology.

In the case of the local content requirement that Australia imposes on predominantly drama channels on Pay TV, this is directed at ensuring an important source of funding for new Australian audiovisual production. The requirement is a recognition of the fact that continued access of Australian audiences to Australian voices also requires a viable production industry. In recent years, the
expenditure requirement has totalled around $20 million annually. As the importance of Pay TV in the Australian market increases over time, then the significance of the expenditure requirement to the Australian film and television production industry will increase, as the 10 per cent expenditure requirement delivers increased funding in line with the addition of new drama channels and/or increases in overall program expenditure. In addition, the flexibility that Australia has under the AUSFTA would allow the Australian Government to take additional measures, if necessary, to ensure a significant increase in the role of Pay TV as a source of funding for new Australian audiovisual production through the scope to impose expenditure requirements on five program formats rather than just the existing drama format, and to increase by up to 100 per cent the current requirement on drama channels.

(3) By ensuring that Australian Governments have the flexibility to not only maintain current local content requirements, but to significantly increase these requirements in the future, the AUSFTA outcome means that Australia will retain the scope to ensure that Australian audiences continue to have access to local programming and local voices. In addition to the flexibility to increase the requirements on Pay TV, Australia has the freedom to ensure significantly greater levels of local content are made available if we decide to move to digital multichannelling on free-to-air commercial TV, and to take measures that may be necessary to guarantee that local content is available on interactive audio and/or video services. In addition, the Agreement ensures that the Australian Government can continue its taxation concessions for the audiovisual industry, as well as maintain flexibility on the size and use of any subsidies or other funding it wants to provide.

It is doubtful whether any future Australian Government would need to make use of all of this flexibility allowed under the AUSFTA, as a viable film and television industry, and audience access to significant levels of local content, will probably continue without the need to take up all elements of this flexibility. However, the important point to emphasise is that the outcome of AUSFTA will provide this flexibility to adapt and increase local content requirements if that proves necessary in the future.

Asia Pacific Space Centre

Senator MINCHIN (South Australia—Minister for Finance and Administration) (3.02 p.m.)—Yesterday in question time Senator Carr made some allegations regarding moneys which he alleged had been paid to the Asia Pacific Space Centre. I want to clarify the position for the benefit of Senator Carr, who is wrong on both counts. The Department of Transport and Regional Services’s budget statements for 2003-04 reported a reduction of $10 million in revenue received by the department associated with the APSC project on Christmas Island but that does not indicate that $10 million was spent. It represents a reclassification of funds within the department. I can confirm that the APSC received no funds as a result of this internal departmental transaction.

Senator Carr appears to have also misread or misunderstood the Prime Minister’s answer to a question on notice in 2002 regarding the APSC. The total of approximately $1½ million referred to in the Prime Minister’s answer related to moneys which had been spent on common use infrastructure on Christmas Island to that point. As I have said previously, expenditure on common use infrastructure now amounts to around $5 million, primarily for the construction of an additional port on the leeside of the island. In March 2002 the government did decide to bring forward expenditure on that common use infrastructure for the benefit of the island community and to assist in the construction of the new immigration processing detention
centre. Again, the money was not paid to the APSC. Senator Carr is again wrong on that matter.

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

**Taxation: Family Payments**

**Social Welfare: Pensions and Benefits**

*Senator JACINTA COLLINS (Victoria)*

(3.04 p.m.)—I move:

That the Senate take note of the answers given by the Minister for Family and Community Services (Senator Patterson) to questions without notice asked today relating to family and community services.

I am glad today that Senator Patterson has cleared up that she was not sacked, and the source of that of course is Senator Patterson herself. Of course Senator Vanstone was never sacked in cabinet either. But what we saw today was how Senator Patterson now—and previously Senator Vanstone—has to stand up in this place and be an apologist for the Prime Minister’s mean policies in relation to supporting families. Let us look at the facts of this issue. It is time to hold the Prime Minister to account on what he claimed he was going to do in his third term. The Prime Minister said in August 2001:

> In a third term, we can make great progress in promoting choice and opportunity within the workplace whilst strengthening families and the communities in which they live.

What action have we seen? We know the government has time and time again made excuses for why its system is not working. The best example of why the system is not working was in a government report. The report of the interdepartmental committee that was leaked a few weeks back showed the best example I have seen of what I and several other senators have tried to raise over the years about the penalising of families by assessing their circumstances over the financial year. This penalty was best demonstrated by a family who had their child prematurely and one week before the end of the financial year. This family lost all their benefits because of some arbitrary line and because the baby was born one week early. You cannot justify that. Senator Vanstone tried to justify it and Senator Patterson tried to justify it. The reality though is that time and time again they have been forced to stand up here and justify a policy that the Prime Minister will not rectify. He keeps writing letters—he did in the past to Senator Vanstone and he has now to Senator Patterson—but he will not make the hard decisions that are necessary to fix this system.

It is senseless to talk about catch-up payments when you are caring for young children. Young children cannot catch up at the end of a financial year. The money is required to deliver the support that those young children need when they need it, not six or 12 months later. The penalties in this system are not offering families choices and they are not offering families the support that they need.

What do we see the ministers do when they seek to apologise for the system? What was interesting today was the dissembling that we saw. I highlighted it in one of my questions to Senator Patterson about her use of bodgie data to try to claim that there has been a 14 per cent improvement on last year. It was early data. But this sort of dissembling is not only practised by Senator Patterson. Minister Larry Anthony has been under pressure in the House this week in respect of the caps that the government has applied to child-care places—another priority area that the Prime Minister had referred to. In an opinion piece in the *Australian* on 6 October 2003, the Prime Minister said:

> Access to quality, affordable child care is essential for parents trying to balance work and family responsibilities.
Yet this government has presided over unprecedented levels of unmet need that it has allowed to accumulate. It has allowed this huge level of unmet need to accumulate during its own period in government. There are no excuses. Minister Anthony also seeks to dissemble in this area. Yesterday the minister said that when the ALP was in government 71,000 outside school hours care places were funded. He then said that today 240,000 outside school hours care places were funded, and he claimed an increase of 234 per cent. What he does not acknowledge—and the department and the Institute of Health and Welfare have always clearly specified the methodological problems—is what the Institute of Health and Welfare’s welfare report of 2003 stated, which is:

It is important to note that the large increase between 1997 and 1998 was mainly due to the inclusion of Commonwealth supported places not previously recorded in the database and to changes in the counting methodology. Those increases were not due to the policies of this government; they were simply due to methodological changes, and the government is seeking to double count places that actually existed under Labor. So the dissembling continues. (Time expired)

Senator KNOWLES (Western Australia) (3.09 p.m.)—Today we are debating the responses that Senator Patterson gave to various questions during question time today—a more dishonest set of questions you could not find. It started with Senator Evans suggesting that pensioners were going to have to sell their homes to repay debts. You cannot get anything more dishonest than that, but we should not be amazed on this side of the chamber and nor should anyone in the public be amazed. This Labor Party will sink to any depth to tell complete untruths about government policy, and this is but a classic example.

The question that we and the Australian public should ask the Labor Party is: will they change the law to stop Centrelink being able to reclaim overpayments to recipients? That is the law, and it appears to me that the Labor Party are continually saying that people should not have to repay debts. Let us remember that this is not government money; this is other taxpayers’ money. If the Labor Party believe that it is okay for one taxpayer to take money to which they are not entitled from another taxpayer and when that is discovered that they somehow do not need to repay it, then let them say so.

Centrelink have a legislative obligation to recover money from people who have been paid more than the amount to which they were legally entitled. Where a debt cannot be waived, the legislation requires any customer to pay the debt in full within 28 days. However, this Labor opposition will also not tell the complete truth. When it comes to having to repay those debts, Centrelink have many options under which they can reclaim that money, and they do it in consultation with the person who has been overpaid so that they do not enter into any financial hardship. An explanation is given to them to ensure that they understand their liabilities to the other taxpayers in Australia who originally gave them the money in the first place.

If a customer cannot afford to repay an account in full by that due date, other options, such as an extension of time to pay or repayment over time, will be considered. As for the suggestion that Centrelink will somehow force an age pensioner to sell their home to pay a debt, that is the most disgraceful and dishonest lie that one could possibly come up with. I would have thought better of some of the senators over there—momentarily, until I thought about it again. But to have them repeat again and again that pensioners are going to be forced to sell their homes is nothing short of reprehensible in
the extreme. They are meant to be representatives of the Australian public in this place, yet they are nothing of the sort. They simply come in here to frighten the living daylights out of pensioners in particular. To say that they have to sell their home to pay a debt is nothing short of disgraceful.

Age pensioners are offered the same range of repayment options as other payment streams. Centrelink will negotiate individually tailored repayment arrangements that are sensitive to a customer’s financial situation. These could include cash instalments, fortnightly deductions from future Centrelink payments, voluntary deductions from a bank account or from wages and credit cards. So it is quite dishonest for the Labor Party to once again try to alarm those least able to respond but most at risk from this fear campaign. I ask the Labor Party to, for once in their lives, be honest with this group of people. The age pension group are fragile people in many cases, and to have the Labor Party going out there telling them that they may have to sell their homes to pay debts is nothing short of abominable.

Senator WEBBER (Western Australia) (3.14 p.m.)—Nothing scares Australian families more than being forced into the debt trap thanks to this government’s family tax benefit scheme. One of the first times I rose to speak in this place I talked about the government’s flawed family tax payment scheme. Obviously, after the passage of nearly two years, nothing has been done to rectify these problems. We now have a different Minister for Family and Community Services but still a minister who defends the administration of this flawed scheme. Surely this has to be a case of defending the indefensible.

For years we in the Labor Party have been highlighting the deficiencies of this scheme and we have been told by the government, ‘Don’t worry; we’re aware of the problems and we’re working on fixing them.’ For two years hardworking Australian families have been waiting for the government to fix this mess they created. Even after the Ombudsman reported on the failings of this policy—this was referred to earlier in question time—the minister defended the system, clinging to it almost like someone drowning with a defective lifejacket, because she could see no alternative. The new minister, Senator Patterson, is hanging on because she can see no way of fixing this fundamentally flawed system. This minister has demonstrated in this portfolio—and in her previous portfolio of health—that she is a policy vacuum. She is a minister who always defends systems that are broken but she is without any means of fixing them up and helping Australian families. It would seem that her approach is that it is better to hang on even when the government is sinking rather than admit that there is—in fact there must be—a better way.

Put simply, the facts are these. The family payment system traps large numbers of Australian families into debt each and every year. These Australian families are those with variable incomes as a result of, say, a return to work, increased overtime or bonus payments. These hardworking Australians struggle to provide a reasonable estimate of their incomes, because of the nature of the work they do. Even the government’s own interdepartmental task force has conceded at paragraph 216:

Ninety five per cent of families choose fortnightly payments which are better timed to suit their needs for support but are much more likely to lead to an end of year payment adjustment because of the difficulties in predicting forward year income.

If the department knows it, surely the government must. But rather than addressing that problem this minister carries on about how these people are not entitled to the pay-
ments because they have earned too much. Suddenly the fact that the system is flawed is the fault of Australian families. When the Labor Party was in government we used a system that was based on the previous year’s income with a capacity to have a current income assessment—something those opposite overlook.

The minister claims that under the Labor system people did not get what they were entitled to. The minister is absolutely wrong on that count. Where is the evidence that people did not get all of the money they were entitled to? There is no evidence because it is plainly not true. However, by running that line the minister ignores the major benefit of Labor’s policy. Under our policy not one Australian family incurred a debt to the Commonwealth—not one. Under the government’s system, millions of Australians have ended up with a debt to the Commonwealth—most of them for the first time ever. These debts are caused by variable incomes and changed circumstances that the government only takes into account after the money has been paid. For example, a family in a situation where one of the parents returns to work in March has to work out a new estimate of their income for the remainder of the financial year. This estimate is then applied to the previous nine months when they did not earn that income. It is likely that that family will incur a debt because for three months they would have earned much more than their original estimate.

And this government has the cheek to talk about being family friendly! The government talks about being interested in making the return to work simple and easy whilst at the same time they are trapping families in debt. The reality is that the government has built an enormous disincentive for hardworking families to return to work and it has built an insurmountable obstacle for those Australians who have variable incomes, most of whom are hardworking Australian families. (Time expired)

Senator HUMPHRIES (Australian Capital Territory) (3.19 p.m.)—This debate, in some respects, is turning on details which the opposition is raising about the implementation of the government’s welfare system. But the overall picture that we need to consider in deciding whether Australia has a fair and effective welfare system is much brighter than the one that those opposite are putting before this place. We on the government side of the chamber have a very proud record with respect to our welfare system and with respect to providing assistance to families in need and individuals in crisis. The government have a long history of initiatives. Initiatives such as family payments, rent assistance and the automatic indexing of pensions were all initiatives of coalition governments. Under this government, the Howard government, that process of reforming and improving Australia’s system has continued. We have a proud record of being able to assist Australians in the most need.

But I think that the most important point to observe about Australia’s system of assisting those in crisis is that fundamentally there are fewer Australians in crisis, because of the policies of this government. We have made the fundamental decisions, in terms of the performance of the Australian society and the Australian economy, to deliver a situation where fewer Australians need those kinds of emergency support. We have lower interest rates and low inflation rates. We have had high economic and job growth, and today we have record low levels of unemployment. Those are the most substantial steps we can take to take the pressure off Australian families.

Senator Webber spoke about debt traps and how the government system has somehow led people to accrue debts to the gov-
ernment, particularly to Centrelink. You must have a system which sets certain criteria for the making of payments and, if people—either accidentally or deliberately—do not meet those criteria and receive payments nonetheless, they are compelled in most circumstances to make an effort to repay those moneys. A system which does not control the handing out of that money in a way which requires people to honour the obligations set out in those criteria is a system which fails. It is a system which begins to lose the confidence of the Australian people because it can be rorted and distorted.

That is what we saw under Labor: a system that lost its credibility because it was not prepared to say to people who in some cases had deliberately distorted their situation and deliberately defrauded the Australian taxpayer, ‘Sorry, you’re not entitled to that money, hand it back.’ There is a system in place whereby money can be recovered from those who have received payments from Centrelink, but it is a fair system. It is an effective system. It does not, as senators opposite have claimed, create an enormous debt burden for the Australian community and force people into ridiculous and intolerable decisions. For example, Centrelink does not, as claimed by those opposite, force pensioners to sell their homes to repay an overpayment. That is simply not true, and it is testament to the stage in the electoral cycle we find ourselves in at the moment that Labor are making these wild and exaggerated claims intended to frighten people who are beneficiaries of that system at the present time.

If a customer cannot afford to repay an account in full by a due date, options such as an extension of time to pay or repayment over time are considered. The legislation requires that customers are requested to pay within 28 days. But arrangements can be and are made to assist people who cannot pay within that time. This government’s assistance to people is extraordinarily generous. There has been a huge increase in the amount paid to families in those situations of need. Senator Collins talked about unmet child-care needs. This government spent more than $8 billion on child care in the first six years it was in office, and that is an increase of 72 per cent in real terms over Labor’s last six years in office. Those opposite have the nerve, the effrontery, to come to this place and talk about unmet need in child care. We have done more to address the need of Australian families for child care than any previous government—$8 billion worth of commitment to Australian families in need of child care. (Time expired)

Senator STEPHENS (New South Wales) (3.24 p.m.)—I too rise to contribute to this discussion to take note of the answers given by Senator Patterson to questions without notice asked today. I think Senator Patterson was fairly disingenuous in her responses to the questions because those questions really went to the issue of what kind of family services program the Howard government is delivering for Australian families. The responses we got today really indicate the extent to which Australian families are being seriously sold down the river by a government that has, first of all, sat on proposals that could have curbed the impacts of the family benefits debts that we have been hearing about.

I have to concur with Senator Humphries that the Centrelink system is not there to support rorts. The Centrelink system is there to support families who are deserving and in need of social security protection. But what we have is a Centrelink program that entraps people. We have been seeking some kind of change to that family tax benefit system and to Centrelink’s proposals for clawing back those overpayments. Unlike Senator Humphries, I think that having 1.5 million...
families crippled by family payment debts of $1.5 billion over the last three years is a fairly significant issue. It is an issue I would have thought the Howard government would have tried to address because it is $1.5 billion that effectively could have been put into family programs elsewhere, including, as Senator Humphries said, the child-care program, which we know has disadvantaged more than 30,000 families over the last few years. So our issue is not with the recoupment of overpayments; our issue is with the way in which the Howard government is being very punitive in its approach, which lacks any kind of strategic direction in recalling that debt.

We have the leaked cabinet-in-confidence documents that indicate there were measures the government could have put in place to reduce the impact of those debts. The government could have put those measures in place in mid-2003. But we have a government that decided to sit on these changes that would ease the squeeze on families. I suspect that the Prime Minister wants to use those measures as an election bribe. The kinds of measures proposed by the government’s own report included the introduction of a new end-of-year lump sum tax credit, which could be delivered to families to help offset the overpayment debts, some administrative measures to improve the accuracy of the income estimates and some incentives to encourage end-of-year claims through the tax system.

Many families have reported to both the Senate Community Affairs References Committee inquiry into poverty and the Senate Economics References Committee inquiry into the structure and distributive effects of the Australian taxation system in relation to the difficulties of assessing their income and the problems they have with the nexus between the taxation system and the social security system. So what we really want from the Howard government is some real action to improve the lot of working families in Australia. We do not want a punitive approach; we want a constructive approach. We want some initiatives that ensure we do not entrap low-income families in a debt situation that is not of their making but is very difficult for them to overcome. As to where the family tax system will be in the future, yesterday was International Women’s Day, yet we still have a government that will not support paid maternity leave and that is still discriminating between the sexes. (Time expired)

Question agreed to.

**Education: University Fees**

**Senator STOTT DESPOJA** (3.29 p.m.)—I move:

That the Senate take note of the answer given by the Minister for Immigration and Multicultural and Indigenous Affairs (Senator Vanstone) to a question without notice asked by Senator Stott Despoja today relating to higher education funding.

I asked the minister, firstly, if she was aware of comments made by the Minister for Science, Peter McGauran, on 20 January this year, when he said he thought it was a watershed that one university—only one thus far—Macquarie University, had decided to reduce HECS fees in a select number of courses for a select number of students. After that, he indicated that this would be, essentially, a watershed and he actually said: ‘I would expect other universities to follow suit.’ However, since then we have seen anything but universities following the lead of Macquarie University. In fact, as I indicated to Minister Vanstone today, so far—it is only March—we have seen eight universities around Australia increase their fees. These fee increases will begin next year. Seven universities have increased their fees by up to 25 per cent, one has increased its fees by
I hear rhetoric today from the minister in question time—admittedly in response to a different question—about the worth of education. What rot! This government’s commitment to education is a purported one at that and it is a joke. When we look at the increased fees and charges that universities students across this nation are having to pay, when we look at the lack of detailed income support policies, emanating from both major parties—and I put the opposition in that boat as well as the government—and we look at the upfront full fee paying places that have been introduced and since increased following the changes to the Higher Education Funding Act in December last year, we see that the number of fees and charges that our university students are confronted with in this day and age are now shooting right up the top—they were the fourth highest in the world.

If this is how we honestly describe innovation, value human capital and believe in education as a ‘fix all’ for employment, income, health, lifestyle and indeed an enlightened and democratic society then that is a true indictment on our country. In fact, we are pricing students, particularly those from lower socio-economic backgrounds, out of higher education, indeed out of education at all levels. That is going to cost not only current generations but future generations. The government have locked kids out of university education, whether they admit it or not. Universities are entirely culpable now, because they have had the opportunity to decide otherwise. In the last couple of weeks, we have seen some damaging and very sad decisions by universities. (Time expired)

Question agreed to.

NOTICES

Presentation

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

(a) notes:

(i) the annual ‘Universities meet Parliament’ event in Canberra from 9 March to 11 March 2004, and

(ii) that this event provides a valuable opportunity for Members of Parliament to meet Vice-Chancellors from their electorates;

(b) congratulates the Australian Vice-Chancellors’ Committee for organising this event; and

(c) urges all political parties to recognise the importance of universities to this nation’s future, socially, economically, culturally and environmentally, and to adopt policies which reflect this fact.

Senator Ridgeway to move on the next day of sitting:

That the time for the presentation of the report of the Rural and Regional Affairs and Transport References Committee on forestry plantations be extended to 13 May 2004.

Senator Chapman to move on the next day of sitting:

That the Parliamentary Joint Committee on Corporations and Financial Services be authorised to hold a public meeting during the sitting of the Senate on Thursday, 11 March 2004, from 4 pm, to take evidence for the committee’s inquiry into the Corporate Law Economic Reform Program (Audit Reform and Corporate Disclosure) Bill 2003—exposure draft and relevant related matters.

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

That the Senate—

(a) notes that:

(i) the Australian Council for Overseas Aid (ACFOA) was formed in 1965 and continues to play a significant role as a representative and regulatory body for non-government organisations in Australia,

(ii) ACFOA provides representation, advocacy and a forum for cooperation for some 80 member agencies, and

(iii) on 10 March 2004, ACFOA will change its name to the Australian Council for International Development (ACFID);

(b) further notes that:

(i) the United Nations has warned that the international community is falling short of achieving the goals set by world leaders at the Millennium Development Summit in 2000 (the Millennium Development Goals),

(ii) Australia’s aid budget currently remains at 0.25 per cent of gross national income, which is less than half the level of contribution advocated by the United Nations,

(iii) ACFID’s submission to the 2004-05 Budget calls on the Government to increase the aid budget by approximately $500 million in the next budget year, as a first step towards ensuring that Australia contributes its fair share towards achieving the Millennium Development Goals by 2015, and

(iv) ACFID also calls on the Government to implement fair trade, debt relief and good governance policies that underpin the poverty reduction objective of Australia’s aid program; and

(c) calls on the Government to consider increasing the aid budget in the 2004-05 Budget, as advocated by ACFID.

AUSTRALIAN GRAND PRIX: TOBACCO ADVERTISING

Senator ALLISON  (Victoria) (3.35 p.m.)—I move:

That the Senate—

(a) notes that:

(i) the press coverage of the Australian Grand Prix in Melbourne on 6 March and 7 March 2004 again provided
tobacco companies with unparalleled advertising opportunities, and
(ii) this will be the ninth year that the race has made an operating loss, and Victorian taxpayers will again underwrite the event; and
(b) urges the Federal Government to:
(i) bring forward the removal of the exemption for tobacco advertising at the Grand Prix from October 2006 to January 2005, in line with the recent decision of the European Commission,
(ii) progressively tighten conditions on tobacco advertising up until the removal of the exemption, and
(iii) ban incidental advertising of tobacco products outside the confines of the Grand Prix from 2005.

Question agreed to.

Senator ALLISON—I also seek leave to table documents relating to that motion, being copies of newspaper clippings of incidental advertising of tobacco during the Grand Prix.

Leave granted.

AUSTRALIAN BROADCASTING CORPORATION: RADIO NATIONAL

Senator BROWN (Tasmania) (3.36 p.m.)—I move:
That the Senate—
(a) notes:
(i) that the Australian Broadcasting Corporation’s Radio National is a vital part of Australia’s broadcasting sector, offering analysis and in-depth coverage of current affairs, politics, the arts, health, law and other key aspects of contemporary life, and
(ii) media reports that the Radio National network may be abolished; and
(b) calls on the Government to guarantee the future of Radio National.

Question agreed to.

INTERNATIONAL WOMEN’S DAY

Senator CROSSIN (Northern Territory) (3.36 p.m.)—by leave—I, and also on behalf of Senator Stott Despoja, move the motion as amended:
That the Senate—
(a) acknowledges:
(i) 8 March 2004 as International Women’s Day, a day when women across the globe mark the importance of continuing the struggle for equality and fairness, and the fight against discrimination in all of its forms, and
(ii) the massive contribution of Australian women to our community, through both paid and unpaid work; and
(b) urges the Government to:
(i) develop and introduce better policies to support women in both their work and family lives, and
(ii) introduce measures to combat barriers to the healthy, safe and independent participation of women in our society, such as violence, poverty and discrimination, and ensure that such measures are adequately resourced.

Question agreed to.

COMMITTEES

Foreign Affairs, Defence and Trade Legislation Committee

Extension of Time

Senator FERRIS (South Australia) (3.37 p.m.)—At the request of Senator Sandy Macdonald, I move:
That the time for the presentation of the report of the Foreign Affairs, Defence and Trade Legislation Committee on the 2003-04 additional estimates be extended to 1 April 2004.

Question agreed to.
Community Affairs Legislation Committee

Extension of Time

Senator FERRIS (South Australia) (3.38 p.m.)—At the request of Senator Knowles, I move:

That the time for the presentation of the report of the Community Affairs Legislation Committee on annual reports tabled by 31 October 2003 be extended to 1 April 2004.

Question agreed to.

Foreign Affairs, Defence and Trade References Committee

Extension of Time

Senator MACKAY (Tasmania) (3.38 p.m.)—At the request of Senator Cook, I move:

That the time for the presentation of the report of the Foreign Affairs, Defence and Trade References Committee on the performance of government agencies in the assessment and dissemination of security threats in South East Asia in the period 11 September 2001 to 12 October 2002 be extended to 13 May 2004.

Question agreed to.

MATTERS OF URGENCY

Education: Higher Education

The DEPUTY PRESIDENT—I inform the Senate that the President has received the following letter, dated 9 March 2004, from Senator Stott Despoja:

Dear Mr President

Pursuant to standing order 75, I give notice that today I propose to move:

“That, in the opinion of the Senate, the following is a matter of urgency:

The failure of ‘Backing Australia’s Future: Our Universities’ to produce a diverse level of higher education contribution scheme (HECS) fees in 2005 across the higher education sector through the partial deregulation of HECS as stated by the Minister for Education, Science and Training (Dr Nelson).”

Yours sincerely

Senator Stott Despoja

Is the proposal supported?

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

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

That, in the opinion of the Senate, the following is a matter of urgency:

The failure of ‘Backing Australia’s Future: Our Universities’ to produce a diverse level of higher education contribution scheme (HECS) fees in 2005 across the higher education sector through the partial deregulation of HECS as stated by the Minister for Education, Science and Training (Dr Nelson).”

