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the Senate and committee hearings are available at

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

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FORTY-FIRST PARLIAMENT
FIRST SESSION—THIRD PERIOD

Governor-General

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

Senate Officeholders

President—Senator the Hon. Paul Henry Calvert
Deputy President and Chairman of Committees—Senator John Joseph Hogg
Temporary Chairmen of Committees—Senators the Hon. Nick Bolkus, George Henry Brandis, Hedley Grant Pearson Chapman, John Clifford Cherry, Patricia Margaret Crossin, Alan Baird Ferguson, Stephen Patrick Hutchins, Linda Jean Kirk, Susan Christine Knowles, Philip Ross Lightfoot, John Alexander Lindsay (Sandy) Macdonald, Gavin Mark Marshall, Claire Mary Moore and John Odin Wentworth Watson

Leader of the Government in the Senate—Senator the Hon. Robert Murray Hill
Deputy Leader of the Government in the Senate—Senator the Hon. Nicholas Hugh Minchin
Leader of the Opposition in the Senate—Senator Christopher Vaughan Evans
Deputy Leader of the Opposition in the Senate—Senator Stephen Michael Conroy
Manager of Government Business in the Senate—Senator the Hon. Christopher Martin Ellison
Manager of Opposition Business in the Senate—Senator Joseph William Ludwig

Senate Party Leaders and Whips

Leader of the Liberal Party of Australia—Senator the Hon. Robert Murray Hill
Deputy Leader of the Liberal Party of Australia—Senator the Hon. Nicholas Hugh Minchin
Leader of the National Party of Australia—Senator the Hon. Ronald Leslie Doyle Boswell
Deputy Leader of the National Party of Australia—Senator John Alexander Lindsay (Sandy) Macdonald

Leader of the Australian Labor Party—Senator Christopher Vaughan Evans
Deputy Leader of the Australian Labor Party—Senator Stephen Michael Conroy

Leader of the Australian Democrats—Senator Lynette Fay Allison

Liberal Party of Australia Whips—Senators Jeannie Margaret Ferris and Alan Eggleston
National Party of Australia Whip—Senator Julian John James McGauran

Opposition Whips—Senators George Campbell and Geoffrey Frederick Buckland
Australian Democrats Whip—Senator Andrew John Julian Bartlett

Printed by authority of the Senate
## Members of the Senate

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<th>State or Territory</th>
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(1) Term expires at close of day next preceding the polling day for the general election of members of the House of Representatives.
(2) Chosen by the Parliament of Queensland to fill a casual vacancy vice Hon. Warwick Raymond Parer, resigned.
(3) Chosen by the Parliament of Queensland to fill a casual vacancy vice John Woodley, resigned.
(4) Chosen by the Parliament of South Australia to fill a casual vacancy vice John Andrew Quirke, resigned.
(5) Appointed by the Governor of Tasmania to fill a casual vacancy vice Hon. Brian Francis Gibson AM, resigned.
(6) Chosen by the Parliament of Queensland to fill a casual vacancy vice Hon. John Joseph Herron, resigned.
(7) Chosen by the Parliament of Victoria to fill a casual vacancy vice Hon. Richard Kenneth Robert Alston, resigned.
(8) Chosen by the Parliament of New South Wales to fill a casual vacancy vice John Tierney, resigned.

PARTY ABBREVIATIONS
AD—Australian Democrats; AG—Australian Greens; ALP—Australian Labor Party; APA—Australian Progressive Alliance; CLP—Country Labor Party; Ind—Independent; LP—Liberal Party of Australia; NATS—The Nationals; PHON—Pauline Hanson’s One Nation

Heads of Parliamentary Departments

Clerk of the Senate—H Evans
Clerk of the House of Representatives—I C Harris
Secretary, Department of Parliamentary Services—H R Penfold QC
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<tr>
<td>Prime Minister</td>
<td>The Hon. John Winston Howard MP</td>
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<tr>
<td>Deputy Prime Minister</td>
<td>The Hon. John Duncan Anderson MP</td>
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<tr>
<td>Treasurer</td>
<td>The Hon. Peter Howard Costello MP</td>
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<tr>
<td>Minister for Trade</td>
<td>The Hon. Mark Anthony James Vaile MP</td>
</tr>
<tr>
<td>Minister for Defence and Leader of the Government in the Senate</td>
<td>Senator the Hon. Robert Murray Hill</td>
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<tr>
<td>Minister for Foreign Affairs</td>
<td>The Hon. Alexander John Gosse Downer MP</td>
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<tr>
<td>Minister for Health and Ageing and Leader of the House</td>
<td>The Hon. Anthony John Abbott MP</td>
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<tr>
<td>Attorney-General</td>
<td>The Hon. Philip Maxwell Ruddock MP</td>
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<tr>
<td>Minister for Finance and Administration, Deputy Leader of the Government</td>
<td>Senator the Hon. Nicholas Hugh Minchin</td>
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<td>in the Senate and Vice-President of the Executive Council</td>
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<tr>
<td>Minister for Agriculture, Fisheries and Forestry</td>
<td>The Hon. Warren Errol Truss MP</td>
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<tr>
<td>Minister for Immigration and Multicultural and Indigenous Affairs and</td>
<td>Senator the Hon. Amanda Eloise Vanstone</td>
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<tr>
<td>Minister Assisting the Prime Minister for Indigenous Affairs</td>
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<tr>
<td>Minister for Education, Science and Training</td>
<td>The Hon. Dr Brendan John Nelson MP</td>
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<tr>
<td>Minister for Family and Community Services and</td>
<td>Senator the Hon. Kay Christine Lesley Patterson</td>
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<td>Minister Assisting the Prime Minister for</td>
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<tr>
<td>Women’s Issues</td>
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<tr>
<td>Minister for Industry, Tourism and Resources</td>
<td>The Hon. Ian Elgin Macfarlane MP</td>
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<tr>
<td>Minister for Employment and Workplace Relations and Minister Assisting the</td>
<td>The Hon. Kevin James Andrews MP</td>
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<td>Prime Minister for the Public Service</td>
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<tr>
<td>Minister for Communications, Information Technology and the Arts</td>
<td>Senator the Hon. Helen Lloyd Coonan</td>
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<tr>
<td>Minister for the Environment and Heritage</td>
<td>Senator the Hon. Ian Gordon Campbell</td>
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(The above ministers constitute the cabinet)
HOWARD MINISTRY—continued

Minister for Justice and Customs and Manager of Government Business in the Senate
Senator the Hon. Christopher Martin Ellison

Minister for Fisheries, Forestry and Conservation
Senator the Hon. Ian Douglas Macdonald

Minister for the Arts and Sport
Senator the Hon. Charles Roderick Kemp

Minister for Human Services
The Hon. Joseph Benedict Hockey MP

Minister for Citizenship and Multicultural Affairs and Deputy Leader of the House
The Hon. Peter John McGauran MP

Minister for Revenue and Assistant Treasurer
The Hon. Malcolm Thomas Brough MP

Special Minister of State
Senator the Hon. Eric Abetz

Minister for Vocational and Technical Education and Minister Assisting the Prime Minister
The Hon. Gary Douglas Hardgrave MP

Minister for Ageing
The Hon. Julie Isabel Bishop MP

Minister for Small Business and Tourism
The Hon. Frances Esther Bailey MP

Minister for Local Government, Territories and Roads
The Hon. James Eric Lloyd MP

Minister for Veterans’ Affairs and Minister Assisting the Minister for Defence
The Hon. De-Anne Margaret Kelly MP

Minister for Workforce Participation
The Hon. Peter Craig Dutton MP

Parliamentary Secretary to the Minister for Finance and Administration
The Hon. Dr Sharman Nancy Stone MP

Parliamentary Secretary to the Minister for Industry, Tourism and Resources
The Hon. Warren George Entsch MP

Parliamentary Secretary to the Minister for Health and Ageing
The Hon. Christopher Maurice Pyne MP

Parliamentary Secretary to the Minister for Defence
The Hon. Teresa Gambaro MP

Parliamentary Secretary (Foreign Affairs and Trade)
The Hon. Bruce Fredrick Billson MP

Parliamentary Secretary to the Prime Minister
The Hon. Gary Roy Nairn MP

Parliamentary Secretary to the Treasurer
The Hon. Christopher John Pearce MP

Parliamentary Secretary to the Minister for Transport and Regional Services
The Hon. John Kenneth Cobb MP

Parliamentary Secretary to the Minister for the Environment and Heritage
The Hon. Gregory Andrew Hunt MP

Parliamentary Secretary (Children and Youth Affairs)
The Hon. Sussan Penelope Ley MP

Parliamentary Secretary to the Minister for Education, Science and Training
The Hon. Patrick Francis Farmer MP

Parliamentary Secretary to the Minister for Agriculture, Fisheries and Forestry
Senator the Hon. Richard Mansell Colbeck
<table>
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<th>Position</th>
<th>Leader</th>
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<tr>
<td>Leader of the Opposition</td>
<td>The Hon. Kim Christian Beazley MP</td>
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<tr>
<td>Deputy Leader of the Opposition and Shadow</td>
<td>Jennifer Louise Macklin MP</td>
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<tr>
<td>Minister for Education, Training, Science and Research</td>
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<tr>
<td>Leader of the Opposition in the Senate and Shadow Minister for Social</td>
<td>Senator Christopher Vaughan Evans</td>
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<tr>
<td>Deputy Leader of the Opposition in the Senate and Shadow Minister for</td>
<td>Senator Stephen Michael Conroy</td>
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<tr>
<td>Communications and Information Technology</td>
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<tr>
<td>Shadow Minister for Health and Manager of Opposition Business in the</td>
<td>Julia Eileen Gillard MP</td>
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<td>House</td>
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<td>Shadow Minister for Finance and Superannuation</td>
<td>Senator the Hon. Nicholas John Sherry</td>
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<td>Shadow Minister for Work, Family and Community, Shadow Minister for</td>
<td>Tanya Joan Plibersek MP</td>
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<td>Youth and Early Childhood Education and Shadow Minister Assisting the</td>
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<td>Leader on the Status of Women</td>
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<td>Shadow Minister for Employment and Workplace Participation and Shadow</td>
<td>Senator Penelope Ying Yen Wong</td>
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<td>Minister for Corporate Governance and Responsibility</td>
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(The above are shadow cabinet ministers)
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Shadow Minister for Immigration: Laurence Donald Thomas Ferguson MP
Shadow Minister for Agriculture and Fisheries: Gavan Michael O’Connor MP
Shadow Assistant Treasurer, Shadow Minister for Revenue and Shadow Minister for Banking and Financial Services: Joel Andrew Fitzgibbon MP
Shadow Attorney-General: Nicola Louise Roxon MP
Shadow Minister for Regional Services, Local Government and Territories: Senator Kerry Williams Kelso O’Brien
Shadow Minister for Manufacturing and Shadow Minister for Consumer Affairs: Senator Kate Alexandra Lundy
Shadow Minister for Defence Planning, Procurement and Personnel and Shadow Minister Assisting the Shadow Minister for Industrial Relations: The Hon. Archibald Ronald Bevis MP
Shadow Minister for Sport and Recreation: Alan Peter Griffin MP
Shadow Minister for Veterans’ Affairs: Senator Thomas Mark Bishop
Shadow Minister for Small Business: Tony Burke MP
Shadow Minister for Ageing, Disabilities and Carers: Senator Jan Elizabeth McLucas
Shadow Minister for Justice and Customs, Shadow Minister for Citizenship and Multicultural Affairs and Manager of Opposition Business in the Senate: Senator Joseph William Ludwig
Shadow Minister for Pacific Islands: Robert Charles Grant Sercombe MP
Shadow Parliamentary Secretary to the Leader of the Opposition: John Paul Murphy MP
Shadow Parliamentary Secretary for Defence: The Hon. Graham John Edwards MP
Shadow Parliamentary Secretary for Education: Kirsten Fiona Livermore MP
Shadow Parliamentary Secretary for Environment and Heritage: Jennie George MP
Shadow Parliamentary Secretary for Infrastructure: Bernard Fernando Ripoll MP
Shadow Parliamentary Secretary for Health: Ann Kathleen Corcoran MP
Shadow Parliamentary Secretary for Regional Development (House): Catherine Fiona King MP
Shadow Parliamentary Secretary for Regional Development (Senate): Senator Ursula Mary Stephens
Shadow Parliamentary Secretary for Northern Australia and Indigenous Affairs: The Hon. Warren Edward Snowdon MP
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The President (Senator the Hon. Paul Calvert) took the chair at 9.30 am and read prayers.

TAX LAWS AMENDMENT (PERSONAL INCOME TAX REDUCTION) BILL 2005

In Committee

Consideration resumed from 14 June.

The Temporary Chairman (Senator Knowles)—The committee is considering Democrat amendment (1) on sheet 4591 moved by Senator Murray.

Senator Sherry (Tasmania) (9.32 am)—When we were discussing the tax package yesterday afternoon in committee, I was making some remarks about the principles of the philosophical approach of the Greens. I had commenced to indicate to the chamber a section of the Green national economic policy platform, part 3.3. The Green policy platform commits the Greens to the following:

3.3.1 significantly raise the tax-free threshold
3.3.2 introduce a greater range of marginal tax rates on a sliding scale, with particular increases for people earning high incomes

3.3.4 determine the level of personal tax increases according to the need for increasing and maintaining sources of public revenue

3.3.5 remove disincentives to employment under the current tax system which creates very high rates of effective marginal taxation for low income earners and those on welfare benefits.

The purpose of reading out those principles from the Green platform is to point out that the Labor Party’s package, which we will get to shortly in committee, goes some way towards meeting those Green principles—in some cases a significant way. It goes further than the Australian Democrats, and that brings me to the specific Democrat amendments that we are considering in committee on the Tax Laws Amendment (Personal Income Tax Reduction) Bill 2005. I know we are dealing with the first amendment, but the overall package requires some comment.

Senator Murray and I have been involved in discussions probably more than most in this chamber, whether in the chamber itself on tax legislation or in other forums such as estimates. I am generally aware of the approach the Democrats have been taking in their campaign for structural reform of our tax system, with attention given to low-income earners initially, then middle-income earners and higher-income earners, if I could put it that way. I know that in the past they have proposed an increase in the tax-free threshold to, I think, $12,500, which is the poverty line for a single person and then towards $20,000 per annum and then $120,000 per annum.

In terms of the specific amendments, I will firstly say that Labor are sympathetic in the sense that we believe that the Democrats have made a sound and solid effort to improve the government’s proposed tax cuts and the package. However, Labor believe we have done a better job of improving the government’s tax package. I do want to acknowledge that the Democrats have given considerable thought and attention to the detail required—certainly a lot more than the government in terms of the impact and the principles that are involved. I do not think there is any disagreement between the Labor Party and the Democrats that the first priority in tax reform ought to be addressing what are effectively punishingly high effective marginal tax rates for low-income earners. I do not think there is any disagreement between us on that.
The Democrats have proposed an increase in the tax-free threshold. That is certainly one approach that could be taken to untangle the interaction between the tax and social security systems. I referred to that in some detail in my speech. However, the mechanism that has been adopted by the Democrats is very similar to Labor’s, which is removing the requirement to pay tax while social security is being withdrawn. Again, I do not think there is any fundamental disagreement there. However, where the Labor Party disagree with the Australian Democrats is that we believe that the mechanism the Democrats have proposed is not the best means of achieving this. Increasing the tax-free threshold is obviously very expensive. I think Senator Murray has acknowledged that in previous speeches and discussions in the Senate. It is expensive because the benefit of the increase in the tax-free threshold obviously flows to all taxpayers.

With respect, Labor believes that that is an inefficient way to reduce the effective marginal tax rates for those moving from welfare to work. Labor has taken into account what it believes is a more efficient mechanism for doing this in terms of the overall impact on the revenue. Labor’s proposal, in comparison to the Democrats’, achieves the same $10,000 per annum threshold as proposed by the Democrats—so we are in agreement there—but Labor achieves this by providing a tax offset which will fully offset any tax on the first $10,000 of taxable income for those earning under $20,000. This offset is withdrawn as you go up the higher income ladder. So its value diminishes as you move up the taxable income ladder. This allows more scope to adjust marginal rates currently applying to those on the 30c, 42c and 47c rates.

Increasing the tax-free threshold affects only average tax rates for those above the level of any tax-free threshold; it does not address the critical issue of the marginal tax rates. Marginal tax rates are critical because they determine the relative gains that come with decisions to increase labour supply. Lowering the marginal tax rates will have the effect of increasing labour supply; however, lowering average tax rates will tend to create a substitution effect—a reduction in labour supply. Labor’s approach allows more scope to reduce marginal tax rates at crucial income points. For example, under Labor’s proposal, we are able to reduce the marginal tax rate of a family on the minimum wage from 30 per cent to 17 per cent by lifting the threshold of the 30 per cent rate to $26,400 rather than having it cut in at $21,600.

In doing this, Labor’s proposal is able to reduce the worst effects of the marginal tax rates that currently plague the system; that is, the 104 per cent marginal tax rate for single income families on the minimum wage—and I referred to this in my speech in the second reading debate. Where Labor depart from the Australian Democrats is that, although in principle there does not seem to be any significant difference, there is a difference in the mechanism used. We believe that the Democrats’ proposal does not deal with the issue of the marginal tax rate for a family on the minimum wage. So we depart in terms of the mechanism being used. Labor also believe that there needs to be further increases in the top two marginal tax rates. Labor believe that they cut in at too low a level above average earnings. The Democrats’ proposal does not contemplate such an increase. This is an increase that Labor believe is essential to ensuring that our tax system remains internationally competitive and ensuring that the majority of taxpayers face a 30c marginal rate or less.

So, for the two fundamental structural reasons that I have outlined, Labor does not believe that the Democrats’ package of amendments is the best way forward. As I say, I acknowledge that the Democrats and
Labor do not disagree on some fundamental principles. Both the Democrats and the Labor Party have sat down and drawn up alternative packages, obviously cognisant of the costs involved, in a responsible way—and, certainly in my view, they are much more reasonable and are fairer than the government’s proposals.

Even though we are debating these income tax cuts and this package, we should not forget that what we also have in the background is the abolition of the surcharge tax on superannuation for high-income earners. We will probably get to that debate later today. I want to point out to the chamber and to those on the other crossbenches that I understand may be listening that we should not consider this tax package in isolation; we also have to look at what will be, if it is passed, another set of tax cuts purely for high-income earners—effectively further exclusive tax cut for high-income earners. I will be going into this in a lot more detail when we get to that bill.

The income tax cuts that the Liberal government has proposed will deliver $6 for those on up to approximately $63,000. Labor wants to double that to approximately $12. A person on $125,000 does 10 times better. They get about $65 a week under the Liberal government’s proposal. So they do 10 times better in terms of the income tax cuts in monetary value. But, in addition to that, we will be considering a piece of legislation that gives high-income earners, those on more than $125,000, another $30 to $40 a week. I say $30 to $40 a week because the surcharge tax on high-income earners’ superannuation is dependent on not only income, as defined, but also contributions.

We estimate that, if the government’s tax package is passed, high-income earners will receive not only the $65—10 times that of low- and middle-income earners—but also an additional $30 to $40 a week as a result of the cut in the tax on their superannuation. That will bring the total tax cut to high-income earners to about $100 a week, depending on contributions, compared to low- and middle-income earners who will receive $6 a week and will of course receive no superannuation tax cut at all. I will go into the impacts and the detail of that a bit later, but I think we need to understand that we will be considering in a later bill yet another tax cut—a very exclusive cut because it applies only to high-income earners.

For all of those reasons, Senator Murray—I think you know this already, because we have discussed this matter—we will not be supporting the Democrats’ amendments. We will obviously be considering another package soon—that is, the Labor proposal—and I will go into that in some detail then.

Senator MURRAY (Western Australia) (9.45 am)—My great frustration with the media throughout the debate over tax cuts is that they have failed to do the job which is their fundamental responsibility. The political parties and their spokespersons have been expressing not only their political views but also, of course, their policy views in parliament. But the ability to transmit those policy views as well as the political views is the responsibility of the media. In Senator Sherry’s exposition you would have heard a careful dissection of many of the issues which are relevant here. I think the media have failed the public of Australia by failing to address the absolutely fundamental concern that many voters have with the income tax system. They find it complex and difficult to understand. They find the relativities difficult to comprehend—in other words, they think that their neighbour or colleague may be having a lend of them in this system, because they cannot easily grasp the structure and relationships that apply.
It is one of the reasons that I and others in my party have been arguing that structural reform is necessary, not just because of a desire to address issues of competitiveness, which is one of the themes that the government has been talking about, or because of issues of equity and fairness, which are some of the themes that we and Labor have been talking about, but because of the need for the community to be able to understand our system better and the need for greater simplicity in the system.

If you contrast the income tax changes that have been made over the last few years with the indirect tax changes or the business tax changes that have been made, you can see the difference. The ANTS package, as it was known—the A New Tax System package, which included the GST and other indirect tax changes—was structural reform. It has ended up being clearly understood by the community; it knows what should be applied and what should be taken off and so on. I think the country should remain indebted to the coalition for producing what was, despite its controversy, a well thought through, properly modelled and fully assessed package.

Similarly, the coalition produced, as a result of the Ralph review, a business tax structural reform package. Once again, that has had a number of themes. It has resulted in fundamental changes and adjustments to the way that business tax is assessed and to the broad principles that underlie it. My criticism of that package, of course, is that they have not completed the job—they have not done all that Ralph recommended. Nevertheless, it was structural reform. On the finance side, we have had the Wallis reforms. That was structural reform and it was very good. It was initiated by Labor and carried through by the coalition. It was first-rate stuff. The financial services stuff is structural reform in terms of disclosure and the way that the consumer is dealt with. But in income tax I think the coalition has failed us, not because it has failed to address pressure points at various times and not because it has failed to make changes—it has made changes over time—but because it has failed to address the income tax area from a structural approach.

I think the media have failed in this debate to grasp that nettle. It is a nettle well understood by the coalition, Labor and us. But it is not an area that has been properly explored. All the media have concentrated on and have been concerned with—and I am generalising, of course, because there have been individual journalists and newspapers which have addressed structural issues—is telling the parliament to get out of the way of these tax cuts and seeing this whole issue as a question of the Leader of the Opposition’s strength and how he looks in terms of his ability to carry through an issue. It is a far deeper and more important matter that we face. The community, generally speaking, from top to bottom, is dissatisfied with the way in which income tax is presently levied and the way in which it operates in our system. The Democrats do recognise that there are alternative ways of addressing the problem. We have made it clear throughout this debate that we are not averse to tax cuts when you have a surplus. We are not averse to tax cuts for high-income earners. We just do not think they are the priority.

We recognise that the difficulty with our proposition is that it is just one of a number of steps that we think need to be taken. We have outlined five steps which we think would constitute structural reform and which would deliver simplicity and make the system understandable. They would also deliver the essential need for low-income people—particularly those below what is known as the poverty line, which in this country is $12,500, roughly speaking—not to pay income tax. We cannot understand any system
which requires people on incomes below the poverty line to pay income tax. That is a very basic principle that we start off with. Our five steps constitute raising the tax-free threshold, indexing the rates, broadening the base, raising the top rate and reforming the tax-welfare intersects. What we have presented in this amendment is just one step in that process.

We acknowledge and recognise that Labor have attempted to take a number of steps within their approach. I would always expect them to prefer the policies which they have laid out to ours. It is their job to argue that. But I am concerned that the Labor approach was cobbled together after the budget. I do not think you can address structural tax reform in a sudden way. We Democrats have tried to develop our approach over a number of years. We have been consistent with it. Obviously, the government thought through its approach. It did not arrive at its approach suddenly.

My criticism of Labor is not that it is not moving towards structural reform, because in some respects it is, although insufficiently. My criticism of the government is that its changes and reforms do not constitute structural reform. They constitute shifts and changes in rates, but they do not introduce a permanency to our system and make it one which will not shift and adjust over time. That is what structural reform means: certainty as to how the system will look into the future. I am afraid that the government is not providing that concept in the same way in which it provided it with the indirect tax system, with the new tax package and with business tax.

I recognise the reality of what has been put to us. But once the media have got over the obsession with this whole debate having been a question of Mr Beazley’s strength or the Labor Party’s positioning, perhaps they will do Australia a service and return to the question of just how we achieve proper, permanent, complete and broad structural reform so that income tax in this country ceases to be the thorny issue which it still will be following this debate. I hope that Labor will finally throw out the idea that income tax change is an election policy issue or is something that you just produce after a budget and commits itself to a permanent view as to how it sees the income tax system and its main component parts should be structured. That, as I said previously, is my main criticism of their present stance.

Senator MINCHIN (South Australia—Minister for Finance and Administration) (9.56 am)—Just for the record, I inform the Senate that the government is opposed to the Democrats amendment to raise the threshold to $10,000. Senator Sherry has helpfully outlined the reasons why the government is opposed to that amendment, so I appreciate Senator Sherry’s wise remarks on at least that aspect of this debate. This is a huge sledgehammer to crack a small nut. It is an incredibly expensive mechanism for delivering what in the end would not be a huge benefit to low-income earners. It is our estimate that, if you left the lowest marginal rate at 17 per cent, this measure alone would cost some $7 billion, or $29 billion over the forward estimates, which is a massive cost. It is much more expensive than the total of the government’s more comprehensive tax reform.

As Senator Sherry pointed out, the benefits of this are not restricted to low-income earners. Everybody who pays income tax would receive the benefit of a higher threshold. This is using a machine gun rather than a rifle to deal with the problem—

Senator Sherry—A tank!

Senator MINCHIN—Or a tank. We believe you should target relief to low-income
earners, not use this incredibly expensive machine gun to deal with this issue. It ignores the reality of our tax and welfare structure. This very good budget overview document with its cameos is worth all senators bearing in mind. It looks at this in terms of the real disposable incomes of Australians, taking account of the working through of the tax and welfare systems. It is a fact that dual-income couples with children by and large do not pay any net tax until incomes of around $45,000 because of the operation of the tax benefit structure that is now in place.

Senator Murray made some interesting points about structural issues. That is the point: with this sort of structure in place, where the reality is that many lower income families are simply not net tax payers until reasonably substantial incomes—as I said, $45,000—you cannot just then throw into the mix an enormously expensive proposition to raise the threshold such that benefits flow right through the whole income tax structure.

So we oppose this amendment, although I note in passing Senator Murray’s comment on the matter. We believe that we have consistently addressed the question of improving the income tax system. But, given that there seems to be a consensus in Australia to have a progressive income tax system and a consensus that expenditure incurred in earning that income should be deductible, you will have a complicated personal income tax system. The only way you could essentially simplify the personal income tax system would be to have a flat rate of income tax whereby everybody pays the same proportionate rate with no deductions. That is the only way you could do it.

There are some on my side and some in the public arena who actually advocate that cause. That is not a cause the government have taken up. We accept that it is the consensus in this country that the income tax system should be progressive, in that you pay a higher rate of income tax as you move up the income scale. That is obviously why, when you reduce tax rates, there is a higher dollar benefit for higher income earners. They are paying a lot more tax as a result of the workings of the progressive income tax system—albeit that the proportionate benefit under our proposals is higher for lower income earners. That is the basis of our argument that what we are putting forward is indeed fair.