I urge the Senate to support this motion. It follows on from my comments in relation to taking note of answers and my question today in the chamber regarding the urgent and increasingly alarming issue of the increase in HECS fees occurring around universities in Australia today. Eight institutions around Australia have already decided to increase their HECS charges. Seven of those have increased them by 25 per cent—the full monty—that is, the full entitlement under the recent changes to the higher education legislation. One university has increased them by 20 per cent. Only one, Macquarie University, has decided to decrease their HECS fees. I mention that university because, on 20 January this year, the Minister for Science, Peter McGauran, described that as a ‘watershed’ and then said:

I would expect other universities to follow suit …
Well, they have not. I ask the government today how many universities it does expect to follow suit. A decrease in HECS fees is, no doubt, a welcome gesture among many students—and, more importantly, aspiring students, given that these changes will not take effect until 2005. But what about those eight universities? USQ, the University of Sydney, Swinburne, QUT, Griffith University, La Trobe University, Deakin University, the University of Newcastle—all of those institutions will now be hiking up their HECS fees and, as a consequence, will be pricing a number of students out of education.

The most important students to me—although I believe strongly and passionately that education should be available to all, regardless of your background; it should depend on your merit and be based on your brains, not your bank balance—are those who traditionally have been disadvantaged in our higher education sector. They are those from Indigenous backgrounds, those from poorer backgrounds, and those from remote, rural and regional backgrounds. The figure for participation among those from lower SES backgrounds over the past decade is 15 per cent. It is appalling. What coincides with that figure over the last decade? It is the fact that we have had increasing fees and charges. Is it not enough that up until last year we were ranked fourth-highest in the industrialised world for university fees and charges? Now we are shooting to the top of the list. What impact does that have on our nation? What impact does it have on those students who are aspiring to be vets, doctors, lawyers or arts graduates—let us not forget the important value of the humanities? What is it saying to them? It is saying that your brains are not as important as your bank balance or, indeed, the bank balance of your parents.

I bring this matter to the Senate as a matter of urgency. I bring it to the Senate because a number of senators in this place—particularly those Independent senators who gave the government the numbers to pass these regressive changes at the end of last year—are the same people who were telling us on record in here and out in public that they were assured and confident that fees would not necessarily change and, in fact, that fees would probably go down. I recall one senator in this place suggesting that Flinders University was not going to change its fees. What did we see last week? A leaked confidential paper—now acknowledged, I might add, by its author, the Vice-Chancellor of Flinders University, Anne Edwards. She has acknowledged it is true that in that paper she advocates an increase in HECS fees by 25 per cent across the board.

Flinders University is a university for which I have a great deal of respect and pride not only because it is in my home state of South Australia and not only because it has some of the most distinguished academics, extraordinary students and wonderful courses but because it has had a long-held and passionate commitment to equity and access in higher education. What has it taken for it to abandon that previously long-held commitment, if indeed the council goes ahead with that change in a couple of weeks? What has it taken? Blackmail from this government.

Instead of resourcing adequately the life-blood of innovation in this nation, the life-blood of a democratic and enlightened society—that is, educational institutions at all levels; university, TAFE, primary, secondary et cetera—what has this government done? It has said to the universities, ‘You hike up the fees, you move towards a user-pays system and you cost shift in a way that we’ve wanted to do for ages but weren’t able to
because we didn’t have the numbers until we had four senators who were culpable in this decision.’ That is how this government has treated issues of innovation, intellectual respect, academic pursuit et cetera. It has said: ‘Universities, you hike up the fees by up to 25 per cent. In fact, why don’t you increase full-cost undergraduate places?’ They have done that too, so some students are paying $100,000 for their degree. That is what this government has said: ‘Hike up the fees and charges. Then you can use that additional revenue.’

Of course universities need additional revenue. I have been the first to argue that in this place under both governments. I argued it when I was here under Keating and I argue it while I am here under John Howard’s government, but I am getting sick and tired of having to match the rhetoric to the reality. The rhetoric is that innovation is important to this government. The rhetoric is that you care about debt levels for students and their families. But what you are doing is giving students the greatest debts they have ever had in this nation’s history, and you have given students almost the greatest debts in the industrialised world. You will not talk about income support; you certainly will not increase it, and you will not commit to it. I have to say that the opposition have not been too great on that stuff either, but hopefully they will reform their policies in this area as they are discussing their policy adjustments. I will give them as much difficulty and place as much pressure on them as I do this government. I have had enough of the government rhetoric on this. Look at what you are doing to students. There is no watershed. There has been no following suit, as Minister McGurran described it. Universities are increasing their fees and the government is to blame.

(Time expired)

Senator CARR (Victoria) (3.50 p.m.)—The opposition will support this urgency motion because it believes it is a matter of urgency that the government has failed to provide diversity in the level of HECS fees, as it claimed it would prior to the passage of the higher education bill last year. I must say, though, that the motion is deficient in some respects because it has been unable in the words used to highlight the fact that the government is about differentiation in a range of areas—differentiation by stealth. This is a sneaky, underhanded policy of the government about maximising the differences between the winners and losers—a sneaky and underhanded policy about encouraging the winners to do better and the losers to fall further behind. It is about widening the gap between those that are privileged and those that are not.

We were told throughout last year that there was a panacea for the problems facing the higher education system in this country. Brendan Nelson told this country that the education system was capable of major reform and major improvement if only we would adopt a policy of deregulation, which would lead to an increase in fees; if only we would agree to an increase in competition, which would allow those universities already doing extremely well to do better still; and if only we would acknowledge that it was the right of individual universities to charge fees as they saw fit. What happened? We effectively adopted a policy that lacks any real integrity, because we ended up with a grab bag resulting from political deals and concessions that were designed to buy enough votes to see the passage of the legislation last year.

Senator Stott Despoja—There were only four votes!

Senator CARR—There were four votes, but they were enough to get it through this chamber. There was a vote-buying exercise undertaken by this government which has
produced this remarkable result. Far from having a panacea, what do we have? Two months into the new regime we have universities around the country in a mad scramble to increase their fees. There is a mad scramble being undertaken particularly by those universities that have the capacity to charge extra fees and to exercise their market power. I think we should acknowledge that two institutions have said maybe they will not increase their fees, that they might decrease them. But let us have a look at them. At Macquarie it is claimed that science students will get a reduction in fees. We are talking about 150 students. At Deakin University there is talk of a fee reduction—that is, a fee reduction for 40 students. Eight universities so far are indicating that they are going to go to the full extent of their capacity. It is not surprising this should happen. This is not rocket science.

The government have embarked upon a policy whereby they contract the number of places that are available. They say the over-enrolled places are to be withdrawn from the system—that is, 32,000 places are to be withdrawn from the system. There are to be no growth places to 2007. At the same time, they are saying to students, ‘You’d better get back there real quick because we’re going to have a student identifier, and we’re going to say to people they must complete their degree within a certain period of time.’ They are going to close down their options. We will have a situation where the supply is restricted, where the growth in demand is increased as a result of people trying desperately to get into the system before the places are cut and where the level of unmet demand is increased. There will be at least 20,000 people who are unable to get a place despite being qualified. I will give you a simple economics lesson: when you increase the demand at a time when you are reducing the supply and you give the universities the power to increase their prices, they are going to increase their prices.

What does this government then do? It complains that the universities have done what it asked them to do. Is it little wonder that the love affair between the Australian Vice-Chancellors Committee and the minister has gone a bit sour? It is strange that all of a sudden the minister is attacking university vice-chancellors for doing the very thing he told them to do. Equally, isn’t it strange that the vice-chancellors put out a statement to say that the minister should ‘allow our universities to get on with their business without any further political interference’?

Mr Mullarvey, the Executive Director of the Vice-Chancellors Committee, said on 19 February:

The government has provided this mechanism for the university sector and it is, therefore, inappropriate for the minister to pass judgement on decisions that are no longer in his realm of responsibility.

It is a basic position that was put time after time by expert witnesses around the country when the Senate committee went to investigate these issues last year. Professor Bruce Chapman of the ANU, for instance, made it perfectly clear what the cost of this policy was going to be. He said that if you deregulate the university system, even in a partial way, consequences would flow, particularly in the circumstances where the government has not provided the indexation payments needed to maintain the capacity of our universities to meet the normal costs of their operations.

So the facts were well established and well understood prior to this legislation being passed. We have a situation where some people are told to buy a pig in a poke—told to basically ‘trust us’—and now we have a situation, equally, where complaints are being made. It is not surprising, therefore, that Dr Nelson is disturbed that the vice-
chancellors are doing what they are entitled to do under his legislation. This is a direct consequence of government policy. It is a policy we have seen continued since 1996. A great sham is being imposed upon this country. The government has cynically imposed a deregulation policy in circumstances where the aggregate operating surplus for the university system has declined from $560 million in 1997 to $497 million in 2002, which is the latest period we have figures for.

The universities are having this major squeeze placed on them. The top eight universities, with one-third of the enrolments, attract 60 per cent of the revenue. Two-thirds of the operating surplus is tied up by those eight universities and they have three-quarters of the investments and cash that is available. At the other end of the spectrum the 13 regional universities have 25 per cent of the enrolments, 21 per cent of the revenue, 13 per cent of the operating surplus for the sector as a whole and only 10 per cent of the cash and investments that are available. They have one-third of the system’s debt.

If we go to the top four, it is contracting even further. For instance, the University of Sydney increased its surplus from $43 million to $80 million between 1997 and 2002. The University of Queensland increased its surplus from $30 million to $84 million between 1997 and 2002. The University of Melbourne has increased its surplus from $37 million to $57 million. Those four institutions are now able to increase their surpluses from $150 million to $264 million. That has been the rate of growth for their operating surpluses. The rest of the system, the other 34 universities, have dropped from a $405 million operating surplus between all of them in 1997 to the present $232 million. Clearly, there is a concentration of wealth, power and privilege in a small group of universities. Is it little wonder that we find experts around the system now highlighting just how grossly inadequate the present situation is?

Might I quote from Mr Mike Gallagher, a former head of the Higher Education Division of the Commonwealth Department of Education, Science and Training. In a speech he delivered to Griffith University on 16 February last year he said that, if all the universities take up the 25 per cent increase in fees option, it will still raise only $500 million per year. That is not enough, he says, to cover the increase in costs that universities are expecting. He says that this system will effectively provide us with a 3½-year gap—a 3½-year gasp of air—to try to amend a situation where the government has, frankly, not provided sufficient public investment to meet the needs of our public education institutions. Mr Gallagher says that for the higher education system as a whole:

The maximum HECS option would generate $500 million, representing some 7.7 per cent of general operating expenses ... This will not be sufficient, over time, to meet the rising costs of salaries and related expenses and infrastructure development, replacement and maintenance.

He goes on to say:

The gap between the safety net adjustment used for the Commonwealth indexation of university salaries, and wage costs index over the six years, has been about 10 percentage points, or $482 million, and the gap between the safety net adjustment and the average weekly earnings over the same period of time has been 17 per cent, or $844 million. On this basis, the maximum HECS applying to all HECS students would help meet the indexation shortfall for only three and a half years.

The present policy is not sustainable. It is not able to produce a result where, in the long term, the universities of this country are able to meet their obligations. So the government’s panacea of increased private investment in the system, to make up for the fact that the government has failed to meet its
obligations, will not be sustainable under these policy parameters. We have a stopgap measure at best. The so-called reforms under Dr Nelson will concentrate advantage to those already well-off, will bleed the regional universities and the less prestigious universities in the system and will exacerbate an already unequal situation.

The big universities, Sydney, Melbourne and Queensland, have 53 per cent of the whole of the sector’s operating surplus for 2002. The other 34 have only 47 per cent of the surplus. Through these policies we are entrenching a two-tiered system: those with high TER scores, high incomes and the capacity to borrow money will be attracted to those universities that are already highly prestigious; the less well-off, those with lower TER scores, will be encouraged to go to regional universities. This is not good for the future of this country. This is an inegalitarian system being entrenched in a manner which will only serve to further the divisions between those who have and those who have not. I mentioned the relationship between the vice-chancellors and the minister. It was said in December that there was no morning-after pill. We have now discovered one: there is an election coming and there is an opportunity because only the Labor Party will stop these tragic circumstances continuing.

Senator TIERNEY (New South Wales) (4.00 p.m.)—We are debating the matter of urgency moved by Senator Stott Despoja relating to Our Universities: Backing Australia’s Future and the way in which the HECS system is operating at this time. This is an issue of great interest to Senator Stott Despoja. She came into this place originally out of student politics where her view was that universities should be free. She has continued this debate since that time and, to be fair to the senator, her colleagues in the Democrats have taken the view that that is their policy. I discovered the way public finance works for the Democrats very early on in my time in this parliament. There was an Austudy inquiry before the parliament—this was at the time of the Keating government—and the solution of the Democrats to this was just to spend another billion dollars on Austudy. The Keating government decided not to do that and, of course, any responsible government would make the same sort of decision.

Public funding is not an endless stream. There are many competing priorities right across the system. All areas of government make claims for further funding. It is just not sensible in the university sector to say that we should fund this totally from the public purse. We have had that experience in this country. This is not a theoretical or new idea; this was the way in which the Whitlam government brought in funding for universities—it was all free; it was all on the public system. That was the system I entered when I was lecturing at university, and I saw a massive decline of resources over the time that system was operating.

It was Dawkins, the Minister for Employment, Education and Training in the Hawke-Keating government, who brought in the system of HECS that we are debating today. And they were advised by one Neville Wran, who came up with the HECS system. The great thing that they came up with—this applied then and it still applies today—is that at the point of entry to university it is free. You are not paying any fees at the point of entry. You have a fee that is deferred through HECS which can be paid back through the tax system. Whether a university keeps the same level of fee or puts it up five per cent, 15 per cent or 25 per cent, that principle still applies. And that is what makes Senator Carr’s claim that we are creating a two-tiered system a total nonsense, because those students come in and pay it back through the tax system later on, if they get to a certain level of income. There are some people who
probably will not get to that level of income. In that case, they would not have to pay it back at all.

The central focus of the debate relates to variations in fees and I want to address some of the misleading claims that have been made here today. The first point is that 50 per cent of universities in Australia have still not made a decision about what they are going to do with fees next year. This makes the whole line of debate a total nonsense because what are those other 50 per cent going to do? Maybe they will keep it the same; maybe they will reduce it. The fundamental argument underlying the proposition does not hold up. I think, Senator Stott Despoja, you might be a little bit premature.

And to say that they are all putting their fees up—the ones that have made decisions—is not correct either. There are variations in the fee level. The University of New England is considering a 15 per cent variation while Deakin is considering just five per cent. The University of Southern Queensland is considering 20 per cent and the University of Technology seven per cent. One of the fundamental arguments within this debate has been that everyone is going to put their fees up 25 per cent. Some universities have done that, that is true, but others have not put their fees up at all. Charles Sturt University, the University of Central Queensland, the Australian National University and, may I say, the University of Tasmania are all in the ballpark of not increasing fees.

The legislation is achieving what it intended to do. These decisions are made within universities in this country. We have broken the lockstep system that we had previously and the universities now have control over what they do with fees and charges. This is absolutely essential. The fundamental proposition that Senator Stott Despoja will never accept is that, for people who go to university and pay fees, there is a considerable private benefit. Senator Stott Despoja has been a beneficiary of that, Senator Carr has been a beneficiary of that and I have been a beneficiary of that. We went to university. There were fees, Senator, when I went to university—and people who have been in that situation get a private benefit. There is also an enormous public benefit. That is why three-quarters of the funding for universities comes out of the public purse. But one-quarter of it comes off the students who get the private benefit, and that is a fair system. My five children who have gone through university accept it. What are they going to do? They will pay it back through the tax system.

This is a great system. It is a system which other countries are now following. We are leading the world in this. The finetuning we have done to the system over the last year with the Backing Australia’s Future legislation will deliver much-needed funding into the system. Universities are going to drive the modern Australian economy. They need sufficient funding. This measure provides some of that funding but, of course, funding is provided additionally by the Commonwealth government. We will be putting in $2.6 billion of public money, in addition to the funds we have been talking about today, over the next five years. We will be putting an extra $11 billion of public money over the next 10 years into this.

We have taken it away from the system we inherited from the last Labor government, which for 13 years ran down the funding in the system, stopped indexation in the system and was bankrupt enough at the end of their time in government that they had to say, ‘If the universities haven’t got enough money, they should borrow it and pay it back later.’ That was a totally bankrupt policy. No wonder they got tossed out. We have now set up a system for the 21st century. It will deliver a
balance between public and private funding in the system. It will ensure growth in money and resources in the system. It will ensure expansion of student numbers over time. We in this country will have the leading edge over other nations in the information economy that is developing worldwide. With the system that we are developing, we will have a sufficient basis for a highly educated, highly skilled population which will lead this new information economy.

Senator NETTLE (New South Wales) (4.09 p.m.)—When the Minister for Education, Science and Training told us that he was ‘outraged’ by the decision of the Queensland University of Technology to raise their fees by 25 per cent, he described it as:

... the most facile, ridiculous and nonsensical argument that I have heard come from anywhere to suggest that a university would increase its HECS charges so it would be seen to be prestigious.

This is exactly what the minister’s model for higher education reform is ensuring occurs. We have just heard from the list that Senator Tierney read out that it is the wealthy universities—the Sydney universities—that have straightaway upped their fees by 25 per cent. It is the poorer universities, like the University of Western Sydney and the University of Tasmania, that are indicating they simply cannot increase the fees by 25 per cent. We are seeing the two-tiered system of universities coming into play, thanks to this government’s higher education reforms. When the minister was talking about Queensland University of Technology, he went on to say:

... students need to be asking themselves, ‘Well if QUT is going to increase HECS by 25 per cent, can I as a student get a better-quality education in another institution and pay lower HECS?’

For a student in Queensland, where Queensland University of Technology, Griffith University and the University of Southern Queensland have all voted for the fee increases, the options for these highly competitive higher education consumers are becoming far more scarce than the minister may in fact realise—and will become even more scarce as we see other universities making decisions to also increase their fees by 25 or whatever per cent.

All of this was entirely predictable. The Greens and others in this place, with students and communities from regional areas of this country, said to the minister time and again that if universities were allowed to raise fees then they would, almost without exception. It was said consistently, and it was said consistently that we would end up with a two-tiered system of universities—as we are now seeing—as a result of this government’s higher education reforms. The blame for this, in the most part, lies not with the vice-chancellors and the university councils but squarely at the feet of this government—a government that, instead of investing in the future of our country through funding our once great university system, decided on the $4-a-week ‘burger and a milkshake’ tax cut and left universities to slug students for the desperately needed funding that this government has ripped out of them in the time that this government has been in power.

The predictable polarisation of university fees that we are seeing is part of a broader polarisation in our society. We are seeing it in health, with the government proposing a private health system and a welfare safety net system for everyone else, and we are seeing it in education. We are seeing these rising fees contributing to chronic student debt crisis, leaving disadvantaged students without the opportunity to access higher education and leaving us as a country diminished in our capacity to have in the future people who have had the opportunity to access public higher education and to be able to contribute to the community in a way in which all of us will benefit. That is the legacy of this gov-
ernment. The Greens will continue to oppose the privatisation and the commodification of our public education system. We will continue to condemn this government for sabotaging accessible public higher education in this country.

Senator Barnett (Tasmania) (4.13 p.m.)—I stand as a proud member of this government to express entire support for Backing Australia’s Future and our universities. In my view, this is a policy for the 21st century. This policy initiative, which is now being implemented, will ensure not only an increase in the number of students that can access universities in Australia but an expansion manyfold in better facilities, better services and better and more teaching staff and facilities. It will also ensure cutting edge services and educational systems for our young, thinking Australians. In fact, this will put Australia at the cutting edge of tertiary education in this world in which we live.

We are giving universities a $2.6 billion funding injection over the next five years. And over the next 10 years it will be an extra $11 billion. To put this debate into context, we should not forget that students contribute around one-quarter of the cost of their university education; it is the taxpayers who pick up the remaining three-quarters of the cost. We need a balanced and fair approach, and that is exactly what we have struck here. I congratulate Brendan Nelson on his leadership and his cooperative approach with the vice-chancellors and universities and with all the key stakeholder groups. He has handled this well. He has been a great leader and should be commended.

The parties opposite—the Labor Party, the Democrats and the Greens—have spoken until they are blue in the face in opposition to the increased fees. I have said what the students contribute, but I want to note that some universities have not increased their fees—including the University of Tasmania, which is my old university. How consistent are the opposition parties’ policies in this regard? What is their position on increases in TAFE fees and charges? I will tell you what the increases are in New South Wales: they have increased by 300 per cent. And we have not heard boo from Senator Nettle or any of the New South Wales Labor senators on TAFE fees. What about the 50 per cent increase in TAFE fees in South Australia? Senator Stott Despoja has not raised that during this debate. I would like to know her views on this issue. We have not heard from the Victorian Labor senators about the 25 per cent increase in TAFE fees in that state either. Let us get a consistent approach from the opposition senators; I would appreciate that.

I also want to highlight the benefits for Tasmania. It is excellent we are having a debate like this, because it highlights the wonderful news that this boost is for Tasmania.

Senator Johnston—Hear, hear!

Senator Barnett—Thank you for that, Senator Johnston. This is a boost not only for education services and facilities in Tasmania but also the infrastructure. The recently passed package represents, in my view, an historic boost to tertiary education in my state. The University of Tasmania requested about 1,000 places for students. Do you know what it received? It received 1,600 new places. I am absolutely delighted with that outcome, as is the university’s vice-chancellor, Professor Daryl Le Grew. I met with Professor Le Grew yesterday, as did other members of the Liberal Senate team.

The future of the University of Tasmania Medical School and the Australian Maritime College are now assured. The education package, in global terms, is worth $210 million over the next six years. Goodness me, that is fantastic news for Tasmania. I com-
mend the Examiner newspaper for the feature story it did many weeks ago about the benefits of the package for northern Tasmania in particular. The Australian government has given $12 million to the medical school. We have given that commitment—it is in writing; it is solid—but it also requires $12 million from the state Labor government. I would like to see a commitment in writing signed by Paul Lennon and Paula Wriedt saying they will also commit $12 million to ensure that Tasmania can have a new medical school because, at the end of the day, that means more doctors and medical students in Tasmania. In addition to that, we must not forget that we have an extra 23 medical school places in Tasmania thanks to the former health minister, Kay Patterson. I thank her for that initiative. I met with her and the professor of the medical school in Tasmania with regard to that issue, and our lobbying was successful. There will be an extra 31 nursing undergraduate places over the next six years and funding of $11.7 million has been retained for the Australian Maritime College in Launceston. This is something I am thrilled about.

I congratulate and commend Senator Brian Harradine and Senator Shayne Murphy on their support and commitment to the Australian government’s package. I also commend Michael Ferguson, the federal Liberal candidate for Bass. He has fought hard and long to ensure that we got a better deal. He has a teaching background, an educational background, and he knows how important this is and what a boost it is for Tasmania, particularly northern Tasmania. I am so pleased about this package that I will be hosting a lunch with the Vice-Chancellor of the University of Tasmania in Launceston on 16 April. At this lunch, business and community representatives will be able to hear more about the benefits of this higher education package for northern Tasmania.

Finally, this is a huge investment and it is on top of other investments in Tasmania’s infrastructure, including the $220 million extra for our public hospital system over the next five years, $100 million for the First Home Owners Scheme and the $163 million GST windfall over the next three years. These things need to be taken into account. I am very proud of them.

Senator CROSSIN (Northern Territory) (4.19 p.m.)—I rise to speak on this motion relating to the increase in HECS fees as a result of the government’s package. It has now been three months since this government’s reforms in higher education were cajoled through the Senate. We are becoming familiar with hearing the results of universities implementing the Howard government’s reform package almost daily through the media. There is an upward trend of fees being increased, proof that this government is pricing more and more Australians out of higher education.

The matter of HECS fees is indeed a matter of urgency. Since 1996 this government has nearly doubled HECS fees. Now, in one hit, it has allowed universities to increase their fees by a further 25 per cent. This will further bury students under deeper debt, forcing them to take longer to buy a house or a car or even, in the future, to start a family. Students who have been working one job to keep up financially are now having to look at working two or three, with a consequent reduction in the time devoted to study. In some cases they are spending more hours at work than in classes, as was suggested by an article in the Sunday Times of 29 February this year.

This comes as no surprise to those of us involved in last year’s Senate inquiry into the government’s Backing Australia’s Future when we heard all of these claims. It is like looking into a crystal ball and seeing what
was then a prediction now a reality. All of those claims, proposals and insights were provided to us—particularly by students who were totally ignored by this government in that consultation process—and are now coming true. The West Australian head of the National Union of Students, Zaneta Mascaren, was quoted in the *Sunday Times* of 29 February as saying:

"You need to be doing a couple of jobs to survive. It's hard to do that when you're studying full time. Students are dropping out of Australian universities more because of financial reasons than because of educational inadequacy. Professor Di Yerbury was quoted in the *Age* of 12 February as saying, 'More students are being forced to work, which affects time spent on study, which leads to failures and drop-outs.' Some universities are selling full fee paying degrees that are open only to those who can afford them, irrespective of their ability or entrance scores. My colleague Senator Natasha Stott Despoja is right: entrance to some universities will now be based more on the balance of your bank account or credit card rather than on your merit, ability or the intellectual contribution you can make to the wealth of this country."

We can hardly blame the universities for these actions. They have had no alternative but to turn to students for the increased revenue. Since 1996 they have been so starved of funds by this government that they now desperately need more funds. So universities have little choice but to increase the fees charged to students, while they have the chance. According to the *Australian Financial Review* of 21 February, HECS is now a lifelong debt for one in four students. By 2007-08 nearly 29 per cent of total HECS debt will not be repaid. This is nearly double the level in 1996. Clearly students are already being charged too much. They are having to work long hours, as well as study, and then graduate with large HECS debts as millstones round their necks.

In Senate estimates recently we heard that total HECS debt is estimated to hit $10 billion—not millions, but billions—this year. It is likely to reach $15.4 billion by 2007-08. The *Sydney Morning Herald* of 16 February reported that full fee paying students are able to get a place with entry scores up to five marks, or five TER ranking places, lower than those accepted under HECS. A veterinary student at the University of Sydney missed out on a HECS place by two points. But never fear, under this new regime—a regime that my colleagues opposite would say is taking us into the 21st century—this student was able to pull out a bankcard and come good with $28,000 for this year. Bang—he gets into the course, which is expected to be over $100,000 for the full term of the degree. I understand that his parents extended their home loan to help him with the fees.

**Senator McGauran**—Would you deny foreign students?

**Senator CROSSIN**—Senator McGauran, let us talk about foreign students. Let us go into an area that you might know very little about and that some of us on this side who are contributing to the debate might know an awful lot about. Overseas students have always been full fee paying students—all of them, all of the time. So are you saying, Senator McGauran, that your government now has a policy that domestic students should be treated the same as full fee paying students? That would be another change of tack from this government, if that is what you are espousing. If that is what you are actually espousing, that is another change of policy out there for the higher education sector. Some students and universities would be aghast to know that you believe domestic students should be treated the same as full
fee paying overseas students. They never have been and are still not treated the same, even under your regime.

More universities are announcing fee increases. La Trobe and Griffith universities recently announced across-the-board HECS fee increases of 25 per cent. When Queensland University of Technology announced that they too were increasing fees, Minister Nelson played the blame game: he blamed the universities. As my colleague Senator Carr said: Minister Nelson set up this regime; he allowed the floodgates to be opened; but the minute universities started to charge increased fees, he backed off at 100 miles an hour and started to point the finger at the universities. Having starved universities of funds for years, they have now been told they can increase their fees. They have full range to do that. They have the power and the capacity to do that. But when they went ahead and did it, Minister Nelson had the nerve to attack them and said that they should be tougher on spending, that they should be fiscally responsible rather than raising fees and passing on an increased debt to students. You cannot have your cake and eat it too, but that is exactly what this government wants to do. When Sydney University raised their fees, he criticised the new enterprise bargaining agreement. The good thing about that agreement is that it has delivered 36 weeks maternity leave to its staff—but we will not go down that track, because that is a provision this government believe women ought not to enjoy.

On other occasions Minister Nelson has said that the rise is simply associated with the prestige of charging higher fees. There is a lack of consistency in this minister’s views. He set up the scenario and now he is embarrassed that universities have acted so quickly. The plan has been set up and universities are doing exactly what was expected of them, but the minister never expected that they would react so quickly and so swiftly. This is a hopeless scenario for students. This is simply a merry-go-round of financial frustration for students in this country. The ability of universities to raise the HECS fees of students by up to 25 per cent and to expand full fee paying places is a threat to the affordability of higher education for many Australians. What we have seen here—as with so many other policies of the Howard government—is higher education becoming more complex. (Time expired)

Senator JOHNSTON (Western Australia) (4.29 p.m.)—This matter of urgency motion—with the greatest of respect to Senator Stott Despoja, a senator whose energy and application I admire—is not so much about tertiary education. In this election year it is more about the urgent and very precarious position that the Australian Democrats find themselves in and their need to beat up this issue and recapture a constituency in circumstances where the government reforms deliver more places and more equity than ever before in the history of tertiary education in this country.

Let us look at what the review delivered. The vice-chancellors took an active and vital role in the review of higher education. Indeed I know that Senator Stott Despoja has been a very staunch advocate of the vice-chancellors over eight years. She has gone in to bat for them time and again, she has revered them, she has listened to what they have said and she has paid homage to the direction in which they want to go. When the vice-chancellors say they want the government to provide some variability in the HECS fees that they could charge, they say that for a reason. They say that because they believe they can deliver a better product to students. Yet, when they say that, Senator Stott Despoja, who has been an active participant in what they have had to say, does not want to listen.
It is all very well for the ALP to be off on a little planet on a higher education frolic of their own. They believe, as the Australian Greens do, in an entirely valueless tertiary educational system, a system in which people come and go at taxpayers’ expense and the delivered end product is entirely valueless. The government agreed with the vice-chancellors, who amongst themselves came up with the proposal. They agreed to allow the reforms by which universities opt for fees, which could range from zero to 25 per cent above the current levels, to encourage diversity in the system. This is the vice-chancellors saying what is best for their tertiary education industry in this country and every dollar of HECS, Senator Stott Despoja, goes straight to the institution to improve its quality.

I heard Senator Stott Despoja saying that she considers these reforms to be a joke, notwithstanding that they are the reforms of the vice-chancellors, the men and women on the ground who know what the system is all about. Let me say this, through the chair, to you, Senator: the reform package that this government has brought to bear in tertiary and higher education provides an additional $838 million over five years in base funding. Is that a joke? I would suggest to you it is not. It provides a further $146 million over five years to support regional campuses—again not a joke but a very important, a vital, piece of funding to regional campuses. It provides about $160 million over five years in new funding to support teaching and nursing programs—again not a joke, Senator, but a very important contribution and injection of funds.

It provides more than 34,000 Commonwealth university places over the next five years, and this is the nub of the reform: more people will have access in this country to higher education than ever before. It provides approximately $327 million over five years in new student scholarships, worth up to $24,000 each, to assist students with education and accommodation costs—again, Senator Stott Despoja, not a joke but something that is vital and important and that gives people some hope and a valuable tertiary education. It provides more than $300 million to support teaching and learning, including a national institute for learning and teaching and enhanced teaching awards; new loans schemes to assist full fee paying students and those wanting to spend a semester or two studying overseas; and approximately $100 million to support a range of equity initiatives including funding for Indigenous students, students with disabilities and those from disadvantaged backgrounds—again not a joke but a serious, worthwhile, dedicated reform that delivers the goods to students in this country. Further to this, there is $83 million between 2006 and 2008 to support workplace productivity in universities and there is $37 million between 2005 and 2007 for a new collaboration in the structural reform fund, reforms to university governance and administration. These are what the vice-chancellors had in mind. These are the reforms that this government is delivering. These are the reforms that will take us into the next century, providing students with a solid, sound, valuable education in our tertiary institutions.

Senator STOTT DESPOJA (South Australia) (4.35 p.m.)—In my brief summing up of the debate on my matter of urgency motion I want to correct a couple of things for the record, particularly for those who made barbed attacks. Senator Tierney and his minister suggested today that I refused to accept or did not accept that there was a private as well as a public good from higher education. Of course I accept that; I just do not want the private benefit of education to belong only to the rich and the advantaged. I do not want it to be based on how much money you or your
parents earn, so of course I acknowledge that. Deakin University, for the record, has increased fees by 25 per cent for most courses and by five per cent for only a select few—just to correct Senator Tierney’s comment on record. In relation to TAFE, my views and those of my party are on the record. Unfortunately today’s debate is not about TAFE, but if you want an urgency debate on that tomorrow you can have it.

I am not sure when I said ‘joke’ but I did not mean to imply that there was anything funny about this debate. There is nothing funny at all; in fact I find it very sad. As for motivations that are based on being up for election, I am one of those senators who is not up for election at this stage. One assurance I can give the Senate, whether you believe me or not, is that this has nothing to do with the Australian Democrats’ electoral performance or otherwise. This is a fight that I have been fighting for a long time. This is a campaign I will continue to fight on behalf of not only the Democrats but also those people in our community who believe passionately that education should be publicly funded and accessible to all.

So no-one is talking about it being free; we are talking about a progressive taxation system whereby the community contributes to the cost of education at all levels and, in return, people have access to those institutions so they can better themselves in whatever way they choose, and indeed have those other lifestyle, employment and income opportunities et cetera to which the minister and other contributors to this debate today have referred. The reality is that this is not a watershed decision, as Minister McGauran has said in reference to the Macquarie University decision. It is not a watershed; it has not lead to universities decreasing their HECS fees. Quite the opposite, we have seen in the last few weeks eight institutions increase their fees—seven of those by the full 25 per cent allowed and one by 20 per cent. We have many institutions left to go. I acknowledge those universities that have not changed their fee base—but overall we are looking not at a watershed but at a travesty.

Up to this point I have not heard many people refer to the economic benefits of education. You would think that this was all about government spending. It is about investment in human capital, and it comes with rewards—financial, economic, social and intellectual rewards. I cannot believe this debate has become so restricted and so isolationist. We should be investing not only in our young people but also in our community generally when it comes to education. This year we are seeing a travesty unfolding in our universities. Students are not going to be able to afford these fees.

Question agreed to.

PRIVACY AMENDMENT BILL 2004

First Reading

Bill received from the House of Representatives.

Senator COONAN (New South Wales—Minister for Revenue and Assistant Treasurer) (4.40 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 COONAN (New South Wales—Minister for Revenue and Assistant Treasurer) (4.40 p.m.)—I table a revised explanatory memorandum relating to the bill and move:

That this bill be now read a second time.

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

Leave granted.

The speech read as follows—
The Privacy Amendment Bill 2003 addresses five matters to ensure that the protections of the Privacy Act are available to all irrespective of nationality, to provide the private sector with greater flexibility in relation to privacy codes, to correct an unintended limitation on the provision of superannuation services to Commonwealth employees, and to enable the Privacy Commissioner to audit acts and practices of Commonwealth agencies in relation to personal information specified in the Regulations.

National Privacy Principle 9 provides that a private sector organisation may transfer personal information about an individual to a foreign country only if one or more conditions are met. However, the extra-territorial provisions of the Privacy Act state that the Act applies to offshore acts and practices only if they affect the personal information of Australian citizens and residents. It is possible that these provisions may be seen as limiting the protections of National Privacy Principle 9 to Australians only.

That is not the Government’s intention and the bill removes any doubt on this issue.

On a similar matter, the Act presently bars the Privacy Commissioner from investigating complaints about possible breaches of access and correction rights under the Act if complainants are not Australian citizens or residents. There is no reason in principle to retain this limitation and it is to be removed.

The Government is concerned to ensure that the regulatory burden on business be reduced wherever possible.

In support of this, the Privacy Act allows the private sector to create privacy codes in replacement of the National Privacy Principles that would otherwise apply.

Although privacy codes must offer equivalent levels of protection as the National Privacy Principles, and must be approved by the Privacy Commissioner before they can take effect, codes offer flexibility to private sector organisations to tailor the privacy regime to their specific circumstances.

At present, business is limited in the matters which may be covered by a privacy code, specifically the matters nominated by the Act as exempt acts and practices which cannot be covered.

To give business and industry maximum flexibility, this limitation is to be removed.

This measure neither obliges code creators to deal with otherwise exempt acts and practices in their privacy codes nor does it lessen the levels of privacy protection for individuals.

The fourth amendment deals with an unforeseen consequence of National Privacy Principle 7.

This Principle restricts the use and disclosure of Government identifiers by the private sector.

It addresses public concerns raised in the context of the Australia Card debate of the 1980s and is designed to prevent the creation of a de facto universal identity number system.

Exceptions to National Privacy Principle 7 may be made through Regulation but the Act requires extensive consultation procedures before they can be made.

The present wording of the Act does not allow for Regulations to be made to apply to a class of organisation, identifier or circumstance.

This has become a problem in relation to the provision of superannuation services to Commonwealth employees.

Superannuation funds typically use and disclose Commonwealth payroll numbers to ensure that salary deductions are correctly attributed to their members’ accounts.

This situation applies to all Commonwealth agencies and it would be sensible to be able to deal with it on a Commonwealth wide basis. The bill streamlines the consultation procedures for the making of Regulations but only in relation to the provision of superannuation services to Commonwealth employees.

The consultation procedures for Regulations in all other situations remain unchanged. It is essentially an internal housekeeping matter.

The final matter is to expand the Privacy Commissioner’s ability to audit the acts and practices of Commonwealth agencies in relation to personal information.
At present, the Privacy Commissioner’s audit power is limited to matters addressed by the Information Privacy Principles.

This amendment would enable the Commissioner to audit acts and practices that take place outside the scope of the Information Privacy Principles but which relate to personal information.

These matters would be specified in Regulations.

The stimulus for these amendments has come from recent discussions with the European Commission on access by the Australian Customs Service to passenger name record data, or PNR data, held by European air carriers.

Access to this information by Customs will improve our border security by assisting in identifying high-risk individuals travelling to Australia.

The European Commission sought assurances that Customs would not retain PNR data longer than is operationally necessary.

In our discussions with the Commission, it was agreed that a way to address this issue would be for the Privacy Commissioner to be able to audit Customs’s non-retention of PNR data.

The Government remains committed to an effective privacy regime that meets the needs of Australians.

This bill improves that regime.

Debate (on motion by Senator Crossin) adjourned.

COMMITTEES

Electoral Matters Committee

Message received from the House of Representatives agreeing to the amendment made by the Senate to the resolution of appointment of the Joint Standing Committee on Electoral Matters.

Electoral Matters Committee Membership

The ACTING DEPUTY PRESIDENT (Senator Brandis)—The President has received a letter from a party leader seeking a variation to the membership of a committee.
has further advised that a second operator could have remitted the GST. GBRMPA and AMPTO would not necessarily be aware of this. Not having taken part in this debate, I trust that I have provided information to the Senate that sums up the outstanding queries.

Question agreed to.

Bill read a second time.

In Committee

Bill—by leave—taken as a whole.

Senator McLucas (Queensland) (4.45 p.m.)—The question that I asked during my speech in the second reading debate was: are there any operators—and I understand from Senator Coonan’s response that there is at least one—who have been paying the GST on the environment management charge since the inception of the GST? The second question that I did ask during my speech was: what is the government going to do about that? Where is the equity that this operator should expect to receive when they have been given different advice to other operators? They have remitted GST and others have not. What is the government going to do to redress that situation?

Senator Ian Macdonald (Queensland—Minister for Fisheries, Forestry and Conservation) (4.46 p.m.)—I apologise to the Senate for not being here to do the summing up of the debate, but I know Senator Coonan has done that in an exemplary fashion, as she does all of her work, and I thank her for that. The matter that Senator McLucas raises is properly for consideration by the Australian Taxation Office. The amounts involved are, again, a matter between the particular operator and the Australian Taxation Office. The amounts involved are, again, a matter between the particular operator and the Australian Taxation Office. I have some vague idea of what it might be, but it is really not a matter for me to talk about. It is a confidential matter, I would have thought, between the operator and the ATO. I understand it is not a great deal of money. The question of what happens to that money really should be taken up with the Australian Taxation Office; it is not a government matter.

Senator McLucas (Queensland) (4.47 p.m.)—I do not know that that is the case, Senator. The question goes to the fact that this has been a mess right from the beginning. One operator did think that they had to remit GST, and they have been collecting it and they have remitted it to the ATO. But other operators were advised in good faith by AMPTO that they did not have to collect it. There has been differential treatment of two groups: this one operator and everyone else who operates in the same area of business. It is only fair and only right that we should have clarity on what should occur. I do not know that it is simply a matter between the ATO and that particular operator. We have been trying to deal with this for over five years. Let us take this opportunity to get some clarity on the matter, and then we can put it to bed.

Senator Ian Macdonald (Queensland—Minister for Fisheries, Forestry and Conservation) (4.48 p.m.)—The records of the tax office are confidential and are between the tax office and the payer of the tax. I think Senator McLucas understands the distinction here. Since 1 September a number of operators have paid. I understand that that situation will stand, and I understand that has been discussed between the tax office and the particular operators. Again, I can guess that the amounts involved are fairly small. The other matter, which is what I think Senator McLucas is talking about, involves one operator which, on its own professional’s advice, has paid the GST on the EMC since 1 July 2000. It was one operator only, acting on the advice that it had from its professional advisers. I would suggest that the government does not officially have any details of the amount paid by that particular taxpayer to the Australian Taxation Office. The Senate
would well appreciate that the government does not have access to individual taxpayers’ records. It is a matter that should be for the Australian Taxation Office to determine. I am quite happy to refer this debate to the ATO and leave it to the ATO to take whatever action is needed. The particular entity involved may also wish to approach the ATO, but that is, again, a matter between that entity and the ATO rather than the government.

Senator Mclucas (Queensland) (4.50 p.m.)—I will not use the Senate’s time any further, but I thank the minister for giving that undertaking to pursue the matter on behalf of that particular operator.

Bill agreed to.

Bill reported without amendment; report adopted.

Third Reading

Senator IAN MACDONALD (Queensland—Minister for Fisheries, Forestry and Conservation) (4.51 p.m.)—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

A NEW TAX SYSTEM (COMMONWEALTH-STATE FINANCIAL ARRANGEMENTS) AMENDMENT BILL 2003

Second Reading

Debate resumed from 1 March, on motion by Senator Ian Campbell:

That this bill be now read a second time.

Senator Sherry (Tasmania) (4.52 p.m.)—A New Tax System (Commonwealth-State Financial Arrangements) Amendment Bill 2003 amends A New Tax System (Commonwealth-State Financial Arrangements) Act 1999 to do three things. Firstly, it allows the Commissioner of Taxation to account for all GST refunds before distributing GST to the states. Secondly, it changes the date for making financial determinations on the amount of GST payable to the states. Thirdly, it introduces a mechanism for making adjustments to GST payments to the states. Whilst the Labor Party will be supporting these amendments, I make the point that there will now have been—I have lost count, I have got to say—at least 1,600-odd amendments that we have dealt with in respect of the supposedly simplified new tax system, the GST.

Currently, the act does not allow the Commissioner of Taxation to take into account refunds made under the Tourist Refund Scheme and other GST refund schemes when determining the GST collected in a year and, therefore, the amount to be paid to the states. I think there is some irony in the fact that just prior to coming to this bill we were discussing another mess that had to be resolved in respect of the application of the GST to the Great Barrier Reef levy management charge—tax, in another word—and here we are again having to make more amendments to the so-called ‘simpler tax system’, the GST.

The amendment that I refer to results in excessive GST being paid to the states. As most states are now moving off budget balancing assistance this will begin to have a negative impact on Commonwealth revenue and was apparently not the intention of the act. Allowing the Commissioner of Taxation to account for all GST refunds before distributing GST to the states will ensure that the amount of GST actually collected is used as the basis for distributions to the states. This amendment is designed to protect the Commonwealth’s revenue, and Labor will support it.

Under the act, the commissioner must make a final determination of GST payable to the states on 10 June each year. However,
ABS population statistics and ministerial determinations on hospital grants to the states are also made on 10 June each year and directly impact on the amount of GST which is payable to each of the states. This does not allow sufficient time for final determinations to be made. The bill seeks to defer the final determination of GST payable to the states for up to six days to allow the estimate to be made more accurately, and Labor will support it.

At present, the act has no mechanism to adjust payments to the states as they come off budget balancing assistance to fully account for any overestimate or underestimate of payments for GST collected in the previous financial year. When a state was on budget balancing assistance, overestimates or underestimates did not affect the Commonwealth or state bottom line because the total figure of payments to the states was predetermined. However, as states move off budget balancing assistance, overestimates or underestimates will impact on the bottom lines of both the Commonwealth and the states. By introducing this mechanism the bill will ensure that in these circumstances adjustments can be made.

I understand that Treasury has advised that, consistent with the Intergovernmental Agreement on the Reform of Commonwealth-State Financial Relations 1999, all states and territories have agreed to the amendments. This government claims that the GST is, after all, a state tax. However, according to the Australian Bureau of Statistics and the Commonwealth Auditor-General and under the definition of the International Monetary Fund, it is a Commonwealth tax—and if it is not a Commonwealth tax why are we here making further amendments to Commonwealth legislation under Commonwealth heads of power in respect of the GST? But according to the almost Orwellian interpretation by the current Howard-Costello government, it is a state tax. Because the GST is allegedly a state tax, the Commonwealth parliament, and not the state parliaments, makes changes to GST legislation. Because the GST is allegedly a state tax, the Commonwealth collects it and then make determinations on how much should go to each state without any connection to how much tax was collected in each state. If it were a state tax and the states were collecting it, then the revenue they each collected in their state would obviously stay in that state.

In the other place a second reading amendment was moved to condemn the Liberal government, the Howard-Costello government—at least, the Howard-Costello government for the time being—for failing to take its own statistician’s and its own Auditor’s advice and treat the GST as a Commonwealth tax. I will not move that amendment in this chamber, but this bill, while receiving Labor’s support, is yet another example of the absurdity of treating the GST as a state tax. We have had the Treasurer, Mr Costello—and I notice on occasions in the last few days in the other place he is attempting to cement his place in the sun to become the Prime Minister of Australia at some future date—repeating an incorrect assertion, as Labor has shown on many occasions, that tax collection under this Liberal government has gone down as a percentage of GDP. But what the Treasurer does not include is GST tax collection.

Senator McGauran—Are you going to increase taxes after the election?

Senator SHERRY—And if we include GST tax collection in Commonwealth revenue, on the basis of the sound advice that I have outlined, we come to a different conclusion from that of the Treasurer, Mr Costello—Prime Minister in waiting, apparently. Senator McGauran is nodding—I don’t
think The Nationals get a vote on that, do they, Senator McGauran?

Senator McGauran—Jack McEwen had a say once!

Senator SHERRY—Once—the proud and mighty old days of the National Party. I am glad you reminded me, Senator McGauran. He has referred to Black Jack McEwen, as he was known. He was known as Black Jack because he was not easy to tread on, like the current leadership of The Nationals. The poor old National Party, when you think back to 20 or 30 years ago—they have become the total doormats of the Liberal Party in government. They are fading away, losing seat after seat in the other place and senator after senator at each election, and sliding into irrelevance because of their total subservience to the Liberal Party of Australia as part of the so-called coalition.

Senator McGauran—Still got a single desk in wheat.

Senator SHERRY—Senator McGauran reminds us that we still have a single-desk selling organisation in wheat. That is about all you have got left, and we are not even sure you will have that once we start looking at the details of this so-called free trade agreement—but that is a debate for another time and for my colleague Senator Conroy to examine when we get to the committee examination of that agreement. That is all Senator McGauran can point to that is left of the proud legacy of the National Party.

Senator Crossin—The Nationals.

Senator SHERRY—You are right. You cannot really describe it as national; they areshrivelling everywhere. There is not much left of them in Western Australia at a federal level. There is certainly nothing left in Tasmania, although I do not think there was anything to be left. They are shrivelling fast. Senator McGauran, you slightly drew my attention away from the importance of the legislation before the Senate. You slightly distracted me, but you made it relevant by your interjection. The Labor Party will support these amendments on the basis of the arguments I have outlined before the Senate chamber.

Senator MURRAY (Western Australia) (5.01 p.m.)—The goods and services tax has been one of the most divisive issues in Australian politics ever since the Hawke-Keating Labor government first floated a version in 1985. That Labor idea was supported by the Democrats even then. Australia finally introduced the goods and service tax in July 2000, negotiated by the Democrats and the coalition and opposed by Labor. I am sure some Labor people genuinely opposed the goods and services tax, but I always thought there was more politics than policy in many Labor members’ opposition, especially when various Labor luminaries from the states sidled up to me and said, ‘Well done.’

Since its first introduction four decades ago, three-quarters of the countries in the world have instituted a GST style consumption tax, all featuring major exemptions for particular goods and services. It always amused me vastly to get constituents ringing up and complaining about the fact that a GST was going to be introduced in Australia, and I would ask them if they were foreign, if they had been migrants or if they had travelled overseas. I would say to them: ‘How did you find the value added tax, or the GST, in England or in Greece?’ or wherever, and they would say, ‘What—have they got one?’ Of course, they never realised that everywhere in the world this sort of consumption tax is apparent.

This A New Tax System (Commonwealth-State Financial Arrangements) Amendment Bill 2003 amends the GST financial arrangements between the states and the federal government. The amendments ensure
that, in calculating payments to the states, the Commissioner of Taxation can take into account all GST refunds, including the Tourist Refund Scheme, which is currently excluded. Without this amendment the exclusion of the Tourist Refund Scheme means that the Commonwealth would pay the states more than it would receive from the GST.

The bill also makes some technical changes to the timing of final determinations and the mechanism for making adjustments. The states have agreed to these changes—and that is all they can agree to at the moment, because the state governments are currently squabbling over the $32 billion-plus amount of GST collections for this financial year. My home state of Western Australia and the state of Queensland are both, together, $500 million better off than they would have been under the old arrangements. The other states are saying that they want lots more. Nothing really changes with the states and the feds. I think it was former Treasurer Paul Keating who coined that wonderful phrase: ‘Never stand between a premier and a bucket of money.’ I think that regardless of who the government is that is an important element.

The Bills Digest conveniently summarises the main features of the intergovernmental agreement which affects the new tax system, and those main features are:

- the Commonwealth must pass all GST revenue (net of administrative costs) to the States
- the States may spend the GST as they wish—in other words, it is not hypothecated or directed in any way—
- the Commonwealth has guaranteed that in each of the transitional years following the introduction of tax reform, no State will be worse off than had the reform not been implemented. To fulfil this commitment, each State is entitled to receive a Guaranteed Minimum Amount (GMA)—

and it is true that a number of states are now receiving in excess of the amount that was originally guaranteed. The intergovernmental agreement further goes on:

- the Commonwealth meets the difference between each State’s GMA and GST entitlement in the form of budget balancing assistance (BBA)
- the inter-State allocation of the GST revenue is based on the relativities calculated by the Commonwealth Grants Commission based on the fiscal equalisation principle—and, of course, that is where the squabbling is, and I would hesitate to get involved in that fight because it is a very tough and bitter one. It goes on:

the States undertook to abolish a number of taxes, reduce gambling taxes and administer a new uniform First Home Owners Scheme, and the establishment of the Ministerial Council to oversee the implementation and operation of the IGA.

It is worth reminding the Senate why the Democrats negotiated the GST with the coalition and the successes that were achieved. I will acknowledge that the decision was a difficult one. In many respects, the Democrats have felt the political effects of that probably more than any other party, but we took the decision in the public interest. It has affected the self-interest of the senators who took that decision, but we recognised that the old wholesale sales tax was taxing goods only, off a narrow base. We could never understand why Labor thought it was all right to tax goods but not services. We thought the old wholesale sales tax distorted business investment decisions, disadvantaged exports and was not growing with changes in the economy. The tax system had not been raising sufficient revenue to fund legitimate public needs in health, education and community services and was not taxing equitably. As an aside, although I think the income and revenue stream to the Australian government has drastically improved, it just never seems to
be enough—all politicians of all parties know that there is an endless demand for more services and more expenditure on worthy causes.

Supporters of the new tax system, including the GST, argued that it would deliver a better, more secure, fairer and more competitive funding flow, for both the Commonwealth and the states, compared with our previous tax system. They believed it would enhance exports, increase efficiencies and remove distortions in the economy. My strong belief and my judgment based on the evidence is that our decision to support the GST has been vindicated.