I note and respect the view that Senator Murray has put regarding the complexity of the system, but I do put to him that the only way he can fix that is by accepting the proposition I put, which I do not think the Australian people are ready to accept. I also note in passing Senator Murray’s comment that the Labor package is indeed cobbled together. That is the reason why we do not think the Senate should vote for the amendments that the Labor Party has proposed. We will come to that, but I note in passing Senator Murray’s wise reflection on those Labor amendments.

Question negatived.

Senator Murray (Western Australia) (10.00 am)—I move Democrat amendment (2) on sheet 4591:

(2) Schedule 1, item 1, page 3 (lines 5 to before line 8), omit the item, substitute:

1 Clause 1 of Part I of schedule 7 (table)

Repeal table item 1, substitute:

1 exceeds $6,000 but does not exceed $21,600

15% Item 2 has the effect of excluding the higher income tax cuts completely and just passing the lower income tax cuts. It is a fallback position. It is not the Democrats’ preferred position, but I put it to reinforce our view that we support lower income earners getting tax cuts. I briefly refer to the remarks made earlier. We should recognise that right now
government policy—and in fact practice, because it has been passed as law—applies a tax-free threshold to incomes of over $20,000 for a class of taxpayers in this country, namely particular retirees. We should also recognise that in the past both the Labor Party and the coalition have raised the tax-free threshold, so there is no instinctive fault with the view that a tax-free threshold could be raised. But the minister makes the point that it is expensive and it gives tax cuts to all taxpayers.

That was the Democrats’ very point. We were quite happy for all taxpayers to get a tax cut. We just wanted the proportional amount to be greatest for low-income persons. We would have effectively delivered $680 a year, which is a tax cut of $13.08 a week, which is more than double what the government is offering. It is a greater tax cut than the government’s offer for everyone on an income below $65,000. That is quite an important point to make. However, we have lost that particular battle so, as a fallback position, we are now proposing to support the government’s low-income tax cuts proposals.

Senator SHERRY (Tasmania) (10.03 am)—Briefly, in my earlier remarks on the first amendment moved by Senator Murray I covered the approach that Labor has taken versus the approach the Democrats have taken, while acknowledging that the Democrats made a better effort than the government in putting together a more reasonable approach. I touched on the amendments as a group in my earlier comments, so I will not make any additional comment now.

Senator MINCHIN (South Australia—Minister for Finance and Administration) (10.04 am)—The government oppose this amendment, but we do welcome the Democrats’ indication, via this amendment, that they support our proposition that the lowest marginal tax rate should be reduced from 17 per cent to 15 per cent. We certainly welcome support for that proposition, but we cannot support splitting this legislation to isolate that measure and deny all the others, because we think that not only should that bottom marginal rate be reduced but also it is critical that in this country we should address the very real problem of our relatively high top marginal tax rates cutting in at relatively low incomes. That is the distinguishing feature of our personal income tax system which we think is increasingly making it an uncompetitive and unsustainable system.

The effect of the Democrat amendment would be to deny the opportunity to reform the tax system completely in that way, and that is why the government’s measure should be seen as a comprehensive package. We are dealing with both ends of the spectrum—the rate which low-income earners pay as well as this very real problem of high marginal tax rates cutting in at relatively low incomes up the scale.

I note in passing that it does seem rather odd that the Democrats are indicating their support for reducing the lowest marginal rate from 17 per cent to 15 per cent, via this amendment, but then they are indicating that if this amendment fails they will then support the Labor package, which of course opposes a reduction in that rate from 17 per cent to 15 per cent. I ask the Democrats to perhaps reflect on that absurdity.

Question negatived.

Senator MURRAY (Western Australia) (10.06 am)—I do not think there is any point in my moving Democrat amendment (3), so I withdraw it.

Senator SHERRY (Tasmania) (10.06 am)—by leave—I move opposition amendments (1) to (5):

(1) Schedule 1, item 1, page 3 (table), omit the table, substitute:
Tax rates for resident taxpayers:

<table>
<thead>
<tr>
<th>Item</th>
<th>For the part of the ordinary taxable income of the taxpayer that:</th>
<th>The rate is:</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>(a) for the 2005-06 year of income—exceeds $6,000 but does not exceed $21,600; and (b) for later years of income—exceeds $6,000 but does not exceed $26,400</td>
<td>17%</td>
</tr>
<tr>
<td>2</td>
<td>for the 2005-06 year of income—exceeds $21,600 but does not exceed $26,400</td>
<td>23.5%</td>
</tr>
<tr>
<td>3</td>
<td>(a) for the 2005-06 year of income—exceeds $26,400 but does not exceed $63,000; and (b) for later years of income—exceeds $26,400 but does not exceed $67,000</td>
<td>30%</td>
</tr>
<tr>
<td>4</td>
<td>(a) for the 2005-06 year of income—exceeds $63,000 but does not exceed $80,000; and (b) for later years of income—exceeds $67,000 but does not exceed $100,000</td>
<td>42%</td>
</tr>
<tr>
<td>5</td>
<td>(a) for the 2005-06 year of income—exceeds $80,000; and (b) for later years of income—exceeds $100,000</td>
<td>47%</td>
</tr>
</tbody>
</table>

Note: The rate in column 2 of item 2 specifies a composite tax rate as the simple average of the tax rate of 30% to apply from 1 July 2005 to 31 December 2005 and the tax rate of 29% to apply from 1 January 2006 to 30 June 2006.

Tax rates for non-resident taxpayers:

<table>
<thead>
<tr>
<th>Item</th>
<th>For the part of the ordinary taxable income of the taxpayer that:</th>
<th>The rate is:</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>(a) for the 2005-06 year of income—exceeds $26,400 but does not exceed $63,000; and (b) for later years of income—exceeds $26,400 but does not exceed $67,000</td>
<td>30%</td>
</tr>
<tr>
<td>4</td>
<td>(a) for the 2005-06 year of income—exceeds $63,000 but does not exceed $80,000; and (b) for later years of income—exceeds $67,000 but does not exceed $100,000</td>
<td>42%</td>
</tr>
<tr>
<td>5</td>
<td>(a) for the 2005-06 year of income—exceeds $80,000; and (b) for later years of income—exceeds $100,000</td>
<td>47%</td>
</tr>
</tbody>
</table>

Note: The rate in column 2 of item 2 specifies a composite tax rate as the simple average of the tax rate of 30% to apply from 1 July 2005 to 31 December 2005 and the tax rate of 29% to apply from 1 January 2006 to 30 June 2006.

(2) Schedule 1, item 2, pages 3 to 4 (table), omit the table, substitute:

Tax rates for non-resident taxpayers:

<table>
<thead>
<tr>
<th>Item</th>
<th>For the part of the ordinary taxable income of the taxpayer that:</th>
<th>The rate is:</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>(a) for the 2005-06 year of income—does not exceed $21,600; and (b) for later years of income—does not exceed $26,400</td>
<td>29%</td>
</tr>
<tr>
<td>2</td>
<td>for the 2005-06 year of income—exceeds $21,600 but does not exceed $26,400</td>
<td>29.5%</td>
</tr>
</tbody>
</table>

(3) Schedule 1, item 3, page 4 (line 4), omit "$23,749", substitute:

(i) for the 2005-06 year of income—$22,829;
(ii) for the 2006-07 year of income—$23,589;
(iii) for the 2007-08 year of income—$23,834;
(iv) for the 2008-09 year of income and later years of income—$24,228;

(4) Schedule 1, item 4, page 4 (line 7), omit "$21,968", substitute:

(i) for the 2005-06 year of income—$21,116;
(ii) for the 2006-07 year of income—$21,819;
(iii) for the 2007-08 year of income—$22,046;
(iv) for the 2008-09 year of income and later years of income—$22,410;

(5) Page 3 (before line 4), insert:

**Income Tax Assessment Act 1936**

1A Welfare to work tax offset

Repeal the section, substitute:

**159N Low income and welfare to work tax offset**

(1) If a taxpayer’s taxable income of a year of income specified in column 1 of the table in subsection (2) is less than the upper threshold specified in column 3 of the table, the taxpayer is entitled to a tax offset in the taxpayer’s assessment for the year of income.

(2) The amount of the offset is the figure specified in column 4 of the following table, reduced by 5 cents for every $1 of the amount (if any) by which the taxpayer’s taxable income of the year of income exceeds the lower threshold specified in column 2 of the table:

<table>
<thead>
<tr>
<th>Item</th>
<th>Year of income</th>
<th>Lower threshold</th>
<th>Upper threshold</th>
<th>Offset</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1 July 2006 – 30 June 2007</td>
<td>$20,000</td>
<td>$31,000</td>
<td>$550</td>
</tr>
<tr>
<td>2</td>
<td>1 July 2007 – 30 June 2008</td>
<td>$20,000</td>
<td>$32,000</td>
<td>$600</td>
</tr>
<tr>
<td>3</td>
<td>1 July 2008 – 30 June 2009 and later years of income</td>
<td>$20,000</td>
<td>$33,600</td>
<td>$680</td>
</tr>
</tbody>
</table>

(3) For the 2005-06 year of income, if a taxpayer’s taxable income is less than the $30,000, the taxpayer is entitled to a tax offset in the taxpayer’s assessment for the year of $367.50, reduced by the transitional withdrawal rate calculated in accordance with the following table:

<table>
<thead>
<tr>
<th>Item</th>
<th>The offset is reduced by—</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2.5 cents for every $1</td>
</tr>
<tr>
<td>2</td>
<td>4.5 cents for every $1</td>
</tr>
<tr>
<td>3</td>
<td>2.5 cents for every $1</td>
</tr>
</tbody>
</table>

Note: These transitional arrangements have the effect of applying a composite tax offset and income test based on the current low income rebate of $235 applying from 1 July 2005 to 31 December 2005 and the welfare to work tax offset of $500 applying from 1 January 2006 until 30 June 2006.

(4) For the avoidance of doubt, any reference in any legislative instrument to the “low income rebate” and “low income tax offset” includes a reference to the “low income and welfare to work tax offset” provided for by this section.

It is better to deal with the amendments as a whole, because it is an alternative package that the Labor Party have put together to present to the Australian people and obviously to change the legislation that we are considering. Fundamentally, we believe that the package we have put together is fairer. It delivers a far better deal for low- and middle-income Australians, and it is certainly a better outcome than a tax cut of $6 a week for 70 per cent of taxpayers, which is the government’s approach. From the Labor Party’s point of view, our package delivers a tax cut of $12 a week, but there are many other aspects to it. So I will take a reasonable amount of time to go through in detail the effect of the amendments the Labor Party are presenting here in committee.
Labor’s first amendment proposes to replace the Liberal government’s proposed tax scales for Australian residents with Labor’s fairer tax scales. Labor proposes for the 2005-06 year that, from 1 July, the threshold for the 42c rate increase from $58,000 to $63,000 and the threshold for the 47c rate increase from $70,000 to $80,000, as already legislated, and, from 1 January, the threshold for the 30c rate increase from $21,600 to $26,400. Labor proposes for 2006-07 and later income years that the threshold for the 42c rate increase from $63,000 to $67,000 and the threshold where the 47c rate applies increase from $80,000 to $100,000.

As tax liabilities are assessed over the course of the entire year, a composite rate schedule is presented which reflects the average between the 1 July 2005 and 1 January 2006 threshold adjustments. There is a clear precedent for such compositional tables. They have been used on eight occasions since 1977. In fact, they were used three times when the current Prime Minister, Mr Howard, was himself Treasurer—during a pretty disastrous period for this country, I must say; but that is a period in history to be talked about at another time. These compositional tables are necessary to calculate a whole-of-year liability, but they in no way determine the way the tax cuts are delivered to PAYG taxpayers. The note to the table makes it clear when the threshold increases occur, enabling the Commissioner of Taxation to issue new withholding rates that pass on the full effect of the tax cut on fortnightly earnings from 1 January 2006. At this time, taxpayers on average earnings would receive the full $12 weekly benefit to their pay packets compared to the Liberal government’s $6.

In substance, Labor’s tax scales differ from the government’s in the following ways. Labor proposes the bulk of the first tranche of tax changes to occur on 1 January 2006 rather than 1 July 2005 so that the economy can traverse the current interest rate red zone. The government’s tax cuts of $6 a week to most taxpayers will be of little use if they fuel consumption too early, increasing inflation and pressure on interest rates. Labor has decided it is better to broaden the income range where the lowest marginal tax rate applies right up to $26,400, rather than reduce the lowest marginal tax rate by 2c in the dollar and retain the threshold where the 30c rate cuts in at $21,600.

Under Labor, a family on the minimum wage would pay a 17 per cent marginal rate compared to a 30 per cent marginal rate under the Liberal government. Labor agrees that the 42c and 47c thresholds need to be lifted significantly, so Labor proposes that the 42c rate increase to $67,000 and the 47c rate increase to $100,000. This is not as high as the government proposes, but it is enough to ensure that at least 80 per cent of taxpayers pay the 30c rate or less over the forward estimates and that only those on six-figure salaries face the top marginal rate. Labor argues that these scales are not only fairer but offer a much stronger incentive—and it should not be an incentive just for high-income earners; we should be looking at an incentive for low- and middle-income earners.

Labor’s second amendment proposes to replace the government’s proposed tax scales for nonresidents in the bill with Labor’s fairer tax scales. They are consequential in nature and flow from Labor’s proposed tax scales for Australian residents. Again, as tax liabilities are assessed over the course of the entire year, a composite rate schedule is presented which reflects the average between the 1 July 2005 and 1 January 2006 threshold adjustments. In subsequent years the full threshold adjustments apply.