We did not support the original GST model proposed by the coalition government, because we believed it needed to be made fairer. The Democrats included basic and fresh food as exempt from GST and extended the exemptions in the health, education and charitable services sectors. I have remarked before at the appallingly ignorant remarks I sometimes see in the newspapers, including from people who should know better, that it was the Democrats who prevented all goods and services being taxed on a GST basis. The fact is that the government always intended one in five dollars to be GST exempt. That is the effect of exempting health, education, financial services and other areas.

In the end, the government was forced by Labor opposition to the package and by the Democrats’ refusal to pass their total package to agree to what was at that stage $4 billion worth of changes to the GST itself, principally aimed at low-income households, with exemptions for basic and fresh food and further exemptions for the health, education and charity sectors. We gained an additional $750 million increase in compensation paid to pensioners, the unemployed, families and other social security beneficiaries. Independent modelling by the National Centre for Social and Economic Modelling—NATSEM—before implementation showed these changes represented a real increase in income for these groups. This was again confirmed by NATSEM research after implementation, showing that social security beneficiaries were better off in real terms under the new tax system.

Part of the negotiation by the Democrats was an additional $1 billion a year, three-year increase in environment programs, with tough new fuel emissions standards, incentives for renewable and cleaner fuels and grants to reduce greenhouse gas emissions. The Treasurer has been on the record recently saying that the top tax rate should cut in at $75,000. He says that the Senate blocked this change. That is true. The Labor Party would not accept that package and neither would the Democrats. But, of course, like a lot of the government’s spin-doctoring, this is misleading. To pay for the increase in payments to pensioners and the food exemptions—in other words, things which affected lower income people—the government agreed to a $1.2 billion reduction in tax cuts for higher income earners. So the Democrats reduced the tax cut for the better off and wealthy, and they have never forgiven us.

**Senator Sherry**—The government accepted it.

**Senator MURRAY**—That is right. We are proud of that achievement and our priority will always be to the lower income earners over the wealthy in our society. One of the controversial aspects was that we did not obtain an exemption for books from the GST. This was disappointing, because it was a key part of our package. We did, instead, gain a $240 million books package providing a tax rebate on textbooks, assistance to Australian authors and publishers and additional funding for Australian book holdings in school libraries. While not perfect, the Democrats’
changes represent significant improvements on the social, environmental and equity fronts from the original package.

On the compensation side, the Democrats secured a four per cent GST supplement indexed to the CPI and the first real increase in age pensions since January 1993 through a two per cent rise in real terms in social security allowances. We secured a reduced taper rate on private income, down from 50 per cent to 40 per cent, benefiting around 800,000 part pensioners. We extended the self-funded savings bonus from age 65 to age 55 at a cost of $180 million. We raised the increase in rent assistance from four per cent to 10 per cent at a cost of $66 million. We doubled the SAP allocation for the homeless.

Part of the disappointment with the GST was the poor initial implementation by the Taxation Office. While we have to be considerate of the pressures they were under, the government and the tax office proved too slow in responding to legitimate concerns over the paperwork and the systems which were raised by business and members of the public. The government tried to grab extra revenue by breaking key election promises in its post-GST setting of excise rates on petrol and beer. Eventually, pressure from the community forced the government to back down on the overly onerous requirements of the BAS statement and on petrol and beer excises—although as a finance man I think the decision not to index the excise on petrol was a wrong one; I believe petrol should be indexed as are other taxes.

Despite these gains—and we thought them very considerable and in the long-term interest of Australia—the GST was divisive in the community and in the Democrats. Some Democrat senators felt the negotiated outcome did not go far enough and opposed the GST package as a result, exercising the highly valued right all Democrat parliamentarians have to a conscience vote. That decision was respected but I voted for it and helped negotiate the outcome. I believe my decision to vote for that package has been vindicated. But if anyone thinks I am not conscious of the cost, I am—and that is the cost to my party.

Australia is in a period of significant economic growth. Obviously, there are societal issues on which the government has let down Australians and there are still many parts of the community that have not benefited from the economic sunshine, but the reality is that inflation is low, unemployment is low and interest rates, although high by international standards, are low. Despite a global slowdown, the Australian economy is performing very well. As I said, my decision and those of my colleagues to negotiate with the government and achieve a fairer, better GST package has been vindicated.

But it is sometimes forgotten in this place, by the media and in the community that these are long-term issues and long-term decisions. It is common for the coalition to claim all the credit for the economic sunshine that we experience now. But, frankly, those underpinnings, those foundations, were very much laid by the Labor Party in the Hawke-Keating economic liberalisation environment: the floating of the dollar; the reduction in excess tariffs, which originally began all the way back with the Hon. Gough Whitlam; and the introduction of the superb Superannuation Guarantee Scheme. Many, many economic programs have contributed to the long-term strength and resilience of the Australian economy. The coalition has built on those.

We think balancing the books, paying off debt, introducing significant further industrial relations reform—the second wave following the Keating first wave in 1993—the new tax system and many other measures
have contributed to a strong economy for Australia. What we are critical of is that it has not been matched by an equal interest in moving forward environmental and social benefits and in protecting the human rights and liberties of our citizens on a truly liberal platform and foundation—and by liberal I mean small ‘l’ liberal, not big ‘c’ conservative, which is the government’s present character. The government and the Democrats passed the new tax system and between the two of us our parties have ensured that the state governments will benefit for many years to come. Much of the current resilience of the Labor state governments is predicated on that sound financial underpinning.

While we are talking about the GST I, like Labor, continue to remind the government that against the advice of the Auditor-General and all other political parties it refuses to include the GST, which is a Commonwealth tax, in its Commonwealth financial statements. Despite being supporters of the GST we are extremely critical of what we would refer to as creative accounting in the federal accounts. We support the Auditor-General and we would support any amendment at any time which would seek to make the GST a proper financial record within the overall Commonwealth financial statements.

As I mentioned earlier, this year the GST will generate $32-plus billion of revenue. We think the budget statements should reflect that in the Commonwealth statements. We think its not being reflected is in clear contravention of Australian Accounting Standard 31 and consequently in contravention of both the spirit and letter of the Charter of Budget Honesty. The auditor of the Treasury consolidated financial statements should in our view qualify the accounts due to this refusal to accept those accounting standards. If this were a listed company it would be an embarrassment. I hope, given the remarks I have heard both today and on previous occasions, that if there were to be a federal Labor government they would treat the GST revenue as a Commonwealth tax in their financial statements and properly reflect the reality as they should.

In conclusion, this is a machinery bill in many respects. It is not contentious in itself but I have sought to revisit some of the areas of contention to remind people of the origins of the GST and new tax system, the part played by the Democrats, the public interest served by its passage and the national interest served by its passage. The Democrats will be supporting this bill.

Senator COONAN (New South Wales—Minister for Revenue and Assistant Treasurer) (5.20 p.m.)—I thank the senators who have contributed to the debate—Senator Sherry and Senator Murray—on the A New Tax System (Commonwealth-State Financial Arrangements) Amendment Bill 2003. In 1999 the Commonwealth, state and territory governments signed the Intergovernmental Agreement on the Reform of Commonwealth-State Financial Relations. This agreement, which is given effect under the A New Tax System (Commonwealth-State Financial Arrangements) Act 1999, substantially reformed Commonwealth-state financial relations substantially for the better. Under the new arrangements all GST revenue collected is provided to the states and territories, giving them a secure and robust tax base which they can use to fund essential community services and to abolish inefficient state taxes.

The Australian government also provided a guarantee that no state or territory would be worse off under the new system of Commonwealth-state financial relations. This commitment is met through the payment of budget-balancing assistance to a state or territory whose share of GST revenue is yet to exceed its guaranteed minimum amount.
which is a calculation of the position a state would have been in had tax reform not been implemented. After just three years most states are better off than they would have been had the Australian government not implemented tax reform. It is estimated that in 2003-04 the states will receive $32.5 billion in GST revenue, and only two states are estimated to require budget-balancing assistance. In fact, the six states and territories which no longer require budget-balancing assistance are collectively estimated to be better off by some $575 million in 2003-04.

As Senator Murray said, this is a technical bill. The bill makes technical amendments to the A New Tax System (Commonwealth-State Financial Arrangements) Act 1999 to facilitate its operation. The bill will implement three measures which have been agreed to by all states and territories. It will ensure that the Commissioner of Taxation is able to account for all GST refunds when determining GST revenues collected and provided to the states and territories. This reflects the principle that the GST revenue equals gross GST collections less all GST refunds. In particular, the commissioner will be able to deduct GST refunds under the Tourist Refund Scheme and GST refunds to international organisations, diplomatic missions and visiting defence forces.

At present, as a state comes off budget-balancing assistance there is no mechanism to ensure that the required adjustments from the previous financial year are fully given effect to. The bill will fix this difficulty. It will allow payments to a state or territory to be adjusted to fully account for any overestimate or underestimate of payments in a previous financial year, thereby ensuring that states and territories receive their appropriate payments. The bill also makes minor changes to the statutory deadlines for a number of determinations required under the act. This will improve the timing of these determinations, which are used to calculate final state and territory entitlements to payments under the act.

There are a few additional comments I will make. The argument has been made in this place and elsewhere about whether or not the GST can be regarded as a Commonwealth or a state tax. Under the Intergovernmental Agreement on the Reform of Commonwealth-State Financial Relations, all GST revenue is appropriated to the states and territories. GST revenue is therefore not available for expenditure by the Australian government. Consequently, the government considers the GST to be effectively a state tax with the Australian government acting as a collection agent for the states. For this reason, the Australian government budget and outcome documents do not recognise the GST as a revenue; nor do they recognise the associated payments to the states as an expense. The Australian Taxation Office and the Treasury report the GST on an Australian government tax basis in their annual reports, respectively showing the tax collected and grant payments made to the states. This, of course, was done to comply with the Australian National Audit Office ruling on the issue.

Finally, I want to address a few comments to the benefits of the tax reform that this government has undertaken, although this is a machinery bill and this may not be the place for quite such an exhaustive examination of the topic as Senator Murray has undertaken. I do not propose to go through Senator Murray’s checklist of claimed achievements on the part of the Democrats or demerits on the part of the government. However, I do want to say that the government has—and I think this is without doubt—introduced the most comprehensive and successful tax reform ever attempted in Australia’s history. This was certainly with
the assistance of the Democrats and certainly with no assistance from the Labor Party.

The GST has met its goals. It is collecting the revenue that it was predicted to collect. It was introduced with, essentially, the same price effects that it was predicted to have. Some price impacts were even lower than expected. Inefficient taxes, particularly the wholesale sales tax and financial institutions duty, have been abolished. It funded the huge reduction in personal taxes the government intended, worth around $12 billion per year. All the GST revenues are being paid to the states and territories as intended. As I said a little earlier, all GST revenue collected is paid to the states and territories. The revenue benefits that go to the states and territories are clear and it behoves me to say that the introduction of the GST means the states and territories now have access to a secure, growing, broad based revenue base to spend according to their own budgetary priorities. These are not hypothecated payments. The states and territories no longer rely on financial assistance grants from the Australian government and some of their own narrow and inefficient taxes, as I have said, have been abolished.

I recall that just a few months ago Premier Beattie acknowledged the GST and the assistance that it had provided with education. I think he said it had funded the whole of a preparatory year for Queensland children, which is obviously a priority of that state. I do not think there would be many Australians who would quibble or complain that that was not an efficient use of the GST. There have been a couple of mentions made of the top marginal tax rate. The top marginal tax rate is too high and the government very much regrets that, in the negotiations in relation to the introduction of this far-reaching, comprehensive and successful tax reform, it was not able to increase the threshold to $75,000 in the way that it had wished.

Recent statements by Mr Latham suggest that, in fact, there may be some cooperation on decreasing the top marginal tax rate, although the suggestion that there would be an increase in company taxes and capital gains tax to pay for it is a backwards step for anyone interested in better improvements to a competitive tax system. However, these comments and, no doubt, arguments can go on for some considerable time and, as I have said, this is a machinery bill. I am grateful that my senatorial colleagues have seen fit to support these sensible amendments. I commend the bill to the Senate.

Question agreed to.

Bill read a second time.

Third Reading

Bill passed through its remaining stages without amendment or debate.

SUPERANNUATION SAFETY AMENDMENT BILL 2003

Second Reading

Debate resumed from 11 February, on motion by Senator Vanstone:

That this bill be now read a second time.

Senator SHERRY (Tasmania) (5.30 p.m.)—Australia’s superannuation system forms a very important component of our retirement income system together with the age pension that is funded from general government revenue. It is largely compulsory and now contains some $530 billion in savings—close to $550 billion if we include the savings in life companies—and has some nine million fund members. It is a very substantial component of our retirement income system.

I do not think anyone would have escaped noticing that the issues of retirement incomes and superannuation have been in the media of late. When I became the shadow minister for retirement incomes after the 2001 election and was given responsibility for retire-
ment incomes—included in that is superannuation policy—the Labor Party embarked on an exhaustive reassessment of our retirement income system. To date the Labor Party has announced broadly three packages of policy—although I know Senator Coonan does not want to acknowledge the fact that the Labor Party has released three packages of policy. One relates to more simple superannuation and particularly the issue of automatic account consolidation. There are other policies in that first package. The second package relates to safer superannuation, and of course that brings me to the topic of the bill under consideration by the Senate this evening, the Superannuation Safety Amendment Bill 2003. We have released a third package of superannuation reforms that go to the superannuation funds of politicians, judges and the Governor-General.

Senator McGauran—Thanks very much.

Senator SHERRY—Senator McGauran interjects, ‘Thanks very much.’ Never have I seen a government embrace Labor policy so quickly. In all of two days—

Senator McGauran—No, we didn’t.

Senator SHERRY—You didn’t? Okay, Senator McGauran is announcing that the government is no longer going to support the shutdown of the parliamentary superannuation. That is the view of The Nationals. Never have I seen Labor Party policy embraced and adopted so quickly as this third package of Labor Party policy on superannuation.

The security of our superannuation is obviously a very basic requirement. It is a very basic requirement for a number of reasons. I have referred to the total level of savings to date in our largely compulsory superannuation system. I have referred to the number of Australians in our superannuation system—some nine million Australians—and the fact that superannuation is an important and growing part of the retirement incomes of Australians. The compulsory superannuation guarantee reached nine per cent on 1 July 2002. The compulsory superannuation guarantee having reached that level, in addition to the harsh reality that the Labor Party lost the last election, has been the reason why the Labor Party has felt it necessary to fundamentally reassess retirement income policy. There have also been a number of disturbing cases of theft and fraud and other matters, which I will come to in a bit more detail later on, that have led the party to conclude in policy announced to date—I announced a couple of additional matters at a media conference today—that the bill we are considering in the Senate, the so-called Superannuation Safety Amendment Bill, is very weak in addressing the security of superannuation savings in this country.

Fundamentally the approach taken in this bill by the current government represents a significantly different philosophical and practical approach from that of the Labor Party, which I have outlined and which our former leader Simon Crean outlined in some detail last year, on the safety of superannuation in this country. The Liberal government are weak when it comes to the security, the safety, of the superannuation savings of nine million Australians. You would think that the government would give this issue a bit more thought, because the security of compulsory long-term retirement savings is fundamental. It is central to the security of retirement income savings in this country.

A small number of changes were announced in a speech by the Treasurer, Mr Costello, some two weeks ago. What was noticeable by its absence in that speech was the failure of the Liberal government to get one of the basics right—that is, the security of our compulsory superannuation retirement income system in Australia. There will be other opportunities to debate the specific
announcements by the Treasurer, Mr Costello, two weeks ago but I note that he lauded the fact that we have an age pension plus compulsory superannuation in this country. However, he failed to acknowledge that the Liberal Party had opposed nine per cent compulsory superannuation in this country—not just opposed it but passionately and bitterly fought it in 1987 and when the superannuation guarantee legislation was introduced in 1992-93.

In addition, Mr Costello, representing the current Liberal government, carried out one of the most significantly adverse decisions that this government have ever made in respect of retirement incomes—that is, the failure to deliver the additional three per cent co-contribution, which had been committed to by Mr Costello and the Liberal government in their election promises of 1996. That three per cent co-contribution would have taken compulsory superannuation savings to 15 per cent in this country. It was included in the forward estimates and funded by the Liberal government in their 1996 budget and was dropped in 1997.

Labor’s central criticism of the announcements of the Treasurer last week go to the failure to deal with the level of adequacy of retirement income savings in this country. The problem we have was, ironically, largely created by the current Treasurer, Mr Costello, when he failed to deliver the co-contribution and take contributions to 15 per cent. There is some irony in that because the Treasurer in particular is now trying to create a perception that he is doing something about retirement income savings and specifically superannuation in Australia.

The amendments proposed around the edges a couple of weeks ago by Mr Costello are, subject to seeing the detail, broadly supported by the Labor Party. What is not supported by the Labor Party are some of the suggestions in the discussion paper and the argument in rhetoric that the Treasurer, Mr Costello, has been outlining since that launch some two weeks ago. They are encapsulated in the Liberal Party’s new policy theme—or approach, if you like—which can simply be summed up as ‘work until you drop’—work longer and longer. The suggestions are encapsulated in comments by the Treasurer. There have been a number of them—for example, that there will be no such thing as full-time retirement. The Treasurer has over and over again incorrectly referred to what he complains is a culture of early retirement—that is, that the superannuation access age is 55. We know that that is factually wrong. For the majority of Australians, the superannuation access age is 60, not 55.

Another remark by the Treasurer comes to mind—that is, that everyone is retiring at the age of 50. That did not get much media attention last week because the Treasurer, Mr Costello, was commenting about leadership issues in the same interview. The Treasurer has attempted to grossly overstate—and in some cases he is just plain wrong—the so-called ageing crisis as it relates to retirement incomes in this country. If there is a problem with respect to the level of retirement income—which I believe there is, and you will hear more about that when our leader, Mr Latham, outlines a set of additional retirement income superannuation savings policies next Monday—it is largely a problem of Mr Costello’s and this current Liberal government’s own creation.

Coming back to the Superannuation Safety Amendment Bill 2003, it is good that the government have recognised that, so far, losses from theft and fraud have amounted to only $33 million. In the totality of the system, it is a small amount of money but if you are the victim of a loss the impact can be absolutely devastating. The government have belatedly realised this. Unfortunately, the
realisation of the government that this is a serious issue is not reflected in this bill. The bill introduces a set of rules to strengthen the prudential framework for the regulation of a superannuation fund ‘designed to modernise the regime and make it more responsive to risk,’ whatever that means. It includes a licensing regime requiring trustees to prepare and maintain a risk management strategy and it will require auditors and actuaries to notify the regulator that an entity has breached the legislative requirements. The Labor Party agree with the changes contained in the bill in this regard, although we do want to see the regulations—I will come to that a bit later. Given the importance of compulsory superannuation in the Australian retirement income savings system and the case that I have outlined, Labor believe that there is a strong case to beef up and improve the security of superannuation savings in Australia via amendment to this legislation.

Labor’s amendments will take two broad forms. There will be a general second reading amendment and there will be specific amendments to the detail of the bill when we move into the committee stage. Very briefly, there should be full, 100 per cent compensation in the event of theft and fraud. Where theft and fraud occur, it is not fair or reasonable for Australian workers not to be fully compensated. This issue of compensation in respect of theft and fraud from compulsory retirement income saving systems is being grappled with right around the world. Labor argues that we should extend the theft and fraud provisions to post-retirement products. Given where we are today with retirement incomes, it seems absurd to Labor that we do not protect in respect of theft and fraud and provide full compensation for at least some retirement income products that are derived from superannuation and also breach of the Superannuation Industry (Supervision) Act by trustees.

The government argues that it cannot agree because of what it calls moral hazard. This, to Labor, is a ludicrous argument in the context of compulsory superannuation. Let me quote the explanatory memorandum:

The Government’s recent decisions to provide financial assistance to some failed entities under Part 23 of the SIS Act have arguably increased the expectation that it will do so in the future.

The explanatory memorandum says that this may cause funds to act in a riskier way. Labor is talking about theft and fraud, clear breaches of the SIS Act. There is no doubt what theft and fraud are: they are illegal. We do not accept this argument of moral hazard—the Liberal Party philosophy about what happens if theft and fraud take place in the circumstances. Labor seeks to improve the provisions of this bill. The Liberal Party’s view is ‘Oh, well, tough luck!’ There is compulsory superannuation; we want to encourage people to save for their retirement. The Liberal Party attitude is ‘Well, if it gets stolen, tough luck! It’s all too hard.’ That is an irresponsible position for a government to take.

In my office, I get more complaints about the area of unpaid superannuation guarantees than almost any other aspect of superannuation—except perhaps the tax levels, the fees and charges and the commissions, but they are issues for another day. In a media release today, I gave some real life examples of just a few cases where workers have not received their superannuation guarantee entitlements when a business has failed and the employer has not made the payments. The payments are an entitlement; they are not covered by the government’s current employee entitlement protection scheme.

Let me refer to the media release. A male employee on an average income with one year of SG contributions—that is the nine per cent—outstanding when a business fails
will lose $4,140 in contributions. Because of investment losses, that amounts to $13,300 after 10 years, $18,800 after 20 years and $43,800 at 30 years. That is in today’s dollar values. That is the amount of money an average person loses if there is no compensation for outstanding superannuation guarantee contributions.

Labor is proposing a number of other amendments either specifically or in the second reading amendment that I will move shortly.

This is a very weak bill. It represents a fundamental difference in philosophy and change from the practical approach to the very necessary security of the compulsory retirement income superannuation system that we have in Australia. We have that system today thanks to the Labor Party, and it is necessary for the Labor Party to point out the shortcomings of the government’s very weak approach to improving the security of our current compulsory system. I make it very clear that, if the amendments that the Labor Party will move to significantly toughen the security and protection of superannuation in Australia are not approved by the Senate and accepted by the government, we will persist.

I have no doubt in my mind that the types of amendments that the Labor Party is suggesting will eventually become law in Australia. I would hope that there is a bipartisan approach—as we had, for example, on politicians’ superannuation—and that the government accepts the amendments. But if that does not happen, we will argue our case before the Australian people in the run-up to the next election. We have clearly announced our policy in these areas and we will put it before the Australian people along with other significant changes and improvements to Australia’s retirement income system. But I can assure the Senate of one thing: it will not include the concept of ‘work until you drop’.

I move:

At the end of the motion add “but the Senate condemns the Government for failing to take this opportunity to bring in much needed improved safety measures to ensure the safety of the superannuation savings of all Australians, in particular the need to:

(a) improve the compensation rules to include losses as a consequence of trustee negligence as an entitlement and make 100 per cent compensation available in cases of theft, fraud and negligence;

(b) provide compensation for unpaid superannuation guarantee contributions resulting from the failure of a business;

(c) remove unnecessary secrecy provisions that prevent people obtaining reasonable access to information from the Australian Tax Office on their claims for unpaid superannuation contributions;

(d) provide yearly reporting to members of defined benefit funds on the financial status of their funds including the debt or surplus level and the detail of the makeup in any shortfall of funds required to pay benefits to members; and

(e) make all superannuation contributions, including salary sacrifice contributions payable on a quarterly basis in line with the payment of superannuation guarantee contributions”.

(Time expired)

Senator CHERRY (Queensland) (5.50 p.m.)—The Superannuation Safety Amendment Bill 2003 is significant in providing the legislative enactment of reforms which have been discussed in the superannuation industry over the last two to three years. In October 2001, in response to public concerns about the adequacy of the prudential framework governing superannuation, the government released an issues paper entitled ‘Options for improving the safety of super-

CHAMBER
annuation’. The paper outlined a number of proposals for the supervision and governance of superannuation entities.

A superannuation working group was established to conduct consultations on the issues paper proposals and develop legislative options to put to government. The working group comprised representatives from Treasury, APRA and ASIC. It received over 50 submissions, held two rounds of public consultation, released a background paper and draft recommendations, and in March 2002 reported to government with 28 recommendations for change.

In October 2002, the government responded to those recommendations, agreeing to the majority of proposals to reform the prudential framework governing the superannuation system. The proposed amendments are contained in the Superannuation Safety Amendment Bill 2003, which implements the reform package agreed to in the government’s response to the working group’s report. It is always concerning when legislation takes so long to come before the House, and that was one of the concerns that was raised by the Senate Standing Committee for the Scrutiny of Bills.

This bill puts in place reforms which have the objective of enhancing the current prudential supervisory framework to reflect current supervisory practices and developments in other relevant regulatory regimes—for example, the managed investments regime. It enables APRA to take a more preventative supervisory approach which is more responsive to the potential risk of trustees. It improves trustee competence and entity governance, provides for the orderly exit of trustees unwilling or unable to meet the new licensing requirements, and provides APRA with sufficient information about the particular risks associated with defined benefit funds and with the tools to address those risks in a timely way.

The specific amendments provide for the licensing by trustees of superannuation entities regulated by APRA and the registration of those entities; require trustee licences to develop and maintain risk management strategies governing the trustee’s operations and risk management plans for each fund under the trustee’s control; provide for enforcement powers including penalty provisions; prescribe standards applicable to the operation and amalgamation of regulated superannuation funds, approved deposit funds and pooled superannuation trusts; and clarify the application of the law to groups of trustees.

The Senate Economics Legislation Committee has considered the Superannuation Safety Amendment Bill 2003 and raised a series of concerns in a report. Those concerns particularly relate to the timing of implementation; inequity in the process between trustees and regulators; potential overlap between regulators; proliferation of identifying numbers; matters relating to equal representation requirements; potential confusion in risk management requirements; lack of materiality in requirements for reporting breaches; the scope of the proposed regulations; and other matters. It is worth noting that in the conclusion to the committee’s report, which was signed off by all senators on the committee, the committee recommended that the government monitor closely the operation of the legislation in the first 12 months, having regard to the issues raised in the report.

In particular, the committee drew the government’s attention to the potential shortening by APRA of the transition period by six months; provision for APRA to vary, revoke or cancel licences without prior notification; the amendments to section 63 forbidding
funds to accept contributions if the fund does not meet equal representation requirements; the materiality requirements in reporting breaches by licensees, auditors and actuaries; the need to ensure that APRA is not overwhelmed by the reporting of inconsequential breaches; the potential for confusion in requirements relating to risk management documentation and the need to ensure its utility for trustees and fund members.

I certainly seek a commitment from the minister that the government has in place a monitoring arrangement to ensure that those matters raised in the Senate committee’s report will be closely monitored in the operation of this legislation over the coming year. I note that Senator Sherry and the minority senators from the Labor Party also raised concerns about the definition of fit and proper persons in the definition of trustees, the proliferation of identifying numbers and the general issue of the inadequacy of the safety measures, which is also addressed in Senator Sherry’s second reading amendment.

The Democrats will be supporting this bill. It is a bill which makes some sense to us. Like Senator Sherry, we have a concern that we need to ensure that the prudential supervision of superannuation adequately protects the interests of all workers, particularly those who are compulsorily required to make contributions towards superannuation. Those workers are relying on this parliament and this government to ensure that their savings are adequately protected and defended against fraud, theft or mismanagement, into the future. This bill goes some way towards dealing with those issues but it needs to go further. It is a matter of some disappointment to the Democrats that more radical reforms in terms of safety have not been considered.

Some of the matters raised by the Labor Party, in debate on the second reading amendment and in the amendments which Senator Sherry proposes to move, have some merit. I think they are worthy of consideration by government. I hope that the government considers those matters optimistically, as we get into the committee stage, with the hope of taking some of them on board. I do not propose to address those amendments at this stage except to say that the Democrats have some sympathy with the general thrust of Senator Sherry’s proposed amendments.

It is a pity that we have not yet seen the amendments from the Labor Party, although they have been foreshadowed in the Labor Party’s committee report. It is a pity that we have not seen the exact detail of the amendments so that we can test those and take them back for full instructions from our party room. We will give those amendments favourable consideration when we get to the committee stage. We cannot underplay the importance of ensuring that the prudential supervision arrangements for superannuation are as robust and as confidence building as possible because we are talking about compulsory savings. We are talking about workers’ futures and retirement incomes. Workers are relying on us to do our job to ensure that the system is as robust as it can possibly be.

Senator WATSON (Tasmania) (5.58 p.m.)—The Superannuation Safety Amendment Bill 2003 was referred to the Senate Economics Legislation Committee for consideration and report by 19 February 2004. As a result of the deliberations of that committee and presentations made by members of the industry to that committee, the minister has introduced two significant amendments which will greatly improve the operation of the legislation.

Listeners to this debate would be somewhat surprised at the nature of the remarks by our colleague Senator Sherry, because very little comment was actually made on the bill. Instead there was a wide-ranging review
of many interesting aspects in relation to superannuation, but very few of them touched on the bill itself. This bill will introduce a range of reforms that are designed to modernise and strengthen the prudential regulation of superannuation and that is most important. The bill has been passed by the House of Representatives and now we have it in the Senate. These new arrangements will come into force on 1 July 2004. They are needed amendments.

To strengthen member protection, the government has moved to require the licensing of trustees and the registration of superannuation entities. These are very significant changes. The bill also introduces improved disclosure requirements under which actuaries and auditors are required to report information to the regulator—the Australian Prudential Regulation Authority, known as APRA—about the activities of trustees and the operation of superannuation entities in certain circumstances. The bill also contains structures to enforce the new framework. The government needs to ensure an adequate oversight of trustees through prudential regulation because of the particular characteristics of superannuation. These include compulsory preservation rules that restrict access until retirement, taxation advantages, and limited choice and portability. It is surprising that the Labor Party is not more forthright in its support of this legislation, because those are indeed important, significant and necessary measures.

The regulatory framework covering the superannuation system is basically laid out in the Superannuation Industry (Supervision) Act 1993, often referred to as the SI(S) Act. The Superannuation Industry (Supervision) Act contains retirement income, prudential and some investor protection requirements. However, most conduct and disclosure provisions are now contained in the Corporations Act 2001, following the reforms under the Financial Services Reform Act 2001. The responsibility for regulating supervision is therefore divided amongst three regulators. The first is the Australian Securities and Investments Commission, which oversees consumer protection provisions such as those concerning disclosure and advice. For example, under reforms in the Financial Services Reform Act 2001, persons intending to advise on superannuation must obtain an Australian financial services licence from ASIC. The Australian Taxation Office is the second regulator. It supervises compliance as to retirement incomes for approximately 245,000 very popular self-managed superannuation funds. The third regulator is APRA, which supervises the remaining 10,000 or more superannuation fund entities, with the exception of exempt public sector schemes.

The Superannuation Industry (Supervision) Act 1993 was designed at a time when compulsory superannuation was relatively new. Even though the superannuation industry has changed, the SI(S) Act has retained a one size fits all approach. There has been an increase in the number and the range of superannuation products available with a range of risk profiles and characteristics. However, the SI(S) Act has really not kept pace with all of these changes, so under the bill before us today—the Superannuation Safety Amendment Bill 2003—all APRA regulated trustees will be required to obtain a licence from APRA to operate a superannuation entity. The licensees will be required to meet minimum standards of professional fitness and propriety and to maintain risk management strategies governing the trustees’ operation and the risk management plans for each fund under the trustees’ control. There will be different classes of licence for licensees operating different classes of funds. For example, there will be a public offer entity licence class and a non-public offer entity licence class. Subclasses of licence will be able to be
prescribed under the regulations. Capital requirements for public offer entity licence holders will be set out in the legislation. It is unclear whether these are going to be set out in the act or in the regulations, but I presume they will be in the regulations.

Under the bill, the trustees will be required, as a condition of their licence, to prepare and maintain a risk management strategy wherein the trustee must take reasonable measures to obtain, monitor and manage risk that may arise in relation to the trustees' activities. A further requirement is that the licensed trustee must register with APRA any superannuation entities it intends to operate. Trustees will be required to prepare a risk management plan for that entity, setting out reasonable measures and procedures that a trustee is to apply to identify, manage and control the risks arising from that entity. So there will be two risk management strategies: one for the trustees, the other for the entity.

There will be new reporting requirements for actuaries and auditors. They will be required to notify the regulator and the trustee, subject to materiality tests, that a superannuation entity has breached legislative requirements or is in an unsatisfactory financial position or that a trustee or employer sponsor has failed to implement recommendations by the actuary. There appear to be a number of inconsistencies in the time frame for approving licence requirements. For example, proposed section 29CC of the bill provides that APRA must make a decision about the licence application by a new licensee within 90 days of receiving the application or there is a possible 30-day extension. However, there is no time limit for considering applications made by existing trustees. In fact, Certified Practising Accountants Australia has commented that there needs to be consistency in relation to the time frame for APRA deciding the licence application, and I think this is something that the regulations could well pick up. For example, Certified Practising Accountants Australia see no reason why different time frames should be applied to new and existing licences.

As I mentioned earlier, the government has agreed to two recommendations made by the Economics Legislation Committee based on submissions put to it by witnesses. It was originally proposed under the bill to amend section 63 of the SI(S) Act. There was some concern that the amendment could have serious unintended effects. Under a new proposed amendment, provisions of the bill make it mandatory for non-profit funds not to accept contributions from an employer sponsored fund while they are in breach of the equal representation rules. This amendment to part 29 of the SI(S) Act will give the regulator the power to exercise discretion, which was not there previously, to modify or to exempt trustees from the requirements where it is considered warranted. That is a commonsense amendment. The amendment will therefore allay concerns expressed previously that APRA, as a regulator, could lose its discretionary powers in this area. It will also clarify the legislation so that the unintended consequences will not occur, for example prohibiting a fund from accepting funds for a short period and forcing employers to find alternative funds to accept their superannuation contributions while the original fund gains compliance with the equal representation rules.

A number of submissions expressed concern about the relative roles of the RMS and the RMP, the risk management documents, saying that there was potential for some confusion. I think the regulator will clarify that in due course. In fact ASFA suggested an alternative to the documents and their roles. Some submissions were concerned about an entity's RMP being a public document. The view was expressed that it should not be a public document since the publication of
measures taken to protect against fraud and other criminal activity would seriously undermine their efficacy, and I think this is indeed a valid point. The proposed amendments (13) to (23) clarify the operation of materiality provisions with respect to actuaries and auditors reporting likely contraventions of the SI(S) Act and the regulations that have occurred, are occurring or may occur.

The amendments clarify that actuaries and auditors must inform the regulators of these contraventions only if they may affect the interests of the members and the beneficiaries of superannuation entities. The amendments also clarify that actuaries and auditors must continue to inform the trustee of the entity of all likely and known contraventions. The amendments will dispel the previously held concerns that there was the potential for APRA to be inundated with reports of minor breaches, and I welcome this change introduced by the government. At the time the Institute of Actuaries expressed the view to the committee that actuaries and auditors should only be required to report breaches to APRA if they deem them material to the performance of the actuarial or audit function, and the government has taken note of the views of the Institute of Actuaries.

The 2002 working group recommended to government that all funds meet minimum capital requirements. That particular proposal has been rejected. At the time of the committee’s deliberations, ASFA expressed a concern that proposed amendments to the bill may seek to introduce de facto capital requirements on non-public offer funds through the introduction of standards relating to financial, human and technological resources. Obviously this is a matter that funds will have to come to grips with. With the increasing sophistication of superannuation and the wider range of its responsibilities, there is obviously a need to have some sort of capital there.

Finally I come to some of Senator Sherry’s amendments. He is proposing a number of amendments. I would like to remind the ALP that, when they introduced the SI(S) Act, they introduced the 90 per cent rule. The modern-day ALP want that lifted to 100 per cent compensation. That will mean that everybody will be getting 100 per cent if they lose money through theft, fraud or the failure of a business—which is part of the ALP’s new line—except the current members, who would have to contribute the money as a result of this shortfall. So current members would not be getting 100 per cent of their entitlements but those who lost money would be getting 100 per cent, which seems an extraordinary thing. We support the concept of 90 per cent and a moral hazard of 10 per cent, which is only reasonable. The Labor Party now want to provide compensation for unpaid superannuation guarantee contributions from the failure of a business. This is a new thing. I think it will worry a lot of superannuation funds when they read of that particular amendment. It is another administrative task and will impose more costs which will be spread right across all superannuation funds.

Senator Sherry said that Labor intend to make the current members contribute not only to the shortfall but also to post-retirement products. That should send a message of horror to all those people who are getting annuities. If that is true their annuity will be reduced as a result of other people’s theft or fraud. So it will not only affect current members; Labor want to extend it to post-retirement products. If a person gets a lump sum during the year, that is a post-retirement product. Are Labor going to attack that? I say to Senator Sherry: I would like you to revisit that because the whole thing in relation to post-retirement products is completely impractical and sends unnecessary fear and worries across the superannuation
industry. These sorts of things do not engender confidence in superannuation for a lot of people. Obviously they have not been thought through. I will be very surprised if they actually see the light of day.

Unfortunately during the second reading debate speeches we have not had the advantage of the Labor Party’s committee amendments. I agree with Senator Cherry that these should have been before the Senate when we were debating this bill. I think that shows a lack of respect for the Senate in terms of superannuation. I hope that they will be introduced, certainly during the committee stage, and that we will have some opportunity to look at them. It is unfortunate that we do not have the required amount of time to give the consideration that is due, but blame the Labor Party because they have not given us enough opportunity to look at these detailed amendments. If they are anything like the second reading amendments, I do not think they are worth too much. All they will do is send a lot of fear and uncertainty into people’s minds. Senator Sherry has been very good at this, for example with this concept of work until you drop. I do not know where he got that, but it is certainly not in any of the documents that we have seen. It is a cheap throwaway line and it has no credibility. I think it is time that Labor started to treat superannuation much more seriously than they are at the moment. What we have seen today is a poor attempt to grab headlines and to frighten a lot of people in relation to superannuation. We should be trying to strengthen people’s support for superannuation. The debate so far has not done much to reinforce people’s confidence in the future of superannuation, particularly under a future Labor administration.

Senator WONG (South Australia) (6.14 p.m.)—Before I address the substance of the Superannuation Safety Amendment Bill 2003 and the second reading amendment which has been moved by Senator Sherry, I will respond briefly to Senator Watson’s comments. I think he asserted that the Labor Party was not ensuring that there was sufficient time to debate this bill. I point out to the chamber that this is the government’s program; the government sets the legislative program in the Senate. My recollection is that, when I put my name down to speak on this bill, I noticed that it was not due to come on until later in the week. I understand from my colleagues on this side of the chamber that the government brought it on early because it was still negotiating the passage of its Medicare legislation through the Senate. This has been brought on as a fill-in. It is most inappropriate for Senator Watson to come in here and make the assertion that somehow this legislation is being given insufficient consideration because of some action by the Labor Party. That is simply not borne out by the facts.

Senator Watson—Where were your amendments?

Senator WONG—The Labor Party have a second reading amendment which has been moved by Senator Sherry. The committee stage of this bill will deal in detail with the Labor Party’s proposed amendments. I also note—and this is an indication of the haste with which the government has pushed this bill up the program—that there were supplementary amendments by the government, which I understand we received today. So I do not think it is appropriate to be asserting that the Labor Party are somehow delaying or not considering in full detail the terms of this legislation.

I will return now to the primary issue, which is the Superannuation Safety Amendment Bill. As speakers have previously outlined, this bill is designed to strengthen and, hopefully, modernise the prudential regime which currently operates in respect of super-

CHAMBER
annuation savings in Australia. The concept of prudential regulation may sound like a rather esoteric issue, but of course it is a bread-and-butter issue when it comes to retirement savings for Australians and their families. If you do not have a proper regulatory framework in place, you potentially put at risk significant savings that Australians have accumulated. I understand that in the order of $530 billion is currently invested in superannuation in Australia by Australians. This is a lot of money for most Australian families. Their superannuation savings will be their second largest asset behind their own home.

Government policy to ensure that these savings are protected is important. It is important to Australians, who want to know that their savings are well managed, and it is important from a public policy perspective. To ensure retirement incomes are at reasonable levels you obviously want to ensure that people’s savings are adequate. I could go on for a while about the government’s inattention to the issue of adequacy in the context of superannuation—about the fact that the government seems incapable of dealing properly with the issue of adequacy, one of the central issues when it comes to retirement incomes in Australia—but perhaps that debate is best had at another time.

This bill seeks to amend the SI(S) Act in a variety of ways. I do agree with Senator Watson in one respect: some of these amendments are long overdue. Obviously the industry has moved on to some extent since the inception of the Superannuation Industry (Supervision) Act 1993. There are different aspects of the industry which probably require different forms of regulation, and so there are some aspects of this legislation which have some merit and probably ought to have been implemented some time ago. However, there are a number of areas in which the legislation that is proposed by the government is deficient. If you are dealing with the issue of superannuation safety, which is really at the heart of prudential regulation, it seems to the Labor Party that you ought to deal with some critical issues around the safety of Australian superannuation. One of those critical issues is compensation in the event of fraud and theft.

Both Senator Watson and the Parliamentary Secretary to the Treasurer, Mr Cameron, have made comments about the notion of moral hazard. As Senator Watson indicated—and I am paraphrasing, obviously—the government’s position is that there are moral hazard arguments for not insuring the entirety of Australians’ superannuation saving in the event of theft and fraud. That was confirmed by the parliamentary secretary, who said in the other place:

The concern is that, with superannuation in particular, there is a risk that the owners of the superannuation will feel detached from their own fund and will not feel a great sense of ownership for it, because there is a perception that ‘no matter what happens, I’m going to be protected’. As a consequence of that lack of ownership, we may find the Australian people not taking a sufficiently great interest in their own retirement and perhaps not making sufficient allocation of funds, sufficient savings, to meet their actual retirement income needs.

I have to say I failed to follow the logic in his argument. He seems to be saying that insuring people against theft and fraud will somehow mean that they will not engage properly with their superannuation fund or they will not put sufficient funds into their fund to meet their retirement income need. Frankly I find that to be a bizarre argument. This sort of compulsory system—where employers are required, are mandated, to put nine per cent of their income into their employees’ superannuation funds—is not prone to the sorts of moral hazard issues that discretionary investment decisions might be prone to. It seems a ridiculous proposition.
that insuring the retirement savings of Australians against theft and fraud will somehow lead to poorer investment decisions by those Australians.

As I understand the parliamentary secretary’s subsequent argument, he is also saying that people will feel detached from their funds, that they will not feel a sense of ownership. If we look at the levels of financial literacy in this country, I suspect that moral hazard is a very long way from being the most important issue when it comes to why Australians might not pay much attention or might not understand what is occurring in relation to their superannuation savings. We still, unfortunately, have poor levels of financial literacy in this country. We have a long way to go before we are in the position of worrying about moral hazard when it comes to compulsory superannuation savings.

Another area where Labor says this bill is insufficient or inadequate is in relation to the treatment of the compulsory superannuation guarantee if a business fails. We have all heard the Howard government trumpeting its purported achievements in relation to employee entitlements. They have introduced an employee entitlements scheme which, although incomplete, is trumpeted as an example of their commitment to ensure employees are paid upon corporate collapse or upon the failure of their business. However, unfortunately, superannuation contributions are not included in the current employee entitlements protection scheme. Outstanding superannuation guarantee contributions—that is, the minimum retirement income savings of Australians—are not guaranteed under the current employee entitlements protection scheme. In some circumstances the effect on an individual’s personal circumstances and on an employee’s retirement income can be substantial.

An example would be this: for a male employee on an average income with one year of superannuation guarantee contributions outstanding when a business fails the loss will be around $4,140 in contribution. Because of investment losses, after 10 years that amount increases to over $13,000; after 20 years, to over $18,000; and at 30 years, to over $40,000. So it is an expensive loss for an employee. It is particularly expensive for those people—that is, the majority of Australian workers—who are dependent for the vast majority of their retirement income savings on the superannuation guarantee contributions. So from the ALP’s perspective the failure by the government to deal with that issue in this legislation or elsewhere demonstrates the inadequacy of this legislation.

One final area that I want to turn my attention to is the amendment that is foreshadowed in the second reading debate by Senator Sherry in relation to action taken by the tax office. I do not know whether other senators in this chamber have had this experience but I certainly have: employees who suspect or are aware that their employer is not paying their superannuation guarantee charge and report that matter to the tax office and are then not told by the tax office what happens to that complaint. There are problems associated with the ATO’s particular legal obligations and requirements which appear to prevent them from telling a fund member when an action is being taken to recover unpaid moneys. This is extraordinarily frustrating for individuals and it does add to the sense of disempowerment or disengagement many people have from the process, where they are not even aware whether or not legal action is being taken in order to recover unpaid entitlements.

These are some of the areas where we say that this legislation is inadequate and insufficient. Although there are some aspects of this legislation which are probably overdue, the
failure by the government to deal properly and comprehensively with the issue of the safety of Australians’ superannuation entitlements is problematic. It demonstrates yet again the failure by this government to deal with some of the central issues in relation to superannuation. They are failing in this legislation to properly deal with some of the critical issues when it comes to ensuring Australians’ superannuation savings are safe. I am sure that the Australian public would welcome greater regulation and greater safety associated with their superannuation and I am also sure that the amendments proposed by Senator Sherry on behalf of the Labor Party are more likely to achieve that outcome than the bill in its current form that is now before the Senate.

Senator LUDWIG (Queensland) (6.27 p.m.)—I rise to speak on the Superannuation Safety Amendment Bill 2003. The catchphrase that has really brought me to the chamber to talk about super is ‘work till you drop’. That is what the coalition wants us to do. Mr Costello himself has said that there will be no full-time retirement. The superannuation industry has grown significantly in the last eight years and we need to recognise that trustees of superannuation funds are handling significantly larger funds than when the current system was established. With the value of total superannuation assets rising from something in the order of $231 billion in September 1995 to over $548.5 billion in September 2003, tighter controls on prudential supervision of superannuation are clearly a necessity. There are over 2,500 superannuation entities comprising superannuation funds, approved deposit funds and pooled superannuation trusts. As I understand it, 88 per cent of workers are covered and consider superannuation their second largest asset apart from their family home. That is why when the coalition talks about work till you drop it hits home. There are so many people in superannuation who are experiencing, paying or receiving superannuation into accounts that the issue is clear in their minds.

The objectives of the reforms proposed by the bill are to enhance the current prudential supervisory framework to reflect current supervisory practices, to enable APRA to take a more preventative supervisory approach and to improve trustee competence, amongst other things that I have mentioned. A superannuation working group, with the short acronym of SWG, was established to conduct consultations on the issues paper which was proposed back in 2001. It comprised representatives of the Treasury, APRA and ASIC. The proposed amendments contained in the Superannuation Safety Amendment Bill 2003 implement the reform package agreed to in the government’s response to the Superannuation Working Group, but they do not go far enough in protecting Australians’ superannuation. They need further refinement, further input and further consideration.

The special characteristics of superannuation do require greater scrutiny. The special characteristics of superannuation include preservation rules that restrict access until retirement, taxation advantages and limited choice and portability, and they demand the need for adequate oversight of trustees through prudential regulation. APRA should be provided with sufficient information about the particular risks associated with defined benefit funds in a timely manner. All APRA regulated trustees will be required to obtain a licence from APRA to operate a superannuation entity. Both corporations and groups of individual trustees will be able to apply for a trustee licence. The superannuation safety bill is yet another example of the Howard government’s inability to recognise and be proactive on Australian workers’ entitlements.
On 3 December 2003, the Senate adopted the Selection of Bills Committee’s Report No. 16 of 2003 and referred the provisions of that bill to the Senate Economics Legislation Committee for consideration. As I outlined earlier, the bill provided for issues that went to the licensing of trustees, registration of superannuation entities and new reporting requirements for actuaries and auditors. The bill also provided for appropriate enforcement powers, supported by penalty provisions, to underpin the new framework.

The Senate Economics Legislation Committee was then tasked with the work of examining those issues. To that end, the committee received 13 submissions to the inquiry. The submissions raised a number of issues of concern in the legislation as drafted. The issues included, amongst others, matters such as the timing of implementation, inequity in process between trustees and regulators, and identifying numbers. It is comforting to know that the Howard government has finally recognised the seriousness of the situation when workers’ superannuation entitlements are lost through theft and fraud by a trustee, and the failure of the regulating authorities to identify illegal behaviour and negligent management by trustees before major losses are made.

It is fine for the government to state that losses from theft and fraud have so far amounted to only $33 million, but when the government talks of only $33 million I doubt whether they comprehend how much of it is from families with average earnings. The statement totally fails, in my view, to recognise the impact of these losses on the individuals affected. At what point does a member of the community look at their superannuation savings and realise the returns they expected are not forthcoming as a result of these sorts of actions by trustees?

As the Howard government has, I think, belatedly realised, superannuation is for many Australian workers the only asset they have other than their family home. I think that point was brought home when the coalition talked about work till you drop. The coalition do tend to get a little excited about that phrase—and so they should, because the average person, the average family, in the community now discusses superannuation, which is significantly different from what happened 20 to 30 years ago. I recall when occupational superannuation was first mooted and it was first decided to run cases and put them in awards of the commission. The employers at that time resisted much of the introduction of occupational superannuation. They did not want general rulings; they wanted award-by-award prescriptions—in other words, they wanted to slow it down, to otherwise rail against occupational superannuation. I knew that at that time in America superannuation or pensions were being talked about around the kitchen table. It was my hope that that would similarly be the case in Australia one day—that people would take an interest in superannuation to the extent that they would look at superannuation as being part of their employment conditions and then talk about it around the kitchen table so that they had a view about when they were going to retire, what that fund would provide for them, where that money was invested and how it was growing over time.

They were not told—not until the coalition raised it, I think—that retirement might only be a part-time venture, as Mr Costello seems to have made clear to people. In my view, the government appears totally unable to grasp the real effect that such devastating losses—the $33 million—will have on individuals. This bill, although commendable for what it does, goes only a fraction of the way towards defending all workers’ superannuation benefits. There is also the inability of
this government to pursue employers to ensure that superannuation entitlements are paid.

Although the Howard government recognises that superannuation is often the only asset beyond the family home for Australian workers, it has done nothing to provide 100 per cent compensation for losses incurred through theft and fraud. It uses, as I think you have heard this evening, the ‘moral hazard’ argument in relation to members of funds and it puts up a similar argument in relation to trustees in the explanatory memorandum to this bill. The moral hazard argument, in my view, is not sustainable. This government believes that all Australians who make superannuation contributions know there is some risk with their trustee’s investments. This statement is both unsound and untrue—superannuation is compulsory. As was outlined, it was once called the occupational superannuation three per cent guarantee, which was award based. Employers were required to pay, and it was provided in lieu of a three per cent wage increase forgone at the time. It then migrated to a superannuation guarantee—in other words, legislatively backed—where it was expected that superannuation would be paid by employers. Therefore, it is mischievous for the Howard government to suggest that superannuation is not a compulsory part of someone’s entitlement as they progress through their working life. There is no choice, so the moral hazard argument is, in truth, morally bankrupt.

The other argument put forward by the government is that, if there is 100 per cent coverage of superannuation entitlements, the controlling fund may increase the levels of risk in its investments in the hope of a greater return. That is without real foundation. Labor believes that, where the law compels people to save for their retirement, it is only fair that they get full compensation on losses incurred through theft and fraud.

The opposition knows there is considerable confusion in the community in relation to superannuation, none of which the government has acted clearly and concisely at many opportunities to correct. Nor has the government acted to ensure that people understand what their entitlements are and what the employer is expected to do. The Prime Minister put forward this argument:

It is a fair and reasonable and entirely defensible ... proposition that people who enter into an arrangement ... on a certain basis are entitled to enjoy the entitlements of that arrangement as they enter into them.

He was, of course, referring to parliamentarians’ superannuation and defending the benefits given to members and senators. I think this argument is well put and holds well for workers. Doesn’t the context of the Prime Minister’s statement suggest that those unfortunate members who fall into the ‘only $33 million loss’ category could reasonably expect to ‘enjoy the entitlements of their superannuation arrangement as they entered into it’ and not face negative growth on their superannuation accounts?

The government has also failed to realise that serious losses can occur in other circumstances, including those circumstances where a business fails leaving employee superannuation guarantee contributions outstanding. There is also the potential for losses from gross negligence by trustees. At present there are thousands of Australian workers who are unlikely to see some of their superannuation because their employers have failed to pay their SG contributions and the businesses have subsequently failed. A lot of that can be sheeted home to this government’s inability to both monitor and ensure that there is a compliance part of superannuation, that employers know their obligations and that employees have their entitlements paid and to maintain a watch on all of those issues. I think this government has failed miserably.
What is their answer to all of that? When the superannuation system fails, their answer is ‘work till you drop’. It is beyond belief that, despite the fact that the superannuation guarantee payments are basic entitlements of workers, they are not included in the employee entitlement protection schemes that compensate workers for other losses that occur when businesses fail. It can, of course, only leave you with the view that the government think you should work until you drop. Part of the fault here lies with the ATO failing to properly enforce the superannuation guarantee system, but I do not think you can sheet it home to the ATO. I think you can sheet it home to the minister and to the Assistant Treasurer, because they have the basic responsibility in a parliamentary system to ensure that the department is doing its job.