Labor’s third and fourth amendments are consequential in nature and replace the gov-
ernment’s consequential amendments to ensure that senior Australian tax offset recipients pay no Medicare levy until a tax liability is incurred. Under Labor’s proposal, the income threshold where the Medicare levy phases in increases each year to reflect the enhancements in the low-income and welfare to work tax offset in each year to 2008-09. As the phase-in limit is determined by the phase-in threshold, it too increases in each year under Labor’s proposal.

Labor’s fifth amendment proposes to replace the existing low-income rebate under section 159N of the Income Tax Assessment Act 1936 with a new low-income and welfare to work tax offset. The proposed welfare to work tax offset will be calculated in a similar way to the existing low-income rebate. The amendment proposes that the value of the new tax offset commence at $500 from 1 January 2006 and increase in each year to a maximum of $680 in July 2008. Taxpayers on incomes of less than $20,000 per annum will be eligible for the full offset to reduce their tax liability, but only to nil. In other words, it is a non-refundable tax offset.

Once fully implemented, the tax offset will provide for an effective tax-free threshold of $10,000 per annum by virtue of fully offsetting the tax that would normally apply between the $6,000 tax-free threshold and the amount of $10,000. As is the case with Labor’s proposed changes to the tax scales, a start date of 1 January 2006 for the new low-income welfare to work tax offset necessitates for the 2005-06 income year only a composite tax offset to enable an accurate calculation of an eligible person’s full year tax offset. This is, in effect, a simple average of the old low-income rebate and the proposed low-income and welfare to work tax bonus.

As with the composite tax scales, a note attached to the composite tax offset table makes it clear that the old $235 low-income rebate and income test in effect applies from 1 July to 31 December 2005, and the new $500 welfare to work tax offset applies from 1 January to 30 June 2006. Again, this will allow the tax commissioner to adopt administrative arrangements from 1 January 2006 that would allow for the incorporation of the new benefits in the PAYG withholding schedules. While the existing low-income rebate is not incorporated in the PAYG withholding schedules, there is no legal impediment preventing the tax commissioner from incorporating the new welfare to work tax bonus in PAYG withholdings to enable the added incentives to be passed on to employees each pay period. Those outside the PAYG system who do not pay tax regularly would benefit at the time of their tax assessment, as is the case with the current low-income rebate.

Senior Australians will benefit from the new tax offset in the same way that they do from the existing low-income rebate. They will benefit in two ways. First, the increased value of the new tax offset will increase the level of taxable income where senior Australians begin paying tax—from $20,500, as currently applies, to $21,116 in 2005-06; $21,819 in 2006-07; $22,046 in 2007-08; and $22,410 in 2008-09. Second, the increased value of the new offset will increase the income threshold where the tax offset of senior Australians begins to be withdrawn, at 12.5c in the dollar.

By adopting the existing formula set out in Income Tax Regulation 150AB(3), the enhanced value of the tax offset available to senior Australians would result in the income threshold for a single person increasing from $20,500 to $21,279 in 2005-06, and rising to $23,118 in 2008-09. It is also important to note that senior Australians will particularly benefit from Labor’s proposal to broaden the income range where the 17c rate applies by
lifting to $26,400 the income threshold where the 30c rate starts to eat away at retirees’ investment returns. In total, the measures I have outlined for senior Australians represent a greater benefit than the Liberal government’s proposal. I seek leave to table a comparison of the tax cuts delivered under Labor’s proposals with those of the government, once each is fully implemented.

Leave granted.

Senator SHERRY—The table shows, under the amendments I am moving today, tax incentives for low-income earners of at least 1½ times those of the government, up to an income of $20,000 a year. It shows a tax benefit at least twice the size of the government’s for those on incomes of between $25,000 and $63,000 a year. For those on incomes of $70,000 to around $105,000 a year, Labor’s proposal matches the government’s. I should note, however, that the table excludes the additional benefit gained by high-income earners from the government’s proposal to abolish the superannuation surcharge. I will go into that in greater detail when we get to that bill.

The benefit is dependent on both an individual’s income and the contribution rate. Accordingly, they are not easily incorporated into these comparisons. I talked about that earlier. At a reasonable estimate, depending on the level of contributions, there will be a $35 to $40 a week additional tax cut for high-income earners as a consequence of the abolition of the superannuation surcharge tax. It depends on the circumstances. We know that a government backbencher earning around $110,000 a year would stand to gain an additional $79 a week. I will go into the detail of that later. It was no wonder that there was a great cheer from the government backbenchers when this one was announced in the budget speech.

Senator Minchin—And from yours.

Senator SHERRY—Senator Minchin, the vociferous lobbying on this issue by government members over many years is well known. I recall one government member commenting to me that he did not dare to turn up to Liberal Party branch meetings in July and August because people had received their surcharge tax assessment notices and he was coping such a barrage of criticism. But that is for another debate.

I have taken some time to outline in detail Labor’s package. As I have said, the bottom line impact is to deliver a benefit to people earning up to $20,000 a year of at least 1½ times the benefit delivered by the government. The tax benefit for those earning between $25,000 and $63,000 a year is about $12 a week—double the government’s $6 a week. Labor’s package for people earning between $70,000 and around $105,000 a year matches the government’s proposal. We are certainly not as generous as this government is towards incomes beyond $100,000. We will be considerably less generous if the bill to abolish the superannuation surcharge tax is not passed by the parliament.

I think that the detail of the package that has been outlined shows that the Labor Party are being positive. We are going to some considerable time, effort and detail to put forward what we believe is a fairer package and one that offers additional incentive as well, particularly in respect of the impact of the marginal tax rate ETMs that I discussed earlier. The Labor Party have gone to some considerable effort, as an alternative government should. The Labor Party should be offering a positive alternative, and we have done so on this occasion. It is a fairer alternative. It is a better deal for seven out of 10 Australian taxpayers.

I live on the north-west coast of Tasmania. As I pointed out yesterday, looking at the income levels on the north-west coast of
Tasmania, I see that this provides a better deal for some 97 per cent of the electorate of Braddon, where I live. Finally, I want to acknowledge the enormous amount of work and effort that has gone into developing the tax package by Joel Fitzgibbon, Wayne Swan and all the staff involved. (Time expired)

Senator MURRAY (Western Australia) (10.21 am)—I seek leave to table the Democrats’ comparison with the government’s tax cuts.

Leave granted.

Senator MURRAY—The government will want to know our position with respect to the aggregate amendments of the Labor Party. In examining the consequence of an alternative proposal, we have to have regard to our own objectives as a party, in terms of both our policy and our beliefs. I have made it clear that we have a structural view which includes tax cuts for high-income earners but at a later stage of the game. Our main concern has been the government’s priorities. I suspect that the government know that they have to attend to the needs of low- and middle-income earners more than they have done to date but believe that at this time in the electoral and budget cycle they should probably jump the high-income earner hurdle first. I think that is a political choice, but my concern is with a policy choice, not a political choice.

In examining the alternative proposal of the Labor Party I had to boil it down to whether the consequence of it was better for low- and middle-income earners than the government’s proposal was. Our priority is, of course, low- and middle-income earners. So I drew up a little table and I will give a summary of it. For persons on an annual income of $10,000, the government’s tax cut is effectively $1.54 a week; Labor’s tax cut, which includes the low-income rebate—which, of course, is the key element in their package which improves things—is $8.56; and the Democrats’ tax cut is $13.08. On an annual income of $20,000, the government’s tax cut leaps to $5.38 a week, Labor’s remains at $8.56 and ours is $13.08. On an annual income of $30,000, the government’s tax cut is $6 a week, Labor’s is $15.46 and ours is $13.08.

On an annual income of $40,000, the government’s tax cut remains at $6, Labor’s is $12—the fall is due to the way in which the tax offset bleeds out—and ours is $13.08. On an annual income of $50,000, the government’s tax cut is $6 a week, Labor’s is $12 and ours is $13.08. On an annual income of $60,000, the government’s tax cut is $6 a week, Labor’s is $12 and the Democrats’ is $13.08. It is only for the income bands of $70,000 up—in fact, earlier than that if you do not go in big jumps of $10,000 income—that the government’s tax cut is markedly more than Labor’s and a great deal more than ours. We will be supporting Labor’s alternative proposal for tax cuts not because we think it is better than ours but because we think it is better for low- and middle-income earners, at least for those earning below $60,000 income per annum, than what the government is offering, and that is consistent with our approach and views.

Senator MINCHIN (South Australia—Minister for Finance and Administration) (10.26 am)—I record that the government will be voting against the Labor amendments. I will spend a few minutes explaining why we believe the Senate should not support this alternative tax proposal. I make the first point that the only reason that the Senate is in any position to discuss tax cuts at all is the record of 9 ½ years of very responsible budget management on our part. With absolutely no assistance from those opposite, we have spent nine long and hard years restoring the integrity of Australia’s fiscal position to the point where the budget is now well in
surplus. At no point did we receive any assistance from the Labor Party in our endeavours to restrain expenditure and bring the budget back into surplus.

We have been hounded by the Labor Party for nine years to spend more on everything. If we had succumbed to those calls, there would be no surplus and there would be no opportunity to reduce the tax burden on Australians. So it is important to bear in mind that it is only as a result of this government’s endeavours that we are in a position to bring to Australians some tax relief—remembering that tax is money earned by Australians compulsorily and, by force, taken from them by society and redistributed. That should be borne in mind by all when considering the question of tax.

The other point to make in comparing the two proposals—as Senator Murray has implored us to do—is to remember that this is, in a sense, the fourth instalment of a progressive review of Australia’s tax system by this government. It is the case that the previous three instalments of tax reform have very much been geared to lower- and middle-income earners. Indeed, the reforms that were proposed in ANTS—for which I welcome Senator Murray’s applause—did include some tax relief for higher income earners which had to be abandoned in the face of the Senate’s rejection of a key part of the GST. In restricting the revenue that could be raised by the GST, what was abandoned at that point was the tax relief for higher income earners.

Through ANTS, the tax relief was very much directed towards lower income earners. The great missing piece in tax reform in this country over the last decade has been dealing with the very serious situation of the low income at which high rates apply. When you take into account the Medicare levy, nearly half your income is being taken from you by the government, at relatively low income levels. Given the position the budget was in, we did think that, while we would provide relief right across the board, in this case this was the opportunity for unfinished business to be dealt with by way of reforms at the upper end as well.

I make some points about the Labor package which the Democrats, Greens and Independents should bear in mind when basically proposing, by voting for Labor amendments, to block a key part of the government’s budget. The Labor package involves denying all Australians a tax cut on 1 July. There will be no tax cut on 1 July if the Labor Party has its way with these amendments. That is the Labor policy: no tax cut from 1 July; a tiny tax cut from 1 January of next year. The full value of Labor’s package does not come into effect until 2008-09, after the next election. This is a ramped-up 3½-year proposal from the Labor Party, compared to our fully costed and immediately implemented four-year proposal.

That brings me to a key criticism of the Labor package, which, again, I would have thought that Senator Murray in particular would have some cognisance of—that is, that this is not a fully costed proposal. Labor has said that it thinks it will cost around the same amount as the government’s proposal, but ours is fully costed over the forward estimates. Labor’s is a ramped-up proposal over 3½ years, the full costing of which has not been revealed, and its full effect from 2008-09 onwards has certainly not been revealed. So we have no idea, really, what this package of Labor’s would cost in full effect. The Senate is being asked by the Labor Party to buy a pig in a poke. I put it to the Senate that it is simply irresponsible to vote in favour of the quite big changes to the tax system of Australia proposed by the Labor Party without any real idea of their full impact or their full cost.
Senator Murray said in this chamber that this package was cobbled together. It was cobbled together on budget night. The Labor Party simply did not have the opportunity to think this package through carefully. They proclaimed their virtue as an opposition in having a package at all. I suppose we can concede them the point, as they managed to come up with something in the space of 24 hours, but Senator Murray is quite right in saying that it was cobbled together. It is not fully costed and I cannot believe that minor parties and Independents in the Senate can knowingly and responsibly vote to put in place such big changes to the income tax system, as this Labor proposal contains, without any real idea of their full effect or their full cost.

The other point on costing is that they rely implicitly on retaining the super surcharge to fund their proposal, a super surcharge which the Labor Party opposed when we brought it in as a temporary measure to get the budget back into surplus after the massive deficit left to us by those opposite. So they created a deficit and then tried to deny us the opportunity to fix it by a temporary increase in the superannuation taxes on higher income earners. We have announced that we will abolish that surcharge, and we will present that bill to this Senate. If it is not passed by this Senate it will be passed by the new Senate in August. That money will be gone; the $900 million that Labor are relying on to fund this alternative tax scheme simply will not be there. Again, there is a huge hole in Labor’s proposal. It simply does not add up.

It is also worth making the point that this proposal from Labor does not involve the reduction in the marginal tax rate on low-income earners proposed in the government’s package. The Labor Party oppose reducing the rate from 17 per cent to 15 per cent. Their proposal actually involves higher taxation on low-income earners. I also draw the attention of minor parties and Independents to this welfare to work bonus. Senator Murray spoke eloquently about the complexity of the income tax system. I draw his attention to the quite significant additional complexity posed by this welfare to work bonus and the very complex transitional phase-out arrangements, which are difficult for anybody to understand. We are not sure how they will work in practice, how they will work after the transitional year of 2005-06, what they will do to effective marginal tax rates and what their impact will be on lower income earners. But, certainly, they are introducing yet more complexity into the income tax system.

The government’s tax reform must be seen as a series of chapters in a book. This is a further chapter that should not be considered in isolation. If you take account of our series of reforms to the tax system, it means that a person on an income of $25,000 will have a tax reduction of around 28 per cent, a person on $60,000 will have a tax reduction of 26 per cent and a person on $90,000 will have a tax reduction of 23 per cent. So the overall impacts of our tax changes are to favour those on lower incomes and to ensure that the greatest proportion of the benefits of our changes to the tax system will be delivered to lower income earners. Even after all our tax changes come into effect—as they will—a taxpayer on $100,000 will still pay nearly $30,000 per annum in tax: 30 per cent of their total income. A taxpayer on $50,000, or half that $100,000 income, will only pay $10,000 in tax, or one-fifth of their income. A taxpayer on $30,000 will only pay $5,000 in tax, or one-sixth of their income.

The tax burden in this country will continue to be borne by those on higher incomes, who will pay both absolutely more and relatively more tax than those on low incomes. There is an issue of fairness here; there is an issue of fairness of the tax system.
for those on higher incomes—and we are only talking about from $60,000 upwards—in terms of the burden they carry. I remind you that the top 25 per cent of income earners pay 65 per cent of all income tax revenue in this country. In terms of our capacity to retain our young, bright, skilled Australians in this country, we have to bear in mind the deleterious impact of quite high marginal tax rates cutting in at relatively low incomes, and their significant impacts on incentives to work, to earn more, to participate in the workforce and even to work in this country. Australia is competing with other nations with lower income tax systems, particularly in our region. I think is incumbent on the Senate to bear that in mind and to bear in mind that this is not to be seen in isolation as a package in the budget but to be seen in the context of the tax reforms that have progressively been introduced by this government.

Senator SHERRY (Tasmania) (10.37 am)—I will make a couple of remarks in response to some of the points the Minister for Finance and Administration has raised. The minister quoted a range of percentage reductions for people across the income scales, and we have heard this argument consistently from the Treasurer, Mr Costello, Mr Howard and Mr Minchin, amongst others. Percentage reductions have been greater for low- and middle-income earners than for higher income earners. I will just point out that percentages do not pay the bills. You can go to a low- and middle-income earner family and say, ‘Gosh, you have had a greater percentage reduction in tax,’ but the percentages do not pay the bills. It is the dollars in your hand that pay the bills. The fact of life is that for the people that I represent in my community on the north-west coast of Tasmania $6 does not go as far as the $65 for someone on $125,000 or more. You can lecture low- and middle-income battlers—families who are struggling to pay higher private health insurance costs, higher fuel bills, higher rents and higher mortgages—that they are better off because they have got a percentage cut that is higher, that it is worth $6 and that is it for them. That is the Liberal government’s approach, to say, ‘You are better off because you got a percentage tax cut that is higher.’ But, with the outcome of $6 versus $65 for a high-income earner, I do not think is a particularly compelling argument. It is certainly not any sort of argument that I would use with the people that I think are really battling in this country.

Senator Minchin has raised the issue of complexity. We do have a complex tax system, for the reasons that Senator Minchin touched on in his contribution to this debate. We as a Labor opposition and a responsible opposition have sought, and I believe have come up with, a tax package that makes the necessary changes in what is a complex system. The phase-in and phase-outs that I have referred to do sound complex, I agree. But the formula itself, which I have outlined on behalf of the Labor opposition, I have outlined to show that we have given detailed consideration to the issues involved. The formula does need to be complex in this area, because we are dealing with a complex set of issues around the income tax system in this country.

Senator Minchin has raised an interesting issue about the costs on the forward estimates beyond the year 2008-09. The government itself does not cost its own initiatives and policies beyond the year 2008-09—the forward estimates go to 2008-09. It is interesting that Senator Minchin should raise this as an issue, because this government has introduced a whole range of policies over the last nine years. We had one in the last election: an income tax concession of up to $500 for senior working Australians over the age of 55. It would be very interesting to see what the cost of that will be in 20 years time,
if you were to cost it beyond the year 2008-09. It would also be very interesting to see what the cost of the seniors health card beyond the year 2008-09 would be, but the government does not cost that. So the Labor Party’s costings are based on this government’s approach.

I am actually very sympathetic to the argument that Senator Minchin has advanced: all policy—your policies and our policies—should be costed beyond the year 2008-09. But your government does not do it, Senator Minchin. We cannot do it from opposition, because you do not allow us, or anyone else for that matter, access to the intergenerational model. There is an intergenerational model that can cost all policies beyond 2008-09 in very great detail through to the year 2042. We hear lots and lots of comments, verging on raves, from the Treasurer, Mr Costello, about long-term cost and responsibility. But does this government make available to the opposition the intergenerational model, the forward costs beyond 2008-09? No. Does it make the intergenerational model available to other interested community groups, such as the Institute of Actuaries, who are interested in these policy issues beyond the year 2008-09? No. So do not come in here and criticise us for not costing beyond the year 2008-09.

The other point I want to cover is that the minister said, or alleged, that we cobbled together this package on budget night. That is not right. In the lock-up the Labor Party looked at the impact of the government’s announcement and the tax changes. I think it is fair to say there was considerable anger at the unfairness of the propositions being put forward, for all the reasons that Labor has continued to argue since that evening. Then, following the budget lock-up, Labor Party staff and the responsible shadow ministers worked as a team to put together an alternative tax package. We took an in-principle decision that the government’s proposals were unfair, did not provide incentive and did not deal with high effective marginal tax rates for low- and middle-income Australians. That was very obvious to us in the lock-up, and I am sure it was obvious to Senator Murray and to others. The Labor Party took the next step over the following few days to develop in detail, cost and model a package, as any responsible alternative government would do. That is what we have done in these circumstances.

We argue that the costings we have done of the total package, including the surcharge issue, which we will deal with later in other legislation, are equivalent to the government’s costings. That is what we have argued. We have done the modelling, and it is not easy to do it from opposition, I might say. The government has thousands of public servants beavering away for weeks on these things before the budget is handed down, and I think the Labor Party shadow ministers and the relatively small number of staff involved did a fantastic job, in the time and in the circumstances—I want to get that on the record—in putting together costings and putting forward what is, in some aspects at least, a complex, detailed, comprehensive, fairer and properly costed package. They did a fantastic job. The government has got thousands of public servants plus all of its advisers, and it comes up with the proposal we are dealing with in these tax bills that delivers $6 to low- and middle-income Australians and $65—10 times that amount—to a person on an income of more than $125,000.

As I said earlier, percentages do not pay the bills; hard money pays the bills. There is no doubt that $6 for low- and middle-income earners, battling families, in this country is not good enough versus $65 for higher income earners, without the tax cut on super. Take the price of petrol down on the north-west coast in Tasmania. Where I live, $6
would not cover the increased price of a tank of petrol for one week. It would not cover that. There is private health insurance, higher rents, the impact of the drought on food prices. These are constant issues being raised with me in the community in which I live. On the north-west coast of Tasmania 97 per cent of residents earn less than $60,000. Labor argues that its tax package is fairer because seven out of 10 Australians would be better off as a result of our tax package compared with the government’s.

I urge the Senate to support the package of amendments that the Labor Party has put forward. It is a fairer package. It is within the power of the Senate to amend and change government legislation. We do have that power. It is responsible to do so. Labor has put forward a fairer and more responsible package. There was a point made yesterday about the Labor Party being supposedly irresponsible for putting forward what is a fairer alternative. There is nothing wrong with that. It is our duty and obligation as a Labor Party and alternative government to put forward a fairer alternative from our philosophical and practical viewpoint. We have done that.

Our tax package should be considered on its merits by the senators that are elected to this chamber, as indeed the Senate has done on many occasions previously. It did it with the government’s so-called tax reform package around the GST. It did it back in 1994, when the current government opposed the tax changes that the Labor Party put forward after its 1993 election win. The government have won the election. That is a reality. I accept that. But we still have the power and responsibility to put forward a positive alternative in the Senate, where we have that power, subject to the outcome of the vote. It is not unusual, it certainly has not been unusual in the past, and we should do that.

I say very sincerely and passionately in this chamber and to anyone who may be listening: the Labor Party is putting forward a fairer tax package. It delivers a significantly greater tax cut for low- and middle-income Australians, which is the way it should be. Look at this government’s direction in a whole range of policy areas, whether it is tax or industrial relations, and I think low- and middle-income Australians are going to find it tougher and tougher, and harder and harder, because of this government’s philosophical and ideological approach across a whole range of policies. I would ask the crossbenches in the Senate—the Greens, the Democrats, the Independents—to vote for what is a sound, fairer, costed, more responsible alternative than what the government is presenting.

Senator HARRIS (Queensland) (10.50 am)—I rise to make some comments in relation to the Tax Laws Amendment (Personal Income Tax Reduction) Bill 2005 that the government has brought into the chamber. In my response yesterday to the second reading speech I made reference to the actual percentage of tax that people pay within the various tax brackets. Those people earning up to $20,000 pay 17 per cent; those between $20,000 and $50,000 pay 30 per cent; those between $50,000 and $60,000 pay 42 per cent; and $60,000 and over pay 47 per cent. I have to use those figures from 2002-03 as they are the only figures available through the Parliamentary Library resources, but they do give us an actual benchmark to work from.

I would like to bring into the chamber today some very interesting figures, particularly in light of what Senator Sherry has just been talking about, and that is the difference between real money and dollar value. I grant that he does have a point but what we really need to look at, in what the government is proposing, are the percentages of reductions
in tax paid by the individuals within those groups.

Senator Minchin earlier spoke of the difficulties of raising the exemption and its flow-through all of the tax brackets. You can get into some very complex calculations. In an endeavour to portray not only to the chamber but also to those who are listening what I have chosen to do, I will discuss the benefits of the actual changes that the government is proposing. If we look at the reduction in the percentage of tax paid by a person who in actuality receives more than $6,000 but less than the $21,600 rollover point, those people are 12.9 per cent better off. In other words, in real terms, they have a 13 per cent reduction in the tax that they are going to pay. That is absolutely and totally the opposite to what Senator Sherry has just tried to convey to this chamber.

If we look at the next bracket—and this is really important because this group of people sit between $21,601 and $58,000—surprise, surprise, the actual percentage reduction they will receive is 2.3 per cent. So the people who will derive the most from the government’s proposal are those on the lowest income. If we go further and look at those who are in the bracket between $58,000 and $63,000, they will receive a 5.8 per cent benefit. Those between $63,000 and $70,000 will receive a 4.9 per cent benefit, and those in the highest tax bracket of the whole lot—those above $95,000—will receive a 7.1 per cent benefit in the real tax they pay.

If we look at the two extremes, those between $6,000 and $21,600 will receive an almost 13 per cent reduction in the tax they pay while those who are in the highest total bracket will receive only a seven per cent benefit. Therein lies the real truth of what the government is doing. The government is assisting in the greatest area of need—that is, people on the lowest income, who will derive the greatest percentage reduction in the tax that they pay. If we look at those on the highest income, they will receive a seven per cent reduction but, excuse me, they are also paying more than 40 per cent of the tax revenue. Therefore, I find that that mix is justified.

As I said yesterday in my speech on the second reading, the only area where I believe the government has got it wrong is in that group of people who sit between the $21,600 and the next bracket up. They are receiving only a 2.3 per cent reduction in the percentage of tax they pay. The people of Australia would see the government in a very favourable light if it did at some future point look at splitting that particular bracket and giving those people more relief.

One Nation will not support Labor’s amendments. Perhaps Senator Sherry could explain to us why, in Labor’s proposal, they are going to charge the people in the bracket between $6,000 and $21,600 two per cent more if their amendments get up than the government’s proposal. The government’s proposal is 15 per cent; Labor’s is 17 per cent. I will be really interested to hear why.

Senator SHERRY (Tasmania) (10.58 am)—I will tell you why, Senator Harris. We also have an offset which reduces their tax. So they pay a slightly higher marginal rate, but they pay less tax because we have an offset which reduces their total tax burden. The interesting thing is that under our formula and package, lower income earners are better off. In relation to those earning less than $21,600—I am looking at your little chart, where you have a 12.9 per cent reduction and a $312 a year tax cut—our package makes them better off; it gives them a higher tax cut. And our package deals exactly with the issue that you say worries you—those people earning between $21,000 and
$63,000. They get $12 a week rather than $6 a week.

Senator Harris, you alluded to my earlier comments about the fact that you cannot pay bills with percentages. Go and talk to those whom I suspect are your constituents in Queensland—battling low- and middle-income earners. I suspect that there is not a lot of difference between the battlers in Queensland and the battlers on the north-west coast of Tasmania where I live, 97 per cent of whom earn less than $60,000 a year. Senator Harris, go and talk to those battlers and ask them why a person earning more than $95,000 a year, on your figures, is going to get a $2,162 a year tax cut. Go and ask the battlers, who are going to get an extra $6 a week to pay their bills, what they think about that. I suspect that you will get the same pretty blunt answer that I got from the people on the north-west coast of Tasmania. They do not think it is fair, which is why you should be supporting Labor’s alternative tax package. You should be supporting it, and I hope you do.

Senator HARRIS (Queensland) (11.00 am)—I thank Senator Sherry for his explanation. I have distributed in the chamber the document that I was quoting from and I seek leave to table it.

Leave granted.

Senator MINCHIN (South Australia—Minister for Finance and Administration) (11.00 am)—I thank Senator Harris for his contribution and for his support of the government’s position and the government’s proposal in relation to income tax. Unlike some other senators, he does understand that the government’s approach to tax reform is comprehensive. It is attempting to deal with the tax paid by lower income earners in a very comprehensive and generous way.