Labor will be supporting this bill but we believe the provisions of this bill do not go far enough in providing safety for the superannuation savings of Australian workers. Consequently, Labor will be moving a number of amendments addressing additional matters relating to the safety of superannuation. In terms of the introduction of licensing of trustees and the registration of superannuation entities, Labor has serious concerns about the lack of inadequate definition of the term ‘fit and proper person’. Labor also agrees that high standards of reporting by actuaries and auditors will improve the safety of the superannuation system.

If the government is serious about super and wants to walk away from the phrase ‘work till you drop’, why not look at Labor’s policy in relation to this issue. Labor’s policy includes full compensation for losses in the event of theft, fraud and business failure; clear, simple and comparable disclosure of all fees, charges and commissions; reinforcement of the regulatory framework by tough regulation of some fees and commissions, with entry and exit fees prohibited; commissions banned and/or restricted on compulsory nine per cent superannuation guarantee contributions; and a system of flat fees for advice. The list goes on. But I do not think the coalition is listening because it is really warmed by the phrase ‘work till you drop’. I think that is what the coalition is on about, and Mr Costello has reinforced that in the Australian psyche by saying quite clearly that he expects there will be no such thing as retirement and that he will expect people to continue in part-time employment until they drop. That seems to be what Mr Costello wants Australian workers to do.

Senator COONAN (New South Wales—Minister for Revenue and Assistant Treasurer) (6.44 p.m.)—I thank the various speakers for their contributions to this very important bill, the Superannuation Safety Amendment Bill 2003. The bill will modernise and strengthen the prudential regulation of superannuation in Australia. It will introduce reforms that build on the strong performance of the superannuation system to further enhance the safety of superannuation for fund members. These reforms will help to increase the already high levels of public confidence in the system, making private savings for retirement more attractive to all Australians.

This bill gives effect to the government’s response to the recommendations of the superannuation working group announced on 28 October 2002. It builds on proposals that were initially canvassed in the government’s earlier issues paper ‘Options for improving the safety of superannuation’. The superannuation working group, I am pleased to say, despite contributions from Senators opposite, found that the current prudential regime remains sound. However, the superannuation working group also considered that there was scope to modernise and strengthen the regime in certain areas. In particular, the superannuation working group found that there
was scope to better equip the Australian Prudential Regulation Authority, APRA, to undertake preventative action rather than enforcement action after a breach has occurred. To this end, the bill provides for the licensing of trustees of superannuation entities regulated by APRA and the registration of those entities. It puts in place improved disclosure requirements, including new requirements for actuaries and auditors to report information to APRA in certain circumstances. It also contains appropriate enforcement powers to underpin the new framework.

Currently, there is no universal licensing requirement for superannuation trustees. Only trustees of public offer funds must go through an approval process with APRA. A universal licensing regime will mean that all trustees of APRA regulated funds will be required to demonstrate that they meet minimum standards of competence, possess adequate resourcing and have in place appropriate risk management procedures. With the introduction of this new framework, fund members can have confidence that the people managing their retirement savings will have met these benchmarks. The bill also requires licensed trustees to register their entities with APRA and to develop and maintain risk management strategies governing the licensee’s operations and risk management plans for each fund under the licensee’s control. These requirements will help to ensure that trustees and the entities they manage are well positioned to respond to risks to their operations. They will also ensure APRA can gain important information about the entities it regulates, the risks they face and the processes in place to deal with those risks.

The bill also facilitates improved fund member access to detailed information about how the entity holding their retirement savings is being managed. Access to this information is important if fund members are to confidently and effectively manage their retirement savings. As part of the enhanced disclosure arrangements to be introduced by the bill, there will be expanded reporting requirements for actuaries and auditors. Actuaries and auditors will be required to report breaches of the SI(S) Act to the regulator, as well as to the trustee as currently provided. These important changes build on existing legislative requirements to increase the flow of information to the regulator. They also strengthen the roles actuaries and auditors play in ensuring best practice management of superannuation entities.

In designing the licensing framework the government has sought to take into account the diversity of superannuation funds by avoiding a one size fits all prescription. APRA will be able to tailor arrangements to the circumstances of different entities with a focus on the outcomes that trustees should be seeking to achieve consistent with industry best practice. Trustees operating under industry best practice are likely to be already meeting many of the requirements now being formalised under this bill. However, flexibility must be balanced with providing all members of APRA regulated superannuation entities with the appropriate level of safety. Trustees who are not meeting best practice requirements will need to improve their processes in order to gain a licence under the new framework.

It is the government’s intention that the arrangements contained in this bill will commence from 1 July 2004. From commencement, new trustees will be required to meet the new licensing requirements before they will be able to operate registrable superannuation entities.

Debate interrupted.

DOCUMENTS

The ACTING DEPUTY PRESIDENT (Senator Marshall)—Order! It being 6.50
p.m., the Senate will proceed to the consideration of government documents.

**Australian Radiation Protection and Nuclear Safety Agency**

Senator STOTT DESPOJA (South Australia) (6.50 p.m.)—I move:

That the Senate take note of the document.

This ARPANSA quarterly report of the chief executive officer for the period 1 July to 30 September 2003 is not particularly different from those that we are used to; it is fairly typical. It is fairly light on detail and it gives us a fairly cursory overview of what is happening; there is not always enough detail for us to use it in a particularly useful way. There are five issues I want to remark on briefly tonight. The first is Lucas Heights and the issue of the new nuclear reactor. As I have mentioned before in this place, this reactor, like its predecessor, is not needed. It poses significant, unacceptable risks to the health and safety of the people who live in neighbouring suburbs, with minimal gain for the broader community. The fact that this project has gone ahead despite opposition from the local community groups and indeed the broader community is indicative of a disregard for the environment and for the health and safety of ordinary people. I should also note that despite repeated requests from the Democrats that the government release a report they have refused to do so. We would like to see the release of the report on the safety risk associated with the new nuclear reactor. This is appropriate for the broader community, particularly for residents in the area, who have a right to know.

The second issue tonight is the South Australian waste dump—the radioactive waste dump planned for my home state of South Australia. It is another nuclear facility that is vehemently opposed by the specific community that will have it in their backyard and also by the broader community. Once again, the Howard government seems keen on ramming this project through. I ask a crucial question tonight of the government: if the CEO of ARPANSA refuses to issue a licence for the dump, will the Minister for Health and Ageing, Mr Abbott, use his powers under the act to override that decision? Already the licence process has been subject to international criticism, as it effectively involves a one-stop shop approach to a regulatory environment. However, if the minister were to override the CEO the process would be little more than a farce.

The third issue tonight is transport of waste, radioactive waste in particular. In creating national repositories for radioactive waste, the government will ensure that radioactive waste has to be transported across Australia. We know that there are significant health and environmental risks associated with this. Again, it should be noted that the overwhelming majority of the waste that will be transported to South Australia will actually be from the Lucas Heights facility. It will have to travel through the suburbs of Western Sydney, over the Blue Mountains and out along the Great Western Highway. I cannot imagine those communities will feel very confident or happy about that process.

The fourth issue tonight is that of the intermediate level dump. We do not know where the government plans to put this intermediate level radioactive waste facility. Not content with forcing nuclear waste on South Australia, the government now wants to create another national repository for even more dangerous material. Again, despite repeated requests from the Australian Democrats the government refuses to tell us what site it is contemplating. I understand that, apart from ruling out South Australia, we have had no other specific details. I call on the government to provide this information to the public before the next federal election.
The final issue is the question of the safety of our nuclear facilities. Only recently this government, with the support of the opposition, forced what we consider quite draconian measures through this place—the amendments to the Nuclear Non-proliferation (Safeguards) Act 1987—to ensure that it can imprison anyone who prejudices the physical security of nuclear material. It rammed these changes through the parliament in the guise of getting tough on terror, yet the purpose of the changes was clearly to intimidate protesters and others who are opposed to the nuclear industry. Now we hear that ANSTO wants to cut its staffing levels at Lucas Heights, which of course undoubtedly increases the potential for risks associated with the operation of that particular facility. On one hand, the government tells us it is improving security by passing laws that are regressive; yet, on the other hand, it wants to cut staffing levels in that facility and thereby potentially diminish the safety of that facility. I seek leave to continue my remarks later.

Leave granted; debate adjourned.

Telecommunications (Interception) Act 1979: Report

Senator STOTT DESPOJA (South Australia) (6.56 p.m.)—I move:

That the Senate take note of the document.

Privacy, in particular telecommunications interception, is a pet issue of mine. I think this report for the year ending June 2003 on the Telecommunications (Interception) Act 1979 contains some telling revelations. It clearly indicates a massive increase in telecommunications interceptions in this country without a corresponding increase in the number of interceptions that are yielding information and are actually used in the prosecution of an offence. There are some very worrying statistics in this report. It tells us that in 2002-03 a total of 3,058 warrants were issued to law enforcement agencies in Australia. This is an increase of 22 per cent in the number of warrants issued during the previous year. It is even more significant if you consider that last year’s figures also represented a massive increase in the number of warrants issued in comparison to previous years.

In fact, the extent of phone tapping documented in the 2001-02 annual report prompted the *Sunday Tasmanian* to remark in June last year:

Australians are fast becoming the most spied-on people in the Western world ... The 2,514 court warrants for phone taps last financial year—almost double the number issued in the US—represent a tenfold increase in the past decade.

So we have seen a dramatic, consistent and, I think, worrying increase in telecommunications interception warrants every year. There has also been a radical increase in the number of renewal warrants issued for the purpose of extending interception warrants. In fact, there has been an increase of 60 per cent in the past year and a doubling of the number of these warrants in the past two years. That is a massive number of requests to continue that interception.

Of course, the important point that we must make about these figures is that they only represent the number of warrants issued—not the number of interceptions made pursuant to those warrants but the number of warrants issued. As the *Sunday Tasmanian* article also noted last year:

The warrants apply to hundreds of thousands of individual phone calls and eavesdropping on thousands of people.

The annual report suggests that the increase in the number of interception warrants can be attributed to a number of factors. One, of course, is the commencement of new powers to tap phones in relation to terrorism, child pornography and serious arson offences.
However, when you look closely at the figures in this report you see that the interception warrants that were actually issued in relation to those offences are only 29 of the warrants issued—that is, four per cent of the warrants issued relate to those particular areas.

The report argues:
... interception continues to be an extremely valuable investigative tool.

Yet the figures contained in the report indicate that many interceptions do not result in conviction, prosecution or even arrest. In fact, there was a decrease in the number of arrests per warrant from the previous year, with only 50 arrests for every 100 warrants issued. There was also a decrease in the proportion of warrants issued which yielded information used in the prosecution of an offence. What is clear is that in the past year hundreds of warrants have been issued and thousands of interceptions undertaken which had no forensic value. For example, more than 1,500 interception warrants did not result in any arrest.

Another interesting issue highlighted by this report is the enormous cost associated with interception warrants, with more than $25 million being spent in connection with the execution of warrants during the past year. So the picture this annual report creates is one of Australian law enforcement agencies undertaking more interceptions and spending more money on them but these not necessarily yielding more information relevant to criminal offences. It should be noted that these figures are restricted to law enforcement agencies only and do not incorporate the no doubt extensive investigative activity that is undertaken by Australia’s intelligence agencies. I think this is a very worrying set of figures on an issue that is often overlooked. I hope that members of the public and people in this place will take a look at this report and recognise just how many Australians are literally being spied upon.

Question agreed to.

ADJOURNMENT

The ACTING DEPUTY PRESIDENT

(Senator McLucas)—Order! There being no further consideration of government documents, I propose the question:

That the Senate do now adjourn.

Heath, Mr Jeff

Senator PATTERSON (Victoria—Minister for Family and Community Services and Minister Assisting the Prime Minister for the Status of Women) (7.01 p.m.)—This week saw the passing of a great Australian, and it is to recognise this event that I rise this evening. I would like to have been able to attend his funeral on Friday but that has not proved to be possible. I met Jeff Heath early on in my career as a senator—he never lost an opportunity to seek out those senators and members who expressed an interest in people with disabilities. His disarming charm, his steely determination, his unswerving sense of fairness and his commitment to the cause of people with disabilities meant he could not be ignored.

Jeff and I got to know each other better during the debate on disability reforms in 1993, in particular during the debate on the letting of a contract to a company called Corporate Impacts. It was a cause celebre in the disability sector—a $5 million contract to a company which was balance sheet insolvent at the time. The whole disaster is documented in the Senate inquiry and recorded for history in a wonderful cartoon which appeared on the cover of Link, an enlarged copy of which Jeff sent to me as a memento.

I have never known Jeff’s political views. The only thing I know is that he was passionate about his cause—a cause which was about building a more inclusive community.
He was incensed by the ramifications of the Corporate Impacts fiasco. Jeff was one of the first to come knocking on my door when I moved to the Family and Community Services portfolio. The last time I saw him was just before Christmas. He and his wife Yvonne were on a tour around Australia. It was on that trip that he gave me a copy of the December issue of *Link*, a magazine Jeff built up and edited. I want to now read into *Hansard* the editorial of that particular edition. Under the heading ‘So long ... and thanks for all the fish’ it says:

Unless *Link* readers are familiar with the collective works of Douglas Adams, the above quote will be as meaningless and inaccessible as a lift at the top of a flight of stairs (and I’ve seen examples of that).

However in a very humorous sci-fi tail Adams says that this is the message that Dolphins left to humans when they realised that the end of the world was near.

Like the dolphins, I have received word that my world is coming to an end.

Doctors have confirmed the presence of Mesothelioma—a malignant tumour of the lining of the chest cavities. I have to accept that, at this stage, there is no treatment that could be considered a ‘cure’ for my Mesothelioma.

So for the last couple of months I have negotiated with various groups to take over the publishing of *Link* and its related activities and contracts are now ready to be signed with SA Group Enterprises for a hand-over in December.

Readers should be well served by this new arrangement.

On a personal level, I am relaxed with my situation. I’m cashing in my super and taking some family holidays.

Regrets? I’ve always lived my life to the fullest. I can’t see how I could have done more over the last 40 years, so why would I feel cheated?

I have a loving family, I’ve achieved things that most people would have considered impossible, and I still have time to achieve some more goals.

Taking my lead from the dolphins, I’m not dead yet, so I am going to continue as I have done the past—live what is left of my life to the fullest.

Finally, the dolphins had the courtesy to thank humans for the fish ... I’d just like to thank all those people who have helped me to live an ethical, productive and meaningful life.

A life that gave me opportunities that were denied to people with a disability in the past, but a life that also enabled me to play my part in building a more inclusive community now, and for future generations.

That is signed ‘Jeff Heath, Editor’. On that trip around Australia with his beloved wife, staunch supporter and mainstay, Yvonne, Jeff was taking the opportunity to say goodbye and thank you. Nobody who had the opportunity to talk to him on this trip could help but be moved by his positive attitude about life and his calm acceptance of the inevitable.

Jeff and I had exchanged our experiences about how Scouting and Guiding had given us opportunities, experiences and challenges as kids, and in some way that gave us another special bond. He may have been small in stature but he was a giant in spirit. He may have been disabled physically but his mental abilities knew no bounds. He was not a giant in the corporate world but his personal example and expectations of ethical behaviour in others would have been an advantage in any boardroom. He could have used his disability as an excuse but, to the contrary, he used it to the advantage of people with disabilities.

He lived his life to the full with Yvonne by his side. They were a team in every sense of the word. I extend to her and his extended family and friends my sympathy and condolences. I know that as time goes by for Yvonne the grief will be replaced with the joy of her memories of Jeff and the glow of pride she deserves to feel in his contribution. Australia is poorer, the disability community
is poorer and those who knew him are poorer because of his untimely and early death but we are all the richer for his life and the way he lived it. Jeff, you did achieve things that people would have considered impossible. You did live your life to the fullest. You did live an ethical, productive and meaningful life. You did play your part in building a more inclusive community. We honour you, we pay tribute to you and we thank you. May your legacy live on. Vale, Jeff.

International Women’s Day

Senator KIRK (South Australia) (7.07 p.m.)—Yesterday we celebrated International Women’s Day to honour the many achievements of the remarkable women who have come before us both in this place and in other institutions and organisations throughout Australia and to celebrate a long history of struggle for women for votes, reproductive rights, equal pay and an end to sex discrimination. It was also a time to take stock of some of the battles we have not won, like an end to violence against women. Yesterday I attended Amnesty International’s launch of their Stop Violence Against Women campaign in the Great Hall. I, like many of my colleagues both here and in the House of Representatives, placed my hand print as a symbol of my commitment to this campaign. A hand print, however, is not enough. It may be a potent symbol but, if not backed up by programs, legislation and funding, no hand print can make the difference.

The past week has seen a number of scandals about alleged sexual assaults by rugby league players in both New South Wales and Victoria. These have highlighted a serious problem in the attitudes of some men towards women in our society. When Kangaroos Captain Darren Lockyer made a quip about the Bulldogs gang rape allegations at a luncheon last week, the joke fell flat. It seems that many of those who remain completely untainted by the rape scandals now rocking the Canterbury Bulldogs and Melbourne Storm NRL clubs have been so constantly exposed to the culture of violence against women that they have become desensitised to it. As New South Wales Premier, Bob Carr, remarked, Lockyer clearly was not capable of figuring out what was appropriate and what was not. It is disturbingly clear that some men have clearly not got the message that violence against women is not acceptable and that it certainly is not funny.

We must confront the reality of the attitude towards women of some sections of the community. It is estimated that around 100,000 women each year are sexually assaulted, many of them in their own homes. While there are many men out there who are not involved in the perpetration of these some 100,000 sexual assaults a year, a good proportion of them have not got the message that violence against women is never acceptable—not in the bedroom, not in the boardroom, not on the battleground and not, might I add, in locker room jokes.

Given the growing incidence of sexual assault and violence against women in our community—reported incidents have increased every year for the last eight years—some action on this issue from the federal government would be welcomed by at least 51 per cent of the population. The Howard government said it planned to tackle this issue head on and would run a national campaign against domestic violence and sexual assault. It committed $12 million to a campaign focused on educating young people about acceptable behaviours. It was called ‘No respect, no relationship’ and it focused on preventing violence and building strong and healthy relationships.

A week before the community awareness campaign was set to be launched, four men from the Liberal Party, including the Prime
Minister’s own principal private secretary, pulled the campaign. There is plenty of evidence that this campaign is needed, with recent surveys showing many young men still believe that using physical and emotional violence against their girlfriends, or pressuring girls into having sex, is acceptable. The beliefs that some young women are ‘just asking for it’ or that ‘it’s not always wrong to hit someone, sometimes they provoke it’ are still present and strongly held by some young men. The ‘No respect, no relationship’ campaign was designed to change these kinds of attitudes. Using physical power or fame to have sex without consent is completely wrong—no excuses, no exemptions, not for you, for me or for our neighbours, and not for our sporting stars.

This campaign could have made a real difference. Experts in the sexual assault field have already advised the government that, if we are serious about preventing and not just reacting to violence against women in the community, there are three areas that need to be tackled, which the campaign had targeted: first, working with young people to break the intergenerational cycle of violence; second, working with victims and perpetrators to break the cycle of violence; and, third, working with communities to educate about violence. Unfortunately, this government’s scrapping of the ‘No respect, no relationship’ campaign is broadly indicative of the prevailing attitude to violence against women in the community. The sensational stories always get a run, whether it is gang rape by sports stars, bride burning in India, honour killings in the Middle East or female infanticide in Asia. What is ignored is the dangerously silent world of domestic violence, women living in fear of their partners, incest within the family, sexual harassment in the workplace, teenage girls too afraid to catch public transport and women unable to walk around their neighbourhood after dark. These forms of violence are part of everyday life for many Australian women.

A 1996 Australian Bureau of Statistics survey, ‘Women’s Safety Australia’, established the first national data on the nature and extent of all forms of violence against women in Australia. The main findings of this report were as follows. First, during the 12 months prior to the survey 490,400 women—that is 7.1 per cent—aged 18 and over experienced an incident of violence. Thirty-eight per cent of women had experienced at least one incident of violence since the age of 15. Secondly, younger women were found to be more at risk than older women. Nineteen per cent of women aged between 18 and 24 had experienced an incident of violence in the previous 12-month period compared to 6.8 per cent of women aged 35 to 44 and 1.2 per cent of women aged over 55 years.

Thirdly, more women experienced physical violence from a current or previous partner than from a stranger or another man known to them. In contrast, more women experienced sexual violence from someone other than their partner. Eight per cent of married women reported an incident of violence during their current relationship, and a whopping 42 per cent of women who had been in a previous relationship reported an incident of violence by a previous partner. Finally, women reported living in fear as a result of violence and making changes to their normal routines as a result of this violence. Large numbers of women reported being too fearful to walk alone at night or to use public transport at night.

This government’s lack of action on these issues has politicised violence against women more than ever. Those on the other side of this chamber argue that International Women’s Day should not be political. I would dearly love to be able to say that vio-
Violence against women is not a political issue. It will remain political, however, whilst parties continue to play games with serious initiatives to end violence against women.

Violence against women is never normal, legal or acceptable, and it should never be tolerated or justified. Everyone—individuals, communities, government and international bodies—has a responsibility to put a stop to it and to redress the suffering it causes. Violence against women is not confined to any particular political or economic system but is prevalent in every society in the world. It cuts across boundaries of wealth, race and culture. Women of all backgrounds and social strata in Australia have an appreciation of the pervasive nature of violence against women in our society. The experience or threat of violence inhibits women everywhere from fully exercising and enjoying their human rights. Yesterday many of us committed to putting an end to violence against women. I hope that this government can also commit to this end and back it with programs, funding and legislation to make a real difference.

Brown, Mrs Freda

Senator NETTLE (New South Wales) (7.17 p.m.)—On 8 March, International Women’s Day, an 85-year-old Sydney woman, Freda Brown, was honoured for her work against apartheid by the South African government in a ceremony in Johannesburg to mark the 10th anniversary of the end of apartheid. Freda Brown worked closely with the African National Congress women’s section throughout the 1970s and 1980s. She visited front-line states, meeting with anti-apartheid campaigners. She also played a critical role in assisting many ANC women to travel from Africa to Europe, America and Australia to inform the world of the horrors perpetrated by the apartheid regime.

In association with Gertrude Shope, former head of the ANC women’s section, Freda arranged for South African women to participate in international women’s conferences in Copenhagen, Mexico City, Nairobi and Moscow. The South African women who undertook this work did so at great personal risk. One of the women Freda worked with was Dulcie September, a former Cape Town teacher and ANC representative in Europe. In 1988 she was murdered in Paris. This was not an isolated incident. In just one year, 1985, 1,200 South Africans were killed for their opposition to the ruling regime and 6,000 were detained. On a number of occasions Freda also addressed United Nations meetings about the suffering and cruelty experienced by people living under the South African apartheid regime.

Freda Brown’s solidarity activities with the people of South Africa were undertaken when she worked with the Women’s International Democratic Federation from the 1960s to the 1980s. But Freda’s work opposing racism and working for world peace and women’s rights has been a lifelong commitment. Born in 1919 in Sydney, Freda grew up in the Depression. She had to leave school. For a while she worked in a cannery, peeling peaches. She then joined her father, Ben Lewis, in his sign-writing business. But the harsh economic times meant that this small business went under.

Ben, jailed in the First World War as a conscientious objector, raised his children with a deep conviction about fighting injustice. At the age of 17, Freda saw a Clifford Odets play, Till the Day I Die, at New Theatre. The play was about the underground movement fighting the Nazis in Europe. With the threat of fascism rising around the world, the impact of the play was profound. Freda left her job working for her father and joined the New Theatre. This was the period when Robert Menzies—former Prime Minis-
ter, at the time foreign minister—was flirting with Japanese fascism, and the Australian police had a job to do for the conservative government of the day. The Odets play was deemed a threat and was raided by the police with the intention of shutting it down. But Freda and her New Theatre colleagues could not be beaten that easily. The theatre was moved to new premises, tickets were issued by ‘invitation’ and the play ran for years.

When Hitler turned his army on England and the rest of Europe, Freda and the other opponents of fascism were no longer persecuted. Freda met her partner of 50 years, Bill Brown, at New Theatre. When Bill joined the Army and went to serve overseas, Freda toured Australia speaking in support of the war effort and encouraged people to buy war bonds to help fight against fascism.

After the war Freda helped to form the Union of Australian Women, a national working-class organisation that worked closely with the trade union movement. Throughout the fifties and sixties the Union of Australian Women was the key organisation campaigning for equal pay, more jobs for women and equal rights for Aborigines. International solidarity with women overseas was always a key concern.

Freda played a key role in the fight against the war in Vietnam. She joined women from Save Our Sons to protest when the first conscientious objector, a young Sydney teacher, Bill White, was arrested and dragged out of his home. Freda visited North Vietnam a number of times during the war. After one visit she returned with remains of the infamous cluster bombs and other antipersonnel devices that the United States was using against the people of Vietnam. In the 1960s, before the tide turned against this immoral war, Freda and those she worked with were vilified for working with ‘the enemy’. The former South Australian Premier, Don Dunstan, was attacked in the media and in parliament for speaking at an anti Vietnam War rally with Freda Brown.

In the 1960s Freda’s work with the Union of Australian Women had taken her to what at the time was the largest women’s organisation, the Women’s International Democratic Federation. The Union of Australian Women, along with more than 100 other women’s groups, worked together with the WIDF. In the 1970s Freda helped coordinate WIDF’s fundraising efforts for a women’s and children’s hospital in Hanoi. Freda worked closely with a number of international organisations to promote literacy programs for women in low-income countries. In 1970 she represented the WIDF at a conference in the Sudanese capital, Khartoum, with UNESCO, to plan literacy programs for Africa. Freda helped set up women’s training centres in Sudan and one in Cuba for the women of Latin America.

In 1975, the United Nations-designated International Women’s Year, Freda was elected president of the Women’s International Democratic Federation, a position she held until 1990. In 1979, during the UN’s International Year of the Child, Freda, with the then President of the USSR, Michael Gorbachev, opened the conference on peace and the future of the world’s children. She described how Mr Gorbachev had to wipe tears from his eyes after young members of the US based Children for Peace performed and presented him with a small glass globe at the opening ceremony. This conference was held during the Cold War when the worldwide peace movement was mobilising millions of people and calling for nuclear disarmament. At this time Freda’s partner of 50 years, Bill Brown, died of Alzheimer’s disease. Freda had nursed him for 3½ years.

When asked in 1993 on the SBS Australian Biography program about her life and
what she had achieved in this job, Freda spoke about the literacy programs established for women, the wells that had been dug in many remote villages so women did not have to walk miles to find clean water, and the campaign to encourage women to breastfeed. Freda told SBS that she believed that the great achievement of her life’s work and that of her colleagues was that today more people were willing to protest and to speak out against injustice. Thank you, Freda Brown.

Australia Day

Senator SANTORO (Queensland) (7.25 p.m.)—Australia Day is truly a day for all Australians. Anyone who says that it is not such a day does not understand the vitality and importance of the heritage of our country. I believe very strongly in my country. It is the best country in the world and I am very fortunate to live in the best part of it—Queensland. I believe the overwhelming majority of everyday Australians share this deep faith—it is often unspoken; we are not an overly demonstrative people—in their country, heritage and future. Australia Day is not a day on which to feel sorry; it is a day on which to feel glad. It is a day to celebrate what we are—as a people, as a country and as individuals—in the context of what the past has helped to make us and the promise that the future offers the generations to come.

On Australia Day this year it was a privilege to represent my good friend the Minister for Citizenship and Multicultural Affairs, Mr Gary Hardgrave, at the Hamilton Citizenship Ceremony hosted by the Rotary Club of Hamilton. It was held at the Hamilton Town Hall, a place of great historical significance for the locality and an important part of today’s civic infrastructure. It hosts local theatre groups, Hamilton Red Cross functions, public meetings and many other community activities. Hamilton is a suburb of Brisbane. It is a small part of our country but it displays the true Australian nature that distinguishes us from other members of the global community. It is a cultural landscape that reflects our rich national heritage and our forward-looking architecture that so ably combines the old with the new. As such, it is always a pleasure to take part in public events in Hamilton—and in other places around Queensland and throughout the country—because it helps in that essential business of life and public affairs, the constant revisiting of the things that define us as a country as an aid to renewing and revitalising our national psyche.

The ceremony at Hamilton Town Hall on January 26 this year—as was also the case last year—was presided over by another good friend and political colleague of mine, Councillor Tim Nicholls, who represents the Hamilton ward in Brisbane City Council, Australia’s largest local government. It was an interesting and inspiring morning. At the ceremony 36 people—including four children—of 17 nationalities presented themselves as new Australian citizens. Hamilton has a population of 4,536—that is on the basis of the 2001 census—of whom nearly 20 per cent were born overseas. That percentage has been rising. In the 1996 census 18.6 per cent of Hamilton residents were born overseas. In the 2001 census, the three most common languages other than English spoken at home in Hamilton were Chinese languages, Italian and Greek—in that order of precedence.

In the context of the Hamilton celebrations, to which I shall return in a moment, it is interesting to note that by a substantial margin more noncitizens resident in Queensland, than noncitizens resident in other states, are choosing to take up the privileges and obligations of an Australian citizen. In the first six months of this financial year there were 7,981 applications for citizenship
from foreigners living in Queensland, an increase of 18.6 per cent in the state’s application rate compared with the national average increase of around 10.4 per cent. Plainly, the benefits of becoming an Australian citizen are clearly seen by migrants who choose to settle in Queensland. Based on the 2001 census, there are 230,702 eligible noncitizens resident in Queensland—6.5 per cent of the state’s population. The top five countries, from which eligible noncitizens have come to Queensland, are: New Zealand, the United Kingdom, South Africa, Germany and the United States—again, in that order of precedence.

On Australia Day this year, at Hamilton Town Hall, candidates for citizenship came from Canada, Colombia, Denmark, Fiji, Finland, France, India—seven from there—Indonesia, the Irish Republic, Italy, and New Zealand—seven from there also. Three came from the Philippines, two from Tokelau, three from the United Kingdom, and three came from the United States. Others came from China and Samoa. I pay tribute to all of these people tonight, for their faith in their new country and their courage in formally cutting ties with their old one. As a migrant Australian myself, I am only too aware of what a wrench cutting ties can be, even though the benefits of one’s new land are so extensive and inviting.

We often forget what goes into running functions such as these. Hamilton Rotary president, Dr Miles Moody, and function convenor, Brian Mallon, are due a vote of thanks on that front. There are many others who deserve to be recognised: Councillor Nicholls, as the instigator and driving force behind the Hamilton citizenship ceremony; Stephanie Lee, who sang the National Anthem and other songs; Paul Hannah from The Front Row Theatre Group who looked after the sound and lighting; the Rotary Club of Hamilton, whose members decorated the hall and provided the barbecue lunch afterwards; and the Hamilton Hotel, whose management kindly provided the beverages.

As I mentioned earlier, it is always a special privilege to represent the Minister for Citizenship and Multicultural Affairs at citizenship ceremonies. The function at Hamilton was also a special moment for the new Australians and their friends and relatives, for the audience in general, and of course for the official party. These things are never to be taken lightly. In fact, we honour ourselves by honouring others. While I was representing the minister at the ceremony it was obvious to me that one thing he said in his message, which I conveyed on his behalf, was absolutely beyond argument: all Australians recognise with pride what it means to be an Australian citizen.

The Howard government has a firm belief in the importance and value of Australian citizenship, something that has been given additional zest by the appointment of the member for Moreton, Mr Hardgrave, to the position of Minister for Citizenship and Multicultural Affairs. One result is that we have been making substantial progress in bringing long-term foreign residents into the Australian family. We do not expect new citizens to forget their heritage or the traditions of their original homelands—in fact, we encourage people to retain them if that is what they want to do. In the age of the global citizen that is not only proper but also common sense. We are among the most culturally diverse of nations and ours is a land of immigrants. We are brought together by core civic values, chief among them being loyalty to Australia and its people, a shared belief in democracy, respect for the rights and liberties of other Australians, and a commitment to observing the law. That is, in fact, as it should be.
I want to turn briefly to something that is not as it should be. It is the issue of flying the national flag in Queensland on Australia Day. This is the blue flag that was chosen in a national competition and announced on 3 September 1903, 101 years ago. It is the flag that the Menzies government, in a 1950 cabinet decision, decided should be the national flag. It is the flag that King George VI approved in 1951. It is the flag that is defined as the national flag in the Flags Act 1953. The Australian flag is a magnificent symbol of our nationhood. It describes our geography. It delineates our heritage flowing from British parliamentary democracy: the ethics, governance and the rule of law that have done so much to make Australia what it is today. Yet in Queensland for Australia Day this year, the Premier’s Department attempted to ban the distribution of the Australian flag separate from distribution of the Aboriginal flag and the Torres Strait Islander flag. The Premier’s Department sent out an email message saying that the national flag should not be distributed other than under its approved methodology. It is true that the Premier overturned this bureaucratic idiocy immediately it became a public issue because of the swift response of my friend Allan Pidgeon, Queensland President of the Australian National Flag Association. When he heard about the ban, Allan wondered out loud—very loudly in fact—about the motivation or perhaps the stupidity of any government apparatus that would allow such a message to go out.

It is fair to say that the flag touches the hearts of all Australians. I receive a lot of letters from people concerned about the flag and how it should be flown, honoured and protected. Tonight, in that context, I would specifically like to mention John and Marion Grimmett of suburban Mount Gravatt in Brisbane who wrote to me only last week on that very topic. The worrying thing about the Queensland government’s Australia Day flag ban—the ban that Allan Pidgeon so swiftly put an end to—is that Peter Beattie’s poor excuse for a government ignores the Commonwealth Flags Act, which states clearly that the national flag should be flown more prominently, in other words higher, than subordinate flags. The worrying thing is that, on something as fundamental as handing out Australian flags to people celebrating Australia Day, the Queensland government’s bureaucracy wanted no-one to get a flag unless they also got two others of—apparently in its view—equal standing. The Flags Act is quite specific. The flag cannot be changed under the act without a referendum, and it must have precedence over other flags. That is to take nothing away from other emblems—state flags, territory flags or the Aboriginal and Torres Strait Islander flags. It simply decrees an order of precedence for all the gazetted—that is, official—flags of our nation that makes the national flag supreme. That is how it should be. The Queensland government, I would respectfully suggest, should take careful note of that fact.

**Education: Lifelong Learning**

Senator TIERNEY (New South Wales) (7.34 p.m.)—I rise to draw the Senate’s attention to an issue that I believe is vital if Australia is to achieve a civil society. With our ageing population we are faced with the very real possibility that children born today might live lifespans of close to 100 years. Elderly people are enjoying healthier lifestyles and this record looks set to improve with each new medical breakthrough. As the population ages, society and communities need to adapt to support the needs of a growing number of senior citizens. People are living longer and remaining active and can therefore contribute to the community for a longer period of time. Throughout their lifetimes many Australians will have more than one career; in fact, most will have two or
some. Some people will take time off work or will look to reskill themselves as they move forward in their career. Education—in particular the concept of lifelong learning—is central to this revolution throughout their working life and retirement, throughout both their work and leisure. Lifelong learning is one of the central keys in ensuring that we as a society move forward.

When I entered the Australian parliament, my first Senate inquiry was into adult and community education. It was also the most moving one. There are more people studying in the adult and community education area than there are in the universities of Australia. They usually undertake short courses, sometimes for interest. Often courses like computing will actually give them skills which they can then apply in the workplace. For many people this toe in the water of adult education gives them the confidence to later pursue more formal careers through TAFE or universities.

Since the last inquiry into this area, by the then Senate Employment, Education and Training References Committee, the Internet revolution has arrived and the concept of adult education has broadened into lifelong learning. Government supports the development of skills for people of all ages. The way in which we handle this in an ageing society will be increasingly important to people, both in the work they do and in their leisure.

The Senate Standing Committee on Employment, Workplace Relations and Education has agreed in principle to undertake a new inquiry into lifelong learning with the following terms of reference. The first term of reference involves strategies aimed at addressing lifelong learning policies and outcomes in an ageing population. Ageing populations have very different education needs to those of younger people. Many people who undertake education and training at an older age are into their second or third career or do so for leisure. The flowering of groups such as the University of the Third Age, where people go to learn a whole range of new skills and interests, is a critical part of this development.

The second term of reference addresses the ways in which technological developments, particularly the Internet, have affected lifelong learning. The impact of the Internet in connecting people who live in regional and remote areas of Australia cannot be overstated. The Internet has become a central and vital information source in delivering educational services to people who are learning in regional and rural areas.

The concept of learning communities is an example of this. A learning community is created where populations develop their own way to educate residents, depending on the individual’s aims and the resources of the particular locality. Learning takes place in both a formal and a less structured setting, with the aim of creating sustainable economic activity and social cohesion in that community. It is necessary to upskill to remain competitive in the employment market. This is critical in our regional areas. Citizens will need new skills to move forward in an increasingly technological era. These skills contribute to the health of ageing communities by keeping minds active as ageing people see new ways they can contribute to their community. This in turn encourages the community to become self-sustaining, with more members remaining active.

The third term of reference is about the technological barriers to participation in lifelong learning and about adult and community education and the ways and means by which these may be overcome. The expansion of Australia’s broadband capacity is one example of how barriers such as remoteness may be conquered. No longer do people in
remote communities need to wait for the mail or travel extensively to broaden their knowledge. Many courses are now available online. This allows people who live in rural and remote communities to pursue further education while maintaining vital life balance. The Internet revolution has certainly increased the speed and accessibility of information for people who require it.

The fourth term of reference is the extent to which the training, professional development and role of adult educators has kept pace with, or been influenced by, technological and online developments. There is no doubt that, over the past 15 years, Australia has seen a very big shift in the amount and range of education providers. There are now many more outlets that provide education at a community level. People are realising that there are more avenues than just universities or TAFE. Often adult community based education is conducted in a friendlier and less threatening environment. This makes people who have had particular difficulties in formal education settings more comfortable with moving into these types of learning styles.

As Australia’s population ages, people are realising that there are more opportunities for them through these new avenues of education. For example, many women who have been out of the work force for some time due to family commitments find themselves wanting to re-enter the work force. Because there has been so much change in technology, over the past 10 years in particular, it is often necessary for them to attend courses to update their skills. These courses, because of new outlets and new technologies, are now far more widely available for women who are returning to the work force—and that is not just in the rural and remote areas. In city areas women can be within half a kilometre of a campus but may not be able to access that so, in a sense, they are just as isolated as those in rural and remote areas. New technologies, such as the Internet, can certainly overcome that.

The opportunities available to men—particularly men who have been displaced by the changing structure of the work force—are also increasing in this new technological era. Many men attend TAFE courses after a lifetime of blue-collar work and find that, through these new technologies, they have the opportunity to change their education patterns and therefore their job opportunities. IT and communications courses have been set up to meet the demands of IT departments in the workplaces that these blue-collar workers often come from. Armed with their newly discovered knowledge, they have the option to stay on at work in an IT or communications role rather than be forced into retirement. I saw this happen in Newcastle, where we have had a lot of industries restructure, particularly through BHP and their five-pathway program and through National Textiles. This government has done much work in redeveloping those work forces. More recently, when the electric light company—the company which produced the last electric bulbs in Australia—could not compete with overseas companies, assistance was offered via the Internet to give these displaced workers the opportunity to find new jobs and develop skills which they could apply in new work situations.

People who have retired and are no longer in the work force also wish to contribute to their community. These new technologies provide them with the tools by which they can continue in part-time work for long periods of time by reskilling. Various types of leisure activities are also available through this technology. We now have the technology to bring about lifelong learning for those in their more senior years. As we move forward in the development of civil society, we now have the tools to bring about lifelong learning not just for changing work patterns but
also for changing leisure patterns as people move into their more senior years.

International Women’s Day

Senator PAYNE (New South Wales) (7.44 p.m.)—I want to make some observations this evening about the state, if you like, of women in the Asia-Pacific region, particularly in acknowledgement of the fact that yesterday was International Women’s Day. I want to begin by acknowledging an event held in this parliament yesterday: the launch of Amnesty International’s campaign to stop violence against women both in Australia, first and foremost, and around the world. That campaign has an enormous capacity to influence a lot of people. I want to commend the Treasurer, Peter Costello, for his leadership in making the remarks that he did at that launch yesterday. It is very important that it is not just women talking about violence against women but that men are also prepared to take such a stand.

With regard to the state of women in our region, I want to acknowledge the announcement yesterday by the Parliamentary Secretary to the Minister for Foreign Affairs, Christine Gallus MP, that Australia will support tougher prosecution of offenders to help the regional fight against the trafficking of women and children for sexual exploitation. The parliamentary secretary announced yesterday the allocation of further funding to that end in Nepal, Sri Lanka and India. The project itself is going to focus on assisting countries to prosecute offenders, improving regional police and judicial understanding of the impact of trafficking and raising awareness that the trafficking of women and children for sexual exploitation in South Asia contributes to the spread of HIV-AIDS through high-risk sexual activities. I think it is a very important initiative for Australia to take.

We do take the prosecution of offenders very seriously. When one acknowledges the United Nations estimate that over 200,000 women and children are trafficked each year in Asia, one has the capacity to contemplate the size of this problem and how important every single contribution is. In the last couple of years I have met with the children of trafficked women in Kathmandu, most particularly the HIV positive children of trafficked women. The impact on those women and their children is absolutely heartbreaking. Our contribution is very important. This is an additional contribution, in funding terms, to our existing commitment of $24 million over six years to counter things like people-smuggling, trafficking in women and related transnational crime in the Asia-Pacific region. I think that is most certainly worth acknowledgment.

I also want to comment on the spread of HIV in this region. The theme of this year’s International Women’s Day is gender and HIV-AIDS. It is not surprising that a number of the international NGO web sites which I have looked at over the last few days reveal that this is the primary topic of concern for many of those NGOs—and so it should be. There are more than 42 million people living with HIV-AIDS, and over half of them are women. In fact, at present nearly one-third of all adults with HIV-AIDS are under the age of 25, and two-thirds of them are women.

The United Nations High Commissioner for Refugees, Ruud Lubbers, made the important observation that in many ways it is refugee women who have the power to heal their war torn communities, yet they are particularly vulnerable to diseases like AIDS. The High Commissioner made the point that the success of operations involving the voluntary repatriation of women into recently stabilised nations depends on the full participation of women. In addition to the fact that there are biological, social and cultural fac-
tors that make women more susceptible to AIDS, refugee women—who make up half of the world’s refugee population—are especially vulnerable to the risk of infection because of the conflict situations in which they find themselves caught. There really is a need for gender based responses to control the spread of HIV. A good example of how this is being done in refugee camps is giving women better access to HIV-AIDS prevention and care programs. Ongoing initiatives like the recently launched Global Coalition on Women and AIDS, which was pioneered by UNAIDS to highlight and address some of the factors that make women vulnerable, are particularly important in the fight against the pandemic.

The World Health Organisation also used IWD to focus on the spread of HIV over the past 20 years. WHO points to women’s financial dependence on men, physical and sexual abuse from partners, and the fact that it is acceptable in many cultures for men to have multiple partners. They are all gender aspects of this issue and all reasons for women’s greater vulnerability to the disease than men. WHO Director-General, Dr Lee Jong-wook, recently said:

In too many places women have fewer legal rights than men, and less access to education, training and paid work... Women are also subject to gender inequalities that include less access to HIV/AIDS information, almost no power with regard to the practice of safe sex, and less financial security. Health interventions for HIV/AIDS should promote equitable access for women to information, treatment, care and support.

One of those points is worth even greater emphasis, and that is ‘almost no power with regard to the practice of safe sex’. I think it is very important for us to acknowledge that aspect of overwhelming powerlessness and cultural challenge which those nations who seek to assist in this area need to overcome.

The International Labour Organisation has also highlighted the fact that the greater the gender discrimination in societies—and, therefore, the lower the position of women—the more negatively women are affected by HIV. For example, deaths of experienced and skilled workers is a central issue of importance in addressing global underdevelopment. Even discrimination against people with HIV, particularly in the workplace, threatens fundamental principles and rights at work and undermines efforts for prevention and care. It is worth mentioning just one example. In 2003 the UN Population Division carried out a study in Tanzania which found that women whose husbands were sick, from HIV in particular, spent up to 45 per cent less time doing agricultural or income-earning work than before that illness struck their family. What are they supposed to do? How are they supposed to survive? How can we possibly estimate the impact on those women and their families? Those sorts of challenges face development workers and support providers dealing with this problem across the world every single day—and they are worth turning our own minds to.

I want to refer briefly to the observance of International Women’s Day in the United Nations itself. Noelene Heyzer, the Executive Director of UNIFEM, the UN Development Fund for Women, said that women were coming together to make themselves heard on HIV-AIDS this year. She said:

The reason for this is the strong feeling among many women and girls that, based on the data, HIV/AIDS prevention and protection efforts are still failing women and girls. Ten years ago women were at the periphery of the epidemic; today they are at its epicentre.

They are the sorts of developments we do not want to see, they are the sorts of things that we do need to work to prevent, and Australia is making an important contribution in that process.
Yesterday the Secretary-General in his observation of IWD in the UN said that mainstream prevention strategies such as the ABC approach—‘abstain, be faithful, use a condom’—are ‘untenable’ in situations where sexual abuse or violence are common. Nor does marriage ‘always provide the answer’ to preventing the spread of HIV-AIDS. AIDS strikes at the ‘lifeline of society that women represent’ developing a ‘vicious cycle’ and undermining development efforts. His words are well worth noting in this context.

The Commonwealth have also made some important contributions in this process. They are in partnership with UNAIDS and other organisations in launching the Global Coalition on Women and AIDS in February, demonstrating their commitment also to addressing the gender dimensions of this problem.

I noted at the beginning of my remarks the launch of Amnesty’s campaign yesterday, and I go back to that as a very important event in this parliament. The women of this parliament are in positions of enormous privilege, of enormous power. I think it would do us well on International Women’s Day and at similar events to acknowledge that and to recognise the circumstances of many less fortunate women in our region. I was disappointed that the debate in the chamber here yesterday focused on a highly political discussion from the opposition, which I guess is the sum of their events on International Women’s Day in this chamber, a situation where we could have said so much but instead chose to perpetuate a misleading attack on the minister and the government—

Senator Ian Macdonald—Which Senator Kirk continued in her address thereafter.

Senator PAYNE—Which Senator Kirk continued in her address this evening, and I am disappointed with those remarks. (Time expired)

Taxation: Policy

Senator HUMPHRIES (Australian Capital Territory) (7.54 p.m.)—Tonight I want to contribute in this adjournment debate by looking at the taxation policies and taxation performance of both the coalition government and the Australian Labor Party. I want to not only look at a comparison between the records of those two governing entities but also look at the history of taxation policy on the part of both the Labor and the non-Labor sides of politics.

This government has not got a poor record on the question of tax reform—in fact, it has the most courageous record on tax reform in living memory. It went to the 1998 federal election with a comprehensive tax reform program that included as its centerpiece the introduction of a consumption tax. That was a courageous decision in the context of the many lies and distortions that were made about the GST by the Labor opposition of the day. This government inherited an indirect taxation system that contained seven different rates of wholesale sales tax and a base that was eroding. Under this regime, antiques were exempt from wholesale sales tax but kids toys were taxed at 22 per cent; private jets were exempt but the family car was taxed at 22 per cent. It was a complex system that was collapsing and putting increasing pressure on PAYE taxpayers. In 1970 you had to be earning about nine times average earnings to pay the top marginal tax rate. By the time the GST was introduced, workers on average earnings were paying the top tax rate. The broadening of our indirect tax system enabled this government to grant $12 billion worth of income tax cuts. The highest rate a taxpayer on $50,000 a year pays is now 30 per cent, down from 43 per cent under Labor. In the 2003 budget, of course,
further tax cuts were announced. The Treasurer has pointed out that, if the government had not taken these measures, someone presently earning male average weekly earnings of $46,430 per year would be paying nearly $2,500 more tax this financial year.

Three years ago Simon Crean, then the shadow Treasurer, said this:

“We would certainly run a lower-tax government than them. That’s been our record.”

I went back and had a look at the record and it is not a pretty one. This is what Labor has done in the 33 years it has been in power in Australia since Federation. In 1910 Labor introduced a land tax on unimproved land. In 1914 Labor introduced an estate and succession duty. In 1915 Labor introduced the first Commonwealth income tax. In 1915 there was the undistributed companies profits tax. In 1916 Labor introduced an entertainment tax. In 1917 it introduced a wartime profits tax. In 1930 Labor introduced a 2.5 per cent wholesale tax. In 1931 Labor introduced 2.5 per cent primage duty and a super tax on property incomes—a very busy year that year. In 1941 there was a war tax, a tax at source on salary and wages, a payroll tax and gift duty. In 1942, not content with having its own income tax, it took over the states’ income taxes and in the same year it also took over the states’ entertainment taxes. In 1944 there was the PAYE tax and provisional tax. In 1945 Labor introduced the social security contribution.

We jump to the 1970s. In 1974 Labor introduced a property income surcharge and a Medibank levy. In 1975 there was the introduction of a coal export levy. In 1984 there was the Medicare levy—which has subsequently gone up—and a resource rent tax. In 1985 Labor introduced capital gains tax and the fringe benefits tax. In 1989 there was HECS. In 1991 there was the introduction of tax on the gold industry. In 33 years of government there were 27 new taxes on Australians.

I do not pretend that we have been entirely free of the urge to introduce new taxes. In more than 60 years—more than double the period that Labor has been in office—non-Labor governments have introduced taxes as well: a total of six taxes over approximately 70 years. Three of them came in before the Liberal and National parties existed, three of them came in under Liberal and National parties and the last of them, the GST, came in 2000.

There are three points to make about the GST in the debate about new taxes. Firstly, the GST was used to abolish a host of state taxes such as sales taxes, FID, bed tax, stamp duty on shares and bank account duty. The GST was used to abolish those taxes. Secondly, the total net value of the GST goes, of course, to the Australian states and territories. So the government has collected that revenue and put it straight out to the states and territories. Thirdly, it was, as far as I can determine, unique in Australian history in that the government went to the electorate, promised what it would do, gave details of its policies on taxes and sought the endorsement of the Australian electorate—and of course obtained it at the 1998 election. So that is the record of Labor and Liberal contrasted on the question of taxes. I have not mentioned the taxes already in existence that were increased under Labor and contrasted that with their policy on abolishing taxes, which is a very poor policy.

In summary, the analysis of those 33 years of Labor government against the 70 or so years of non-Labor government in Australia disclosed the following statistics. The Australian Labor Party is nine times more likely to introduce a new tax than coalition governments. It is 19 times more likely to increase taxes in a major way. It has never in
its 33 years in office abolished a tax. It is six times less likely than the coalition to reduce taxes. It has never undertaken any financial relations changes which assist the states and territories to fund services to reduce their dependence on the Commonwealth; in fact, quite the contrary. It has taken opportunities on occasions to strip taxes from states, appropriate them to the Commonwealth and, in many cases, increase them over the years it has had hold of them. Contrast that record with the claim of Mr Crean:

We would certainly run a lower-tax government than them. That’s been our record.

What a load of nonsense. It seems that Mr Crean has adopted Mark ‘Chopper’ Reed’s philosophy that you should ‘never let the truth get in the way of a good yarn’.

The fact is that people such as Tanya Plibersek this week have been honest with the Australian people. But should we be surprised at any of that? Labor has always been a high-taxing, high-spending party. Why disguise that fact? Why pretend that is not the case? Why not be honest with the Australian people, as we were in 1998, and tell them what you are going to do with their taxes, and we will have a fair debate on that basis? But don’t peddle the lie—quite implausible—that Labor is not in favour of new taxes or of increasing taxes. Of course it is.

I refer to Neville Wran’s report on the 2001 election debacle under Kim Beazley in which he said:

The issue of Labor’s lack of credible policy alternatives extended to taxation policy. This was the second consecutive election in which Labor failed to present a credible and comprehensive policy on taxation which attracted broad electoral support.