I remind senators of the fact that, according to NATSEM, with these changes in place the first 60 per cent of Australian taxpayers will be net beneficiaries of the tax and welfare system—they will be net recipients of government support. In effect, the first 60 per cent of all Australian taxpayers will get more back than they put in. The top 40 per cent of income earners in this country, with all these changes in place, will carry the whole burden for Australia in terms of providing the net income tax required to provide the health, welfare and education systems that we all rely on. Senator Harris has made the point that under these proposals the highest proportionate benefit is delivered to low-income earners, and that is a very significant point that all senators should recall.

I want to repeat my point that Senator Sherry seems not to have grasped that the problem with the Labor proposal is that all we have is a 3½-year proposal that is heavily ramped up. The full-year effect of Labor’s proposal does not come into place until the year 2008-09. The full-year effect of ours comes into place from 2006-07, so you can see the full-year effects and the ongoing effects of the government’s package. You cannot see that with Labor’s; we do not know what the full-year effect will be, because we have no figures for 2008-09, the first year of the full effect. That is the point I was making—this is a steeply ramped-up proposal from Labor with what would be a significant fiscal impact from 2008-09 onwards.

The financial impact is set out in the explanatory statement: a full-year effect in 2006-07 of $5.6 billion, in 2007-08 of $6.3 billion and in 2008-09 of $6.7 billion. So you can see immediately the flow-on effect of ours. Sure, we do only present forward estimates for four years—that in itself is a big advance. It is quite difficult to forecast for a whole budget beyond the four-year period, but increasingly we need to look further, and that was the whole point of the Intergenerational report. But you can see, given that
We thought that was a step too far and a complete breach of faith with the Australian people, and in those exceptional circumstances we did argue against those tax increases. We were arguing against tax increases which that government had absolutely no mandate to impose on Australians. Here we are talking about a government which brings to this chamber a proposal to reduce the tax burden on every single Australian taxpayer and yet this chamber is proposing to in effect block that and insist on imposing its own regime. We think that is wrong and that these amendments should not be accepted.

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

The committee divided. [11.10 am]
(The Chairman—Senator JJ Hogg)

| Ayes............... | 35 |
| Noes............. | 33 |
| Majority......... | 2 |

**AYES**
- Allison, L.F.
- Bishop, T.M.
- Brown, B.J.
- Campbell, G.
- Cherry, J.C.
- Conroy, S.M.
- Crossin, P.M.
- Evans, C.V.
- Forshaw, M.G.
- Harradine, B.
- Hutchins, S.P.
- Lees, M.H.
- McLucas, J.E.
- Murray, A.J.M.
- O’Brien, K.W.K.
- Sherry, N.J.
- Stott Despoja, N.
- Wong, P.

**NOES**
- Abetz, E.
- Boswell, R.L.D.
- Brandis, G.H.
Question agreed to.

Bill, as amended, agreed to.

Bill reported with amendments; report adopted.

Third Reading

Senator MINCHIN (South Australia—Minister for Finance and Administration) (11.14 am)—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

SOCIAL SECURITY AMENDMENT (EXTENSION OF YOUTH ALLOWANCE AND AUSTUDY ELIGIBILITY TO NEW APPRENTICES) BILL 2005

Second Reading

Debate resumed from 12 May, on motion by Senator Ellison:

That this bill be now read a second time.

Senator CARR (Victoria) (11.15 am)—I move:

At the end of the motion add:

“but the Senate condemns the Government for:

(a) creating a skills crisis through a continued failure to provide the necessary training opportunities for all Australians during their nine long years in office;

(b) their failure to ensure the quality of training in the New Apprenticeships Scheme;

(c) ignoring the alarmingly low completion rates among New Apprentices; and

(d) calls on the Government to provide apprentices on Youth Allowance and Austudy the same income bank entitlements as full time students”.

The Social Security Amendment (Extension of Youth Allowance and Austudy Eligibility to New Apprentices) Bill 2005, as its title describes, firstly seeks to extend various payments to new apprentices. It provides some $410 million over three years for that purpose. Secondly, it seeks to provide $84 million for the new Commonwealth Trade Learning Scholarship program. The scholarship will provide payments of $500 each year to new apprentices in trades where there are skill shortages upon successful completion of their first and second years of apprenticeship training. Thirdly, the bill seeks to provide some $73.9 million for new Tools for Your Trade tool kit payments of $800 in specified trades where there are said to be skill shortages.

The Labor Party will be supporting this bill. However, we want to take this opportunity to draw attention to some of the fundamental questions that are now abundantly clear for all to see in regard to the way in which this government has failed in its responsibility to maintain an effective training system within this country. Labor believe that all Australians who are engaged in education and training should be supported by liveable levels of income, whether they are at school, university or TAFE. We take the
view that, in terms of vocational education, especially within an apprenticeship, there ought to be appropriate levels of remuneration. Unfortunately, many young people are discouraged from taking on apprenticeships because it is all too clear that wages are far too low for people to have reasonable standards of living. Currently, full-time new apprentices are not able to access youth allowance because they have been classified as being in full-time employment. To have access to youth allowance, a person must be either unemployed or a full-time student. Likewise, apprentices are not currently able to access Austudy as they are not undertaking approved tertiary education qualifications.

This bill—and I am concentrating essentially on those matters that go to income support—sets a new precedent in terms of vocational education in that we find in it the use of income support payments to supplement wages. This is, as I said, an unprecedented position for governments to take because, traditionally, income support payments have been provided by governments to people who are not able to provide for themselves. Common reasons behind this include unemployment, disability, old age or being a sole parent. Income support payments generally have their origins in the welfare system, which is provided through the Social Security Act. The government has not been averse to providing income support measures for employers, farmers and a whole series of others in the form of subsidies for many a generation, but it has not sought to provide that for workers. So this measure is to be welcomed in that regard.

However, as I said, there are a number of major deficiencies in the way these arrangements are to be made. This bill seeks to introduce a generic definition of ‘new apprentice’ into the definitions in the Social Security Act and then amend the relevant qualifications sections to include new apprentices as a class of people eligible for youth allowance or Austudy. Under the proposals contained within this bill, new apprentices will be treated the same as full-time students for the rates payable. Income and assets of parents and the like will also apply, as will the classification of a person as independent. Rent assistance arrangements will also be provided on the same basis as current arrangements.

The rates payable range from $178 to $326.50 a fortnight, depending on an individual’s circumstances. This is not a great deal of money. The truth of the matter is that, for many apprentices, this sum of money will not be received. There are nearly 400,000 apprentices—or ‘new apprentices’, as the government refers to them—in the system. It is estimated that only 75,000 of them will receive any money at all. Very few will get the full rate. This is because the allowance begins to taper off at an income of just $236 a fortnight for people under the age of 18 who are living at home. At $514 a fortnight the money cuts out altogether. For independents over 18, the allowance cuts out at $725 a fortnight.

Some pretty simple arithmetic can be applied here. Under the Victorian ETU award, a first-year apprentice electrician earns too much, because they get $351 per week. In their second year they get $501 per week, in their third year they get $678 per week and in their fourth year they get $796 per week. Even their first-year rate of pay puts them almost $200 over the limit for any allowance at all. In further years, the apprentices are not able to qualify for assistance in any of the categories. That same provision applies to a whole range of other trades. In the Metal, Engineering and Associated Industry Award we see a similar scene. A first-year apprentice earning a minimum award wage gets nothing at all from this new arrangement.
For the majority of trades in the skilled trades area, this measure will not provide any assistance. Particularly in those areas which are well organised and well defended by appropriate unions, wages have been kept at a higher level—and so they ought be, because that is how you actually attract people into the trades: you pay them decent rates of pay. Those areas will not be able to attract the income support that this government is proposing through this measure. You will find that this measure will go towards those trades in which there are fewer skills shortages. It will go to the burger flippers; it will go to the cappuccino makers. It will go to those areas where the skills shortages are not as pronounced. In the hospitality industry, there is very high turnover and extremely high wastage rates in terms of noncompletions. People in that industry are the people who these sorts of measures are aimed at. This is another example of this government failing to understand the social conditions into which it is seeking to intervene.

We do not have to go very far—we can look at the last round of estimates, for instance—to see that the government’s incentive payments to employers are now around $587 million per annum. That is what drives the vocational education system: the incentive payments to employers, not to workers. That $587 million goes primarily to the areas of non skill shortage. Only a third of that money is going to areas which are on the national skills shortage list.

The traditional trades have been wound back for years by this government. It has concentrated on the cheap and nasty end of the training regime. In a systemic sense, this government has failed to address the skills shortage question in this country. It has failed to address that because it has concentrated on the hospitality industries, along with various other industries. Those industries are worthy of and are entitled to support, but the wage subsidy program which the government has used through these employer incentives has been aimed at those areas which are not on the skills shortage list. On top of that, the extraordinary rates of noncompletions have meant that a great deal of this money has been wasted.

A recent study undertaken by the University of Western Sydney through Dr Phillip Toner shows that the training rates in traditional trades have been in ‘statistically significant and sustained decline’ for the last 15 years. That is in comparison to the period prior to the New Apprenticeships system being introduced in 1996-97 by Dr Kemp. Given that the whole labour market has grown, the annual rates of growth in the traditional trades have been much lower than they have been in other areas of training. This is particularly the case in the metal, electrical and construction industries, where quite substantial declines relative to the other areas have been experienced. The only exception is the food group area. The training rate in most of these important areas has been essentially static. The traditional trades have not been able to replace the numbers of people who are leaving as we get an ageing work force. If this process continues, we are likely to see a shortage in skilled trades of some 130,000 people over the next five years.

This is not a new position. This Senate has drawn attention to this in an important report, Aspiring to excellence, which was published in November 2000 by the Senate Employment, Workplace Relations, Small Business and Education References Committee. These various trends were identified as far back as the year 2000. It is quite apparent from that report that, especially in regard to the non-completion rates, the rates of wastage in the New Apprenticeships system may well have been—and the estimates vary, because this is a complex area—as high as 50
Various studies have highlighted this. This is substantially more than the government officially recognises.

What we have is a new measure that seeks to increase the amount of money that is available to individuals, but it is not particularly well targeted. It is a provision that we support, but we say that it will not address those fundamental problems because it fails to deal with the systemic problems within the training system, which has been overlooking the whole issue of skills shortage since its inception in 1996-97.

There is also the new measure of an income credit bank, which is designed to allow Youth Allowance recipients to accumulate a proportion of their fortnightly income-free area. This is a provision which allows for workers who are in new apprenticeships to store some of their income so that arrangements can be evened out. The maximum that can be accrued by a student is about $6,000. Unemployed job seekers will be able to get a maximum working credit level of about $1,000.

The government has not provided any explanation as to why it has not decided to treat these people in the same way that it treats full-time students. The government has in my judgment given workers in New Apprenticeships a raw deal in that regard. It has not identified how people actually live. It has not identified properly how people earn money in the current labour market. The government’s failure to deal with the skills shortage and its failure to identify the effects of the new arrangements in terms of the New Apprenticeships system mean that we now have a situation where skilled vacancies have increased by 0.2 per cent over the last month. The growing shortages in the electrical trades are matters of particular concern.

There has been an increase of some 4.2 per cent over the past month and 13.8 per cent over the past 12 months in skilled vacancies in electrical and electronic trades. Vacancies in the metal trades are up by 4.4 per cent over the past 12 months, vacancies in printing are up by 9.9 per cent and vacancies for chefs are up by 2.5 per cent. Skilled vacancies in professions are up by 0.8 per cent over the past month and 6.3 per cent over the past 12 months, and there has been a massive 15 per cent increase in health vacancies. If we look at associated professionals, in terms of the medical and scientific areas, we see that there has been a six per cent rise in vacancies in the past month and a 36 per cent increase over the past 12 months.

There is a much deeper problem here which the government has failed to confront. It goes right back to schools, whereby the government, in terms of its maths and science education programs, has not been able to provide the basic prerequisites that underwrite the skills training system in this country. This cuts across every level of traditional trades, including the advanced trades skills areas, right through to the paraprofessionals and various workers who have to underwrite the innovation system within this country.

We have 270,000 people seeking to get into the TAFE system who are not able to get a place. An estimated $833 million will go towards what is called the skills deficit. The government has failed to meet its obligations in terms of the proposed new vocational education and training agreement with the states. The government has failed to meet its obligations not only to young Australians but to the economy at large. The failure to address those fundamental issues has meant there is now a damping down of the level of economic growth and jobs growth, and it makes it more difficult to attract significant investment with regard to advanced industries.
The government’s own research findings—which they fought desperately to keep away from the parliament and which they now, somewhat cavalierly, say become their evaluations—which are essentially market surveys of the New Apprenticeship system, show that 35 per cent of people who completed their apprenticeships were looking for work in the same area. Twenty-one per cent of apprentices surveyed said that the skills that they had learned in the apprenticeship were not useful. One-third of people who completed an apprenticeship but were not working in that industry said that the apprenticeship was of little or no use, and 30 per cent of existing workers who completed their new apprenticeship said that the apprenticeship did not improve their job security.

The National Centre for Vocational Education Research, the NCVER, are telling us that the number of apprenticeships and traineeships actually fell by four per cent during 2004. Their December 2004 quarter figures show that the numbers of apprentices and trainees in training are at the lowest level since December 2002. In the 12-month period ending December 2004 there were 133,000 withdrawals and cancellations, compared to 139,000 completions over the same period. Worse still, the number of cancellations in the three months ending in December 2004 was 37,500, the highest on record.

The NCVER statistics also show that the number of apprenticeship commencements fell from 277,900 to 263,100 over the 12 months ending December 2004. The five per cent drop in commencements nation wide is shocking news for businesses who are crying out for skilled workers. It is shocking news for the future of workers in this country, because we know that this is the area in which people are able to secure better jobs, higher paid jobs and of course more productive jobs. They are able to take greater control over the way in which they are able to enter the labour market and the way in which they perform through economic enterprises in the country. So it is extremely important for both ends of the production cycle—employers and workers—and this government has failed both groups. It has failed both groups hopelessly because, while businesses are crying out for skilled labour—there is a desperate need so that we can move up the value-adding chain of our productivity growth in this country—there is an increasing shortage of workers able to perform the task that is required by an advanced economy. And what has this government done? It has poured millions and millions of dollars into a scheme which has not met the contemporary needs of our society or our economy.

We support this measure, but it has to be seen in the context of the government’s abysmal failure when it comes to vocational education and training in this country. It is a shame that this has occurred, and I ask the Senate to support our second reading amendment which identifies those problems so clearly.

Senator GREIG (Western Australia) (11.35 am)—I rise to speak to the Social Security Amendment (Extension of Youth Allowance and Austudy Eligibility to New Apprentices) Bill 2005. We often hear complaints about the difficulty of getting a skilled tradesperson. Alarmingly, it still makes the news when a young woman or man completes skill training in an area previously stereotyped as belonging to the opposite gender. Australia is enjoying strong economic growth and record levels of employment but, regrettably, not all Australians are able to share in either the benefits of economic growth or employment because of some barriers which they struggle to overcome. For many, the economic benefits have failed to trickle down and those people re-
main at a significant disadvantage. However, that is a debate for another day.

We do not deny that this is a period of good and strong opportunity for some. Economic growth and prosperity, amongst other things, drive up the demand for skilled workers. We often hear businesses state that now their biggest challenge is finding the right people with the right skills and qualifications to take up skilled jobs. The government has invested a lot of time, energy and funds in programs which I do not think deliver reasonable employment outcomes. Remarkably unsuccessful programs, such as Work for the Dole, have generally been unrelated to local industry needs, have not translated into paid employment and have done nothing to improve business productivity. We Democrats have long called for government programs to focus on skills training and on putting money into effective programs which are designed in partnership with industry and which address real skills shortages.

It is a matter of fact that the rigidity and narrowness of the secondary education assessment regime has prevented many young Australians from succeeding. Finishing year 12 with the aim of gaining the maximum number of tertiary education points to gain university entrance is simply not appropriate for everyone. It is even less appropriate for industries that need skilled, vocationally trained and available young people. It is even less appropriate that the measure of success for young people is based on the highly elusive tertiary entrance score.

Vocational pathways are clearly the answer. Vocational pathways provide young people with the opportunity to excel in something other than a rigid exam score. Apprenticeships can promote and encourage vocational pathways amongst young Australians at the same time as they address the shortages in trades and related occupations. The Australian Democrats assert that apprenticeships and vocational education are to be valued as highly as a university education. Indeed, we know that vocational pathways must be, and will be, the preferred option for a large number of young people. The status of trades and trades education as career choices must be elevated. A vocational pathway is a success story in itself, as much as a tertiary entrance ranking.

New Apprenticeships has been around for some years. Therefore, we must ask ourselves why there is still a skills shortage. The answer in part is that the government must take a more integrated and proactive approach to the education and training needs of young Australians. This will require greater investment in Australian technical colleges dedicated to the teaching and acquiring of trade and craft skills at the senior secondary school level. Transitional youth programs which help promote vocational options must also be widely funded.

The bill before us addresses a long called for need—that is, the financial challenge that hits new apprentices head-on in the first few years of a new apprenticeship. It is a step in the right direction. You will never encourage young people to take up a trade or craft skill when by doing so you condemn them to financial difficulty. It is all very well to invite young Australians to consider a trade or skill and tell them they are much needed by industry, but not to then condemn them to a parlous financial state for three or four years of their lives at a time when their financial needs are at their greatest.

This government has a record of punishing young Australians by withdrawing financial support for them on a whim, particularly at a time when they are most vulnerable. The Newstart allowance breaching regime, which essentially hits a young person when they are experiencing difficulty in compliance for a
number of reasons such as homelessness, violence or mental illness, is a perfect example. It simply does not make sense then to financially disadvantage a young person who is likely to succeed in the very skills this country needs. We cannot tell a young metalworker or building tradesperson that he or she is very much needed by this country but then dissuade them with remuneration which fails to meet their accommodation, transport, education and tools costs.

We Democrats welcome this long overdue bill which extends eligibility for Youth Allowance and Austudy to new apprentices from 1 July 2005. We also welcome the provision of a tool kit worth up to $800 to new apprentices starting out in identified trades which are experiencing skills shortages. We also support the provision of Commonwealth trade learning scholarships for eligible new apprentices in skills shortage trades which will offer a $500 bonus on the successful completion of their first and second years. It seems like all good news, but it is not quite. Once again, we have the mean-spirited nature of the government which rides roughshod over many young Australians.

This bill provides that the Youth Allowance to new apprentices will continue to be subject to the parental income test. We have a government which says to young Australians: ‘Sure, be an apprentice. Meet this country’s skills needs. Get up early and start work in your trade at 6 am. But the sting in the tail is that we insist you be dependent on your parents until you reach the age of 25.’ Even more unreasonably, the level at which a young person’s parents are considered to be able to be financially supportive of them starts at a miserly $28,850. When will the government wake up to the reality of this? A young Australian who is old enough to vote, old enough to be sent to war and old enough to take on adult responsibilities which are integral to gaining trade skills cannot, under any reasonable measure, be considered to be dependent on their parents.

We Democrats have long argued about the inadequacy of student income support and, in particular, about the fact that the application of the parental income test on students up to the age of 25 is unreasonable and unfair. The stringent parental income test on an adult student does nothing to encourage young Australians to further their education, and in many cases it has the complete opposite effect whereby it actively prevents them from taking up studies. Additionally, the low threshold of $28,850 will cause further problems. It will do the same for new apprentices who are already struggling with incomes as low as 40 per cent of adult wages in the early years of their apprenticeships. It will certainly not encourage young Australians to consider apprenticeships. Many new apprentices will remain in poverty because the government deems them to be dependent on their parents until they are 25 and because they will lose income support if their parents earn more than the benchmark of $28,850.

In summary, we Democrats welcome this bill, but it is not enough. It can and should go further. If the government were really serious about addressing Australia’s trade skills, it would provide more assistance to young Australians undertaking long and poorly paid apprenticeships. To that end, I foreshadow that I will move a Democrats second reading amendment to the bill. The amendment picks up some of that criticism, going to the heart of it by arguing for the age of independence for students, which is currently set at 25 years, to be changed, and making the point that it is unreasonable and inhibits many young Australians from continuing study or vocational training. The amendment also criticises the government for missing what we think is a really good opportunity for providing fair income support arrangements for new apprentices.
Senator COLBECK (Tasmania—Parliamentary Secretary to the Minister for Agriculture, Fisheries and Forestry) (11.43 am)—I thank those who have spoken on the bill. While I might not necessarily agree, I appreciate senators’ input to the debate. The Social Security Amendment (Extension of Youth Allowance and Austudy Eligibility to New Apprentices) Bill 2005 will appropriate net outlays of $383.2 million over three years to assist new apprentices and trainees. The bill extends eligibility for youth allowance and Austudy payment to full-time new apprentices. The conditions of eligibility are consistent with those for full-time students in receipt of one of these allowances. The new apprentices who qualify for assistance will be subject to personal, partner and parental means testing consistent with current arrangements under these allowances. The new apprentices will also benefit from the income-free area currently available for student allowance recipients, as well as the changes to the taper rates from 1 July 2006, as announced by the Treasurer in the budget. This bill amends the Social Security Act 1991 to exempt the value of Commonwealth trade learning scholarships and tools received under the Tools for Your Trade initiative from social security income testing. This ensures that new apprentices receive the full benefit of all these measures in the initial years of their training. This bill provides another example of the Australian government’s commitment to vocational and technical education as a means of building a strong Australia. We are introducing several measures that address skills needs in the Australian economy. This initiative will provide targeted assistance to new apprentices during the initial years of their training, when their wages are generally at their lowest.

Ensuring that new apprentices have the support they need to undertake their training further encourages people to participate in New Apprenticeships, supporting a more competitive and innovative economy. It acknowledges the importance of a strong vocational and technical education sector for continued economic performance and growth. It enables young people in particular to take up a path of lifelong self-employment while also promoting growth in the small business sector. This government already has a proud record when it comes to ensuring the strength and vitality of the vocational and technical education sector, with benefits for Australians of all ages. These measures, combined with other initiatives announced and currently being implemented by this government, represent a significant investment in the future growth of the Australian economy, Australian industry and the vocational and technical education sector. I commend the bill to the Senate.

Question agreed to.

Senator GREIG (Western Australia) (11.47 am)—I move:

At the end of the motion add: “but the Senate

(a) notes that the age of independence for students currently set at 25 years, is arbitrary and is unreasonable, inhibiting many young Australians from continuing study or vocational training; and

(b) condemns the Government for missing this opportunity of providing fair income support arrangements for new apprentices”.

Question negatived.

Original question, as amended, agreed to.

Bill read a second time.

Third Reading

Bill passed through its remaining stages without amendment or debate.
SUPERANNUATION LAWS AMENDMENT (ABOLITION OF SURCHARGE) BILL 2005

Second Reading

Debate resumed from 14 June, on motion by Senator Abetz:

That this bill be now read a second time.

(Quorum formed)

Senator SHERRY (Tasmania) (11.51 am)—We now commence debate on the Superannuation Laws Amendment (Abolition of Surcharge) Bill 2005. This is the other element of the government’s tax package, which was presented in the budget a few weeks ago. The issue we are dealing with here is the proposal to abolish a tax, not a surcharge. It is a tax, in this parliament’s view, so my first point is that the bill is incorrectly titled. This is a very exclusive tax cut because it relates to high-income earners only.

Senator McGauran—We have you in Hansard railing against this surcharge.

Senator SHERRY—We will get to the railing in a moment, Senator McGauran, because I have some other interesting quotes from Hansard that I will get to. This tax applies to superannuation contributions and it commences at a surchargeable tax income level of $99,700, at the rate of one per cent, increasing to the rate of 15 per cent at an income level of approximately $21,400. I also make the point that those rates are indexed—they increase each financial year. This tax was introduced by the current Liberal government in 1996: the A New Tax system.

Senator McGauran—Let’s go through the history.

Senator SHERRY—I do intend to go through the history, Senator McGauran, and I intend to point out who benefits from the abolition of the tax. It is a tax that is being abolished for high-income earners. It is a function of both surchargeable tax income and contribution levels. This government introduced it in 1996 and called it a surcharge. That was the first dishonesty: they called it a surcharge, not a tax. It took about two years before we finally got an admission from the new Assistant Treasurer, Senator Kemp, who replaced former Senator Short, who had problems convincing anyone, frankly, that it was a surcharge, not a tax.

Senator McGauran—A minor detail.

Senator SHERRY—It is an important detail, Senator McGauran, because when this was introduced it was in direct contradiction to one of the government’s fundamental election promises of 1995: no new taxes, no increase in existing taxes. It has been claimed, and claimed falsely, that this new tax, which was projected to raise about a billion dollars a year—

Senator McGauran—Five hundred million.

Senator SHERRY—That is the current figure, Senator McGauran: a billion dollars.

Senator McGauran—No, that was the 1996 estimate.

Senator SHERRY—It started at half a billion but it got to a billion, which is approximately where we are at now. It was claimed that this new tax was needed to assist in balancing the budget, but it was a direct contradiction of a principle that government members signed up to in 1995. On that basis the Labor Party opposed it. You made a promise, going into 1996: no new taxes, no increase in existing taxes. That is the first reason why the Labor Party opposed it: you broke your promise. The second reason was the issue of administrative difficulties. It is an expensive tax to collect—I do not think there is any argument about that. However, those administrative difficulties—that was nine years ago—have now been overcome.
and the tax has been implemented and collected since that time.

Senator McGauran interjecting—

Senator SHERRY—What is interesting is that, in the 1996 budget, Mr Costello very shrewdly concocted one of the biggest cons we have ever seen. In the 1996 budget he included in future expenditure the moneys for the superannuation co-contribution. The total cost of that in the full year then would have been about $4.5 billion, and he kept that in the budget. He argued with high-income earners—I do not think he convinced them—that this new tax was needed to cover up the alleged black hole that Senator McGauran has interjected about. But in fact it was not. He kept the superannuation co-contribution in the forward estimates and he abolished it in 1997.

The other point I want to make is that if the argument is that it is no longer necessary to keep the superannuation surcharge tax, because the budget is now in surplus, what has happened to all the other programs that were cut in the 1996 budget? One example is the dental health scheme, which has not been reinstated. What we have is a priority from the government to remove one measure that they introduced in 1996: the surcharge tax. At that time the Treasurer went over the top. I think even he would acknowledge that his rhetoric at the time has come back to haunt him. There was nothing about it being temporary. This was not a temporary tax. That was not argued back in 1996. It is being argued now as one of the reasons for getting rid of the superannuation surcharge, but it was not a temporary tax when it was introduced in 1996. He did not argue that, even though he and others argue it now. In the budget speech the Treasurer argued:

A major deficiency of the current system—that is, the superannuation system—is that tax benefits for superannuation are overwhelmingly biased in favour of high income earners.

He went on to say:

For a person on the top tax rate, superannuation is a 33 percentage point tax concession while a person earning $20,000 receives a 5 percentage point tax concession.