There is the advice from Neville Wran. Be up-front and be honest about your policy on taxes. Tell the Australian electorate what these figures demonstrate absolutely clearly: you are a high-taxing party and you are in favour of new taxes and of increased taxes. That is your record; that is the future under Labor.

**Education: Higher Education**

**Senator TCHEN** (Victoria) (8.04 p.m.)—I congratulate my colleague Senator Humphries on his excellent speech. I am not sure I can do as well but I will try on a different topic.

**Senator Jacinta Collins**—You’ll do as well.

**Senator TCHEN**—Thank you, Senator Collins. This afternoon the Senate debated an urgency motion moved by Senator Stott Despoja on tertiary education. I have no pretension to any expertise in education myself, especially in higher education, though I do have a strong interest in the subject based simply on the belief—one might say the culturally induced belief—that education is of the utmost importance in an enlightened society. So, as much as I have the time, I try to follow any debate on education without needing to be a participant in it. Since coming to the Senate I have found it to be an unusually rewarding pastime to follow such debates since by listening to speakers such as my colleague Senator Tierney who are knowledgeable about higher education I get to learn that there is so much more about higher education that I did not know. Also, by listening to speakers such as Senator Carr from the Labor Party I get to know that there is much about higher education that Labor senators do not know.

Today’s debate was a blue-ribbon day for senators opposite and on the crossbenches to demonstrate how little they know or care about Australia’s higher education future. But it went too far when I heard Senator Nettle get up and talk about her desire to save the quality of our universities. This was far too much, since Senator Nettle would not know what a quality university is. She would
not know one if she saw one. That is not her fault, because she has not had the opportunity. This moved me to rise in my place at this time to make what little contribution I can, since at least I have the personal experience of having come to Australia 45 years ago because of the quality of education that Australian universities offered.

In 1961, when I went to university, Australia’s population was just over 10½ million plus some 86,000 Aboriginal and Torres Strait Islanders, who were not counted in the census in those days. There were eight universities in Australia then. According to the 2001 census there were nearly 19 million Australians of all backgrounds, and now we have 38 publicly funded universities. I would not argue against Australia being a smarter country today that it was in 1961 and I would not argue against Australians of 2004 being smarter than we were in 1961—but more than twice as much? No, not even Labor senators would claim that. I would suggest that what happened in the interim was that, in the higher education area, we opted for quantity rather than quality. The free university education for all that former Prime Minister Gough Whitlam is so proud of today—he claims that it is the only achievement he wishes to be remembered by—

Senator Marshall—I don’t think that is right!

Senator TCHEN—He made the claim, and it is a very realistic wish for someone with his ego. However, making such a move—to provide free university education for all—without any commitment or preparation to pay for it has made sure that Australia can no longer claim to provide quality university education. Gough Whitlam had obviously never learned that, like free lunches, free university education comes with a cost—a cost too high, quite often, for our society to carry—and this cost is the loss of genuine world-class quality universities in Australia.

Today Australia is still basking in the past glory of providing a quality education and training system. Over 200,000 international students come to Australia to study each year, generating $5 billion in export earnings for Australia annually. However, this is based on our past reputation. Our universities can no longer match that reputation with quality. When I first went to university, universities like the University of Sydney and the University of Melbourne did not have the standing of Oxford, Cambridge, Harvard or Yale, but we matched comfortably the reputation of universities like the State University of Michigan or the University of California, Berkeley—not in the top echelons but very good universities. We matched them. But today there is only one Australian university which can claim to be in the top 100—the ANU. It is actually in the top 50 by some measures. It is the only one that can make that claim comfortably without being challenged.

Our universities are in a crisis, and that is why the government in the budget proposed reforms to free up universities to allow them to build on their strengths. Not all universities are the same, just as all individuals are not the same. Each university should be allowed to build on its strengths and provide the best education that it is capable of. As the Treasurer said in his budget speech last year, ‘Our universities must provide the quality courses that our students want and our nation needs.’ This is what the Nelson reforms provide.

In this afternoon’s debate on Senator Stott Despoja’s urgency motion we had speakers on the government side speaking about what the package is about and the range of measures that will help strengthen the universities and create opportunities for our students. I
want to focus on one point in Senator Stott Despoja’s motion. She focused on the point that many universities had opted to charge higher HECS fees instead of the expectation when Minister Nelson announced the partial deregulation of HECS that universities would either raise their fees by up to a maximum of 25 per cent or lower them. Senator Stott Despoja’s motion argues that nobody has lowered them and that everyone has raised them to the maximum—that is, in itself, untrue, because only some universities have actually made the decision and some universities have in fact dropped their fees.

Any clear-thinking person would realise that when a new system comes in like this—and every university must make their choice on the basis of the information they have—if they can charge up to 25 per cent more, why shouldn’t they? They do not know what the market can bear. Any market would work like this. However, that is the beauty of a competitive market rather than a regulated market so beloved by Labor senators and the Labor Party. There, you set a level and everyone must stick to it: whatever service or goods you are capable of delivering, you charge that amount and the government guarantees that no-one can do better or worse than you. However, in a competitive market, like this partially deregulated higher education area, universities should be able to judge by their own performance and their ability to attract students what level of fees up to the maximum of 25 per cent above HECS they can charge. I point out that this is the very first year that this system has been in place and no university has been able to determine the best level for them to provide their service. For the Senate to debate that this policy has failed at this point is far too premature.

Queensland: Beattie Government
Senator SANTORO (Queensland) (8.14 p.m.)—Tonight I want to speak about the disgraceful behaviour of the Queensland Premier in relation to what has become known as the winegate affair. At the outset, I want to say to honourable senators that I have thought very deeply about all this before deciding to speak out publicly. I did so because the Queensland minister who managed to enmesh herself in this unseemly display is Liddy Clark, the person who defeated me in my state seat of Clayfield in 2001. For three years I have purposely not made any critical public comment on her so that no-one on the Labor side of politics or indeed anywhere else would be able to claim that it was sour grapes on my part. But tonight I am duty bound to comment on the moral bankruptcy of the Premier of Queensland and the government that he leads—the government that he leads from well behind the action if we are to believe what he has a track record of claiming, when in difficulty, that he did not know.

It is inevitable that my comments tonight will necessarily go to questions of Ms Clark’s behaviour as a minister. The shameful farce that she and the Premier have visited on my state for the past week as they try to evade what otherwise would be the inevitable penalty for their stupidity is a disgrace to public administration and to the government of Queensland. It is hardly possible to credit that an illicit $10 bottle of cab sav somehow flew all the way from Brisbane to Lockhart River in the far north of Cape York Peninsula in the government jet with the Minister for Aboriginal and Torres Strait Islander Policy aboard, via an overnight stop at Weipa, and failed to come to her attention. My comments will inevitably raise questions about Ms Clark’s suitability for ministerial office after one term in parliament as a backbencher in which the closest she came to setting the world on fire was to sing a song in parliament and stage a smoking ceremony.
to chase away the spirits when she took over the electorate office I had just vacated.

The Queensland Leader of the Opposition, Mr Lawrence Springborg, today called for Ms Clark to be stood aside as the state’s indigenous affairs minister while her role in the alleged cover-up of what really occurred in relation to the wine aboard the government jet is investigated by the Crime and Misconduct Commission. That is a perfectly reasonable call for the Queensland opposition leader to make. He could have gone further. He could have called on the minister to resign. In fact, he could have called for her to be sacked.

But the person who would have to order Ms Clark to stand aside is the Premier of Queensland. And Ms Clark is his protege, his personal choice for the ministry and his favourite MP it would seem. So unless or until Mr Beattie finds his own feet becoming inextricably entangled in the sticky paper it is very unlikely that he will cut her adrift in this affair. To date the casualty has been the minister’s senior media adviser, Ms Teresa Mullan, who was summarily sacked, publicly humiliated and made a sacrificial lamb by the Premier’s own spin machine, of which she had hitherto been an integral and important part. And, if we take at face value the report in the Brisbane Courier-Mail today, the other casualty being lined up is the pilot of the government jet.

It is never the principals—any more than with Mr Beattie is it ever the principles. It is always the help. Mr Beattie makes no mistakes. It is always somebody else’s fault. That is leadership, of course, Beattie style. Let us look at Mr Beattie’s record, some of which I referred to earlier. He came to office saying he was promising a new deal in government. He was promising a new deal—it is just that it was not quite the deal people thought they were voting for. Under Mr Beattie, the principle of ministerial responsibility has gone out the window. He protected three spectacular failures and he is still protecting two of them: Merri Rose, the minister for good times who lost her seat in the state election on 7 February, and Anna Bligh and Judy Spence who so dismally failed the children in their care as ministers for children’s services.

Mr Beattie is not factionally aligned in the Queensland Labor Party. This does not make him independent; it makes him vulnerable. For his continued occupation of the leadership he depends on alliances with individuals and thus on his willingness to protect these individuals from the consequences of their own folly. It seems that Ms Clark has joined the stable. Mr Beattie anointed her as a minister even before it was certain she had retained her seat in the February poll. I make the point in saying this that I am not attacking Ms Clark. I am attacking the Premier whose arrogance is growing ever stronger. He could not even wait for the democratic voting procedure to reach its conclusion.

I referred earlier to the Netbet affair—a true scandal. But there are others. The Premier failed to act to rid himself of the vote of Bill D’Arcy, a long-time member of the ALP caucus who is now in jail for paedophile offences, until the last moment and well after Mr D’Arcy’s political utility to the Beattie government had come to an end. The Premier claimed he was surprised by the revelations that led to the Shepherdson inquiry in 2000 and again failed to require people who served under him to do the decent thing until the last possible moment—in other words, until the blowtorch was approaching perilously close to his own belly. The Premier failed to act decisively or with any effect on child abuse allegations until, again, forced to do so by the proximity of flames that he could no longer control. He wasted five years on that one and acquiesced in the fur-
ther abuse of children as a result, as did his preferred heir Anna Bligh and his serial ministerial accident-in-waiting, Judy Spence.

In relation to the so-called winegate affair, there is very strong evidence of ministerial impropriety by Mr Beattie, among others. At the height of the Netbet affair Mr Beattie finally stood aside his then Treasurer, David Hamill. On the face of it, the winegate affair is less serious. In fact, it is a farce. But, politically, it is a bottler. The conflagration that Mr Beattie is now battling is one he started himself. The Premier’s conduct in all of this has been completely inappropriate. The conduct of his office also demands close scrutiny. Ms Clark’s senior staffer, Teresa Mullan, was sacked. The Premier has called her a liar. It really does not get more serious than that.

As Mr Springborg, the Queensland opposition leader, said today, she at least deserves the opportunity to have her allegations tested publicly. She alleges everyone on the government jet knew that the wine was on board when the plane was going to Lockhart River, which is a dry community. Either they did or they did not and this strange affair has gone past the point where a ‘Yes, you did’, ‘No, I didn’t’ exchange is going to satisfy anyone. The Premier’s office is said to have ordered police to search the plane again at Lockhart River when they at first could not find the offending wine. This instruction is said to have come from the Premier’s chief of staff, Mr Rob Whiddon. Mr Springborg asked a very reasonable question today in relation to this: since when does the Premier’s chief of staff issue instructions to investigating police officers in relation to searches? It is a question that demands to be asked again in this place tonight, and I do so. In the light of the conflicting versions of what happened, it is legitimate to ask whether a police investigation was misinformed and misled by the Premier’s office, a minister, another member of parliament, the new Labor member for Cook in the Queensland legislature and a departmental director-general. Mr Springborg asked that question too today. I put that question again tonight.

The ramifications of this sad affair are substantial. It appears that, when Mr Beattie, for reasons that can only be guessed at at this point, decided that Teresa Mullan would have to be sacrificed, she was that very night offered a job outside government with a Brisbane company with strong links to the Labor Party. Ms Mullan turned down the offer. She believes, we are told, that it would have meant being bought off and having her silence—so convenient for the Premier and his crew—guaranteed by provision of a special favour.

The Labor Party has form in that area. Queensland is littered with former defaulters who are now very nicely done by, thank you. For example, Mike Kaiser, the youthful vote roter who had to resign from parliament and who was never to darken anyone’s door again, is darkening the door from inside now as Assistant National Secretary of the Labor Party, appointed to this position with Premier Beattie’s support.

I say again in this place tonight that it is the Premier of Queensland who should be the primary target of public outrage and public mirth—as one bemused Aboriginal at the scene of crime reportedly observed, if it were not so sad it would be laughable—over the events that have taken place in this ridiculous incident. It is the Premier of Queensland who throughout his six years in office has done everything possible—and quite a few things that many had previously thought to be anatomically impossible—to evade responsibility for his own actions and those of his ministers and backbenchers. The Premier of Queensland has form. He never knows what is going on if it is not good news until he
gets found out. Then he says that he will fix it and he wants people to draw a line under it and move on. Of course he does. If they stayed around, they would eventually smell the stench.

Ms Clark declares that she has absolutely nothing to hide. Ms Mullan says everyone knew about the bottle of wine and that what we are seeing now is a cover-up. The people of Queensland, and doubtless others in other places, are having a rare old laugh. As Peninsula Regional Council chairman, Eddie Woodley, and Cairns Regional Council chairman, Terry O’Shane, said in a statement they released yesterday, the attention being given to ‘a single bottle of unopened plonk’ is just unbelievable. And that is it in a nutshell. The Premier has brought this crisis on himself. He is in grave danger of making himself a laughing stock. That would be tragic because he does not deserve that. He deserves to be seen as an antidemocratic wrecker of the process of government and of the lives of people who get between him and his image, including and in particular his previously very valued media advisor and assistant to his government, Ms Teresa Mullan.

Eureka Stockade: 150th Anniversary

Senator MARSHALL (Victoria) (8.24 p.m.)—I rise tonight to bring to the attention of the Senate a number of matters concerning the 150th anniversary of the Eureka rebellion. The Flags Amendment (Eureka Flag) Bill 2003 has been introduced into the House of Representatives to amend the Flags Act 1953 in order to recognise the Eureka flag as an official flag of Australia in order for it to be flown from a flagpole in the parliamentary precinct to mark the anniversary of this event.

In 2002 the member for Ballarat in the other place, Ms Catherine King, wrote to the Speaker of the House of Representatives requesting that the Eureka flag be flown at Parliament House to mark the 148th anniversary of the battle at the Eureka Stockade. In response to that request the Speaker, in a letter to Ms King, refused it on these grounds:

Parliament House protocol follows Commonwealth practice that only flags recognised under the Flags Act (such as the Australian National Flag and the Aboriginal and Torres Strait Islander Flags) and the flags of sovereign states, on the occasion of a relevant state visit, are flown at Parliament House.

The member for Ballarat then wrote to the Prime Minister asking that he write to the Governor-General requesting that the Eureka flag be proclaimed under the Flags Act 1953. On 17 January 2003, a response was received from the Acting Parliamentary Secretary to the Prime Minister which read:
The Eureka Flag occupies a place in Australia’s history as it has come to be regarded as a flag of protest against infringement of rights and liberties. It is an important historical flag that expressed a sense of identity growing out of the colonial period, along with other flags such as the National Colonial flag and the Murray River flag.

While the Eureka Flag is an important flag in Australia’s history, it does not, like the many flags or ensigns in use in Australia, come within the ambit of the Flags Act, which is intended to cover only those flags which represent the nation, its people or government.

Advice then suggested that the only possible way the Eureka flag could be flown from a flagpole in the parliamentary precinct was for it to be recognised as an official flag of Australia; hence the Flags Amendment
(Eureka Flag) Bill 2003 was drafted and given a first reading in the House of Representatives.

The bill does not seek to replace our current national flag; nor does it seek to have the Eureka flag flown from the main flagpole above Parliament House. The bill, if passed, would allow for the Eureka flag to be flown from an appropriate flagpole within the parliamentary precinct on the commemoration of the Eureka rebellion and at other times deemed appropriate by the Presiding Officers. This is not a big ask. It seems right that the flag, which is associated with the birth of real democracy in this country, be recognised for what it is.

This view is supported all around Australia. The Eureka flag has been flown at the Victorian Parliament House for the past four years and at the New South Wales Parliament House for the past two years to mark the anniversary of the rebellion. The parliaments of Western Australia, the Northern Territory and Tasmania have all responded positively to a request to fly the Eureka flag in 2004 to commemorate the 150th anniversary. While the Ballarat City Council is awaiting official notification from these parliaments, their intentions are encouraging. Let us hope the federal parliament can join with state parliaments in marking this anniversary by allowing the flying of the flag within the parliamentary precinct.

In order to understand the importance of the Eureka flag to the people of Ballarat, to the people of Victoria and to the people of Australia as a whole, it is important that we appreciate the event which took place in December 1854. The battle at the Eureka Stockade was a defining moment in Australia’s development as a nation. The Eureka rebellion was a revolution, a struggle for principle and a stand against injustice and oppression. It was the birthplace of Australian democracy.

In 1854 anyone wishing to mine on the goldfields in Victoria was required to pay a licence fee of £2 every three months. The author of Eureka, John Moloney, noted that many miners queued up in the early days to pay the licence fee expecting improvements in roads, health facilities and education facilities. These improvements were not forthcoming. Moloney also noted that the licence fee was considered unfair as it fell upon everybody regardless of their ability to pay.

Unrest continued to grow on the Ballarat goldfields for a number of months. The issue of taxation without the basic democratic right of representation led to a number of meetings of miners, where concerns were expressed about licence fees and the policing of the licence fees. The most significant of these meetings were the meeting of the Ballarat Reform League on 11 November and the ‘Monster Meeting’, as it became known, at Bakery Hill on 29 November, where over 10,000 people gathered, which was then about one-third of the Ballarat population. As Moloney writes:

With a veritable bonfire of licence-burning, the meeting broke. No shot was fired by or upon the diggers; few words were spoken in anger, much less in sedition.

All had pledged themselves to stand united in the event that the law should be determined to enforce its sanctions on licence-lacking diggers. How they would so stand—even where—had not been decided.

The diggers then marched from Bakery Hill to the area chosen to establish the Eureka Stockade. Tensions came to a head during a pre-dawn raid where police and soldiers joined forces against the miners. The violent battle that followed was brief but remains a significant and powerful event in Australian history. It was not just about taxation; it was about the right of people to have a say in
how they were governed. There were over 20
nations represented on the goldfields and at
least 16 at Eureka. Twenty eight people died
and many others remain unaccounted for.

The Eureka flag, also known as the flag of
the Southern Cross or the Ballarat Reform
League flag, was first flown at the ‘Monster
Meeting’ of miners on Bakery Hill on
29 November 1854. It is thought to have
been designed by a Canadian gold miner by
the name of ‘Lieutenant’ Ross and to have
been sewn by a number of the women of
Eureka. According to Frank Cayley’s book
Flag of Stars, the flag’s five stars represent
the Southern Cross and the white cross join-
ing the stars represents unity in defiance. The
blue background is believed to represent the
blue shirts worn by many of the diggers,
rather than representing the sky as is com-
ronally thought.

The flag was also flown at the Eureka
Stockade prior to and at the time of the at-
tack by soldiers and police on Sunday, 3 De-
cember 1854. It is recorded that the flag was
removed from its pole by Police Constable
John King on the morning of the miners’
uprising. The flag was presented as evidence
at the Eureka trials in Melbourne during Feb-
uary and March of 1855. Today the flag is
housed under strictly monitored lighting and
controlled atmospheric conditions specifi-
cally designed for the exhibition and conser-
vation of the flag. The following extract from
The Eureka Flag: Our Starry Banner ex-
presses a view concerning the significance of
the flag:

The Eureka Flag although flown for only five
short days has become indelibly etched into many
hearts and souls.

It is only a flimsy piece of fabric, but because it
commemorates courage, and vindicates human
rights it has become a lasting and respected sym-
bol.

The miners at Eureka were not committed of trea-
son., and although the Starry Banner is a rebel
flag, and “sang the rebel chorus”, it is not per-
ceived as disloyal to the crown but rather as a
sign of triumph, of common rights succeeding
over excessive force and unjust laws.

The Eureka Flag commemorates victory, although
the miners were not victorious in battle!

Because it began in the hands of the people, of
the common mass, it is recognised, commemo-
rated and identified as the flag of the people.

To mark the 150th anniversary of the Eureka
rebellion, many events have been planned in
Ballarat at and around the site of the event,
in Melbourne and around the country. The
Victorian government and the Ballarat City
Council have both been instrumental in or-
ganising Eureka Week, which will be held
between 26 November and 5 December this
year.

The Victorian government has pledged
$1.8 million towards the 150th anniversary,
including $520,000 for an upgrade of the
Eureka Stockade precinct. According to the
Premier, Mr Steve Bracks, 2004 is a mile-
sone year in celebrating the 150th anniver-
sary of institutions and events that shaped the
nation and resulted in access to the democ-
ratic rights, education and information we
now enjoy. This includes the Museum of
Victoria, the State Library of Victoria, the
Age, the Victorian Railways and the Mel-
bourne Cricket Ground, which all came into
being in 1854—the same year as the Eureka
Rebellion.

An international conference on democracy
organised by and taking place at the Univer-
sity of Ballarat featuring Xanana Gusmao,
President of the world’s newest democracy,
East Timor, and possibly all former prime
ministers will take place during Eureka
Week. A music festival celebrating the cul-
tural diversity of the goldfields, a re-
enactment of the Eureka trials, a goldfields
circus, an Indigenous public art installation
and a touring art exhibition will also feature.
Contemporary interpretations of the Eureka
story will take place in Melbourne and Ballarat, a genealogy project enabling families to trace their genealogy back to Eureka, commemorative coins and a Eureka postage stamp will also highlight the event.

The $520,000 grant to upgrade the heritage listed site of the Eureka rebellion will be carried out in accordance with the Eureka Stockade conservation analysis and master plan that was the subject of extensive community consultation. The Bracks government ought to be congratulated for its efforts in bringing attention to an intrinsic part of Victorian and Australian history and for encouraging Victorians and Australians to find out more about it. Eureka Week is certain to be thoroughly worthwhile and enjoyable, and I for one very much look forward to it.

In conclusion, with the 150th anniversary of the Eureka rebellion upon us this year, wouldn’t it be timely for our country to finally recognise the event that the Eureka rebellion was: the birth of true democracy in Australia, and to recognise the flag that was the symbol of the diggers’ cause? Wouldn’t it too be timely for people to be able to see the Eureka flag flying around the parliament on the 150th anniversary of the event and, in turn, take some time to think about our history, our democracy and the fragile nature of it? We want people to be able to take pride in the country’s achievements and recognise that in 2004 we have come a long way from the struggles on the goldfields of 1854. Our history is something to be proud of and our Eureka flag is something to be proud of. In France, it was the storming of the Bastille; in America, it was Gettysburg; and, in Australia, it was the battle of the Eureka Stockade—each represent a step in the march for liberty and democratic government.

As the Victorian Premier stated, the 150th anniversary of the Eureka Stockade is an opportunity for all Victorians and Australians to remember the history of the Eureka rebellion and the importance it played in shaping democracy in this country, and it is an opportunity to celebrate its legacy through an engaging and inspiring program of events and celebrations. Let us hope the Eureka flag flying in the federal parliamentary precinct is one of them. I encourage senators to take a look at the legislation before the House of Representatives and offer their support for it. I do hope the legislation comes to the Senate before the Eureka 150th anniversary events take place later on in the year, and I hope that a bipartisan approach is taken to it when it does arrive. I thank the Senate.

**Senate adjourned at 8.38 p.m.**

**DOCUMENTS**

**Tabling**

The following government documents were tabled:

- Australian Crime Commission—Report for 2002-03, including the final report of the National Crime Authority [1 July to 31 December 2002].

- Australian Radiation Protection and Nuclear Safety Agency—Quarterly report for period 1 July to 30 September 2003.

- **Native Title Act 1993**—Native title representative bodies—Reports for 2002-03—
  - Mirimbiak Nations Aboriginal Corporation.
  - Yamatji Marlpa Banya Baba Maaja Aboriginal Corporation.

- **Sydney Airport Demand Management Act 1997**—Quarterly report on the maximum movement limit for Sydney Airport for the period 1 September to 31 December 2003.

- **Telecommunications (Interception) Act 1979**—Report for 2002-03 pursuant to Division 2 of Part IX of the Act.
Tabling

The following documents were tabled by the Clerk:


Commonwealth Authorities and Companies Act—Notices under paragraphs 45(1)(b) and (f)—Disposal of shares and cessation of membership of—

Bankstown Airport Limited (BAL).

Camden Airport Limited (CAL).

Hoxton Park Airport Limited (HPAL).


Departmental and Agency Contracts

The following document was tabled pursuant to the order of the Senate of 20 June 2001, as amended:

Departmental and agency contracts for 2003—Letters of advice—Veterans’ Affairs portfolio.

Indexed Lists of Files

The following documents were tabled pursuant to the order of the Senate of 30 May 1996, as amended:

Indexed lists of departmental and agency files for the period 1 July to 31 December 2003—Statements of compliance—

Australian Trade Commission.

Defence portfolio.

Department of Veterans’ Affairs.

Education, Science and Training portfolio.

Employment and Workplace Relations portfolio.

Family and Community Services portfolio.

Finance and Administration portfolio.
The following answers to questions were circulated:

Employment and Workplace Relations: Institute of Public Affairs
(Question No. 2058)

Senator O’Brien asked the Minister representing the Minister for Employment Services, upon notice, on 15 September 2003:

(1) For each of the following financial years: (a) 1996-97; (b) 1997-98; (c) 1998-99; (d) 1999-2000; (e) 2000-01; (f) 2001-02; (g) 2002-03; and (h) 2003-04, has the department or any agency for which the Minister is responsible, including boards, councils, committees and advisory bodies, made payments to the Institute of Public Affairs (IPA) for research projects, consultancies, conferences, publications and/or other purposes; if so, (i) how much each payment, (ii) when was each payment made, and (iii) what services were provided.

(2) In relation to each research project or consultancy: (a) when was the IPA engaged; (b) for what time period; (c) what were the terms of reference; (d) what role did the Minister and/or his office have in the engagement of the IPA; (e) was the contract subject to a tender process; if so, was it an open tender or a select tender; if not, why not.

Senator Abetz—The Minister for Employment Services has provided the following answer to the honourable senator’s question:

The answer to this question was provided previously by the Minister for Employment and Workplace Relations on 14 October 2003, Question No 2041, Hansard page 16440.