That is what he argued at the time. He argued that the purpose of the superannuation surcharge was to make the taxation of superannuation fairer by reducing the relative advantage to higher income earners in the tax concession. That is what he argued at the time; that was his central argument. I seem to remember him going on TV and doing a bit of a rant about how it was fair and should be supported. He did little bit of a dance afterwards—that is when he did his macarena dance. The argument from the government was that this was a new, fair tax to reduce the relative advantage of higher income earners. There was nothing temporary about it. So here we are, nine years on, considering its abolition.

Senator McGauran—Nothing’s forever.

Senator SHERRY—Nothing is forever—that is certainly true, Senator McGauran—but the issue is the select nature of your tax cuts. This tax abolition delivers a very significant tax cut exclusively to high-income earners on a taxable surcharge base of more than $99,700 a year: about five per cent of the population. Where is the tax cut on superannuation for people earning less than $99,700 surchargeable tax income? Where is their tax cut on superannuation?

Senator McGauran—The co-contribution.

Senator SHERRY—I knew Senator McGauran would pipe up: ‘the co-contribution’. Senator, if you are earning more than $58,000 a year you do not get any co-contribution—none at all. So what we
have here is a voluntary co-contribution that benefits some people. I accept that.

Senator McGauran—Lower income earners.

Senator SHERRY—Lower and middle-income earners—it would benefit some of them, Senator McGauran. If they put $1,000 in, they now get $1,500. We know that approximately one in seven or eight low-to-middle-income earners will benefit from that if they put extra money in. But, in the case of the abolition of the surcharge tax, you do not have to do anything. You are a high-income earner and you do not have to put one extra cent into super, but you get the benefit of the tax cut. That highlights another inequity. To Senator McGauran, who is here on behalf of The Nationals, I say: where is the benefit for people earning between $58,000 and $99,700 surchargeable tax income? There is nothing; they do not get a co-contribution or a tax cut. So we have an exclusive tax cut delivered to all higher income earners, we have a co-contribution delivered to perhaps one in seven or eight low- or middle-income earners, and nothing in the middle.

This issue is like the GST. The Labor Party argued against the GST—we fought it tooth and nail. We argued against the surcharge tax on superannuation for high-income earners because it was a breach of an election commitment. The fact of life is that we have had it since 1996 and we have learnt to live with it, like we have learnt to live with the GST, which is also administratively cumbersome. It is now part of the Australian tax system. I do not argue with reducing tax on superannuation, but I do argue very strongly with an exclusive tax cut that only applies to high-income earners.

Let me give some examples. As I said, this is a function of contributions and income. There are some interesting figures. If you contribute nine per cent to superannuation—which is the standard contribution and the compulsory minimum level, and the employer contributes that—the consequence of the abolition of this tax will be approximately a $25 a week tax cut. But it gets a lot better for higher income earners, because they generally make higher contributions to superannuation. Let us look at a 15 per cent contribution to superannuation, as that is not unusual for higher income earners. If they make a 15 per cent contribution to superannuation, the abolition of this tax cut will mean $45 a week.

Let’s look at a fairly extreme example: us. It does not give me any pleasure to look at the outcomes for politicians, but I can remember Senator Kemp and Mr Costello wanting to look at us back in 1996, when we opposed this. So let’s look at us now. What is the impact on us? For members of parliament who are in the defined benefit fund it is an average $6,000 a year tax cut. Why is that the case? The levels of our contributions to the defined benefit fund are so much higher, so the tax cut is so much greater. If it was fair for Mr Costello and Senator Kemp to raise the impact on us back in 1996, I am going to raise it now. It should be an issue, because this illustrates the level of benefit conferred on people who are in defined benefit funds. It is true that a great number of high-income earners are in defined benefit funds, and the defined benefit fund can be paid an effective level of contribution of not just the nine per cent I have referred to but 15 or 20 per cent. That is relatively common for higher income earners. Higher income earners do very well out of the abolition of this tax.

Is that fair and reasonable? The Labor Party argues that it is not fair and reasonable. This government put forward the tax package which we debated earlier today and which has been amended, I am pleased to say, by a fairer proposal. But this govern-
ment is asking the Australian people to accept that low- to middle-income earners get a $6 a week tax cut if they are earning less than $63,000; Labor is saying it should be $12 a week. The Liberal government is saying that a person on $125,000 should get a $65 a week income tax cut plus—and this is really the icing on the cake; that is the best way to describe it—another $30 to $40 a week tax cut. That is on top of the income tax cut. That is over $100 a week in income and superannuation tax cuts for higher income earners. The Labor Party argues that that is unfair and disproportionate.

I have dealt with the government’s claim that this was only a temporary tax, a temporary measure. It was not. The government introduced this and argued at the time that it was all about reducing the additional benefit that flows to higher income earners via the tax system. We have also had an interesting argument from the government that this will increase savings. That has been reflected in some of the press releases that I have read. I love the one from the Bankers Association which states:

The Australian Bankers’ Association ... welcomes the abolition of the superannuation surcharge announced in tonight’s Budget.

David Bell, Chief Executive of the ABA, said: “This sound policy reform will encourage higher voluntary savings to increase retirement incomes and improve Australians’ standard of living in retirement.”

“This initiative is important because there are concerns that Australians are not saving enough for their retirement and any reform which encourages this will have a long-term national benefit.”

It is almost word for word the government’s propaganda line. What they do not say is that, if this is encouragement to save, it is exclusively for high-income earners. It is not for people earning less than $99,700 surcharge taxable income; it is exclusively for high-income earners. I have noticed that publicly the Treasurer does not point this out. He talks about a tax cut on super, but he does not talk about it being only for higher income earners. He does not want to have that public debate. And, of course, I suppose you could not expect anything better from the Australian Bankers Association. Look at all the self interest. All of the press releases on this issue point out that this will encourage saving, but they do not go on and say, if indeed it does encourage saving, that it is confined to high-income earners only. I suppose you could not reasonably expect the Bankers Association to be interested in the savings levels of people who earn less than $99,700 surcharge taxable income.

Will it encourage saving? What is interesting is that it is a tax cut for doing nothing. You do not have to put additional moneys into your superannuation savings in order to get the tax cut. It is not like the low- to middle-income earners rebate, where, to get a benefit in terms of the low- to middle-income earners superannuation co-contribution, you actually have to do something; you have to save more in order to get the co-contribution from the government. This is a tax cut that you get whether or not you save one additional dollar.

There is another interesting thing I want to point out. I have mentioned defined benefit funds. As a matter of fact, every individual in a superannuation accumulation fund pays a 15 per cent contributions tax—everyone. There is one group that does not, and that is members of defined benefit funds. I have already used the example of the parliamentary superannuation scheme. However, they do pay the surcharge up to 15 per cent tax. If the abolition of the surcharge tax occurs there will be a significant number of people in defined benefit funds who pay no tax at all—not one cent of tax on their superannuation. They do not pay it, because it is a guaranteed benefit, and the employer is effec-
tively paying the tax. So we are going to have a group of people on high incomes, in some defined benefit funds, who will not pay any contributions tax in any form on their superannuation. That is highly iniquitous.

Senator Watson—That is rubbish!

Senator SHERRY—Senator Watson, where is the contributions tax that you pay on your superannuation in the parliamentary fund? You do not pay it. The employer pays it—that is, the taxpayer pays it. The benefit is not reduced, because it is a defined benefit; it is a guaranteed outcome. The surcharge is certainly paid and I have already accepted that, Senator Watson. So we are going to have a unique group of people, in some defined benefit funds, who pay no tax at all. They do not pay the contributions tax either, because the employer pays it. They are, overwhelmingly, high-income earners, whereas the vast majority of Australians, if this bill is passed, will still be paying the 15 per cent contributions tax.

So this is a grossly unfair measure. It is grossly unfair, in the context of the government’s tax package, to confer a very exclusive benefit on high-income earners. What about middle-income Australians, who have received no incentive, tax or otherwise, in terms of the superannuation system? It is a very significant additional benefit on top of the income tax cuts that this government has proposed. If you are on more than $125,000 you get a $65 a week tax cut plus another $30 to $40 a week cut in the tax on your superannuation. That is fundamentally unfair. We deal with the tax system as it is at the moment, and it is unfair to support this legislation. I move:

At the end of the motion add:

“but the Senate condemns the Government for:

(a) failing to deliver meaningful overall tax reform to underpin future economic growth;

(b) directing through this measure the largest tax benefits to high income earners while failing to deliver meaningful tax relief to those on average incomes; and

(c) failing to reform tax measures consistent with Labor’s fairer tax package”.

Senator CHERRY (Queensland) (12.11 pm)—The Democrats will be opposing this legislation because it is grossly unfair and it will make our superannuation system less fair rather than more fair. It is worth noting that at the moment contributions for all workers are taxed into superannuation at a rate of 15 per cent. That provides concessional treatment for our workers, but that concessional treatment varies with income level. For a worker on the bottom tax bracket that concessional treatment is worth only two per cent a year, which is a 17 per cent marginal tax rate on their other income less 15 per cent, which is a contributions tax. For someone on a middle income on the 30 per cent tax bracket, the concession is worth 15 per cent for every dollar paid, which is of course 30 per cent minus 15 per cent. For high-income earners the concession was 33 per cent, which was 48 per cent minus the 15 per cent contributions tax. So high-income earners, prior to 1996, were receiving a tax benefit which was twice that of middle-income earners and as much as 10 times that of low-income earners for every dollar they put into superannuation.

That was why the Democrats for many years called on the government to introduce more progressive taxation superannuation contributions. Our preferred means would have been utilisation of the marginal tax rate, less a flat standard rebate level for all workers. That would have provided the same benefit to everybody who was putting money into super, regardless of whether or not they were a high- or low-income earner. The gov-
ernment has always been reluctant to do this, but at least in 1996 the government, as part of its budget tightening in that year, did introduce a high-income earners surcharge to at least try to reduce the excessive benefit that was going to the very high-income earners. As a result of the surcharge being introduced, the tax paid by high-income earners on their superannuation rose from 15 per cent to 30 per cent, which was a concession at that stage of 18 per cent. That was still slightly greater than that for middle-income earners, but about on par. It was reasonable and fair at that point in time.

However, since then of course we have reduced the surcharge and in two brackets it is now at 10 per cent. The government now proposes to abolish that so it will go back to the situation where high-income earners will enjoy a tax concession on their superannuation 10 times that of low-income earners and twice that of middle-income earners. These figures really are grossly unfair, and that is why the Democrats will oppose this measure. There is $1 billion a year which is now being collected by the surcharge which will go as a result of this. That is $1 billion of fair taxation, and it is going to be given as a further tax break to high-income earners by the government, which has been looking after them excessively. That is in addition to the three tax cuts on income tax given mostly to high-income earners since 2000: in 2000, last year’s budget and this year’s budget. It is also in addition to the massive cut in capital gains tax delivered in 1999, 80 per cent of which flowed to high-income earners. So this is the fifth bite that the government has given high-income earners at tax cuts since 2000, whilst middle- and low-income earners continue to pay the vast bulk of the enormous tax windfall coming to this government. It is grossly unfair.

It is worth reminding people that the arguments I have just put were the arguments put by the Treasurer and the government in 1996 when this measure was foreshadowed, and it is worth quoting from the second reading speech introducing the surcharge in 1997:

The superannuation system has been inequitably biased in favour of high income earners. Those high income earners have been benefiting from the concessional taxation treatment of superannuation to a much greater extent than low income earners. The introduction of the superannuation contributions surcharge for high income earners is this government’s response to ensure that the superannuation system is more equitable for all Australians, while also ensuring that superannuation remains an attractive savings option.

The Democrats thought that was a good idea back in 1996, and when the Treasurer put up the bill we supported it. The Labor Party opposed it, as a matter of interest, but we supported it. We have supported it all the way through because we agree with the sentiment that the Treasurer put to the parliament in 1996. That has not changed between 1996 and 2005. The only thing that has changed is that the government has got greedier on behalf of high-income earners and its constituency. That is what this is about. It is about this government wanting to deliver payback to its high-income supporters. That is why this bill is so disappointing. It is $1 billion a year in taxation which the government said in 1996 was fair and which is still fair. There is no reasonable justification for giving it back.

It is also noted—I think Senator Sherry noted this—that parliamentarians are particular beneficiaries of this scheme. That is because the parliamentary superannuation scheme, as I have said on many occasions in this place, has probably the highest employer contribution rate of any scheme in the country—

Senator Sherry—Judges.
Senator CHERRY—I am assured that the one for judges is higher. Whilst the contributions vary depending on how many years a person has been in parliament when they retire, they can be as much as 70 or 80 per cent of salary equivalent. Removing the superannuation surcharge, which applies pretty much fully to parliamentarians, provides a huge benefit to people in this place. It is such a unique benefit that I think everyone on this side should declare an interest. When this bill passes in August, they will be walking out of this place $6,000 a year, on average, better off. People elected in 1996 who retire at the next election will be up to $9,500 a year better off in their superannuation. That is in addition to the tax cuts that have been given in this year’s budget, last year’s budget and the budget in 2000. That is in addition to the four per cent pay rise coming through on 1 July and the concessions given on capital gains tax.

This really is a very self-serving piece of legislation. It benefits parliamentarians in particular. From my point of view, that is very disappointing. It is disappointing because it has been a fair tax. True, it has not been collected in a way that has made it the most administratively efficient tax in the world, but that is why the Democrats have always favoured an alternative means of collecting taxation on contributions, which is at flat marginal income tax rates less a rebate in the employee’s hands. The government have always been reluctant to do that, because that is to admit to workers that there is a tax on superannuation. They would prefer to hide it by having it collected by the superannuation funds. That is typical of the subterfuge that has been the basis of government taxation for a long time.

The Democrats will be opposing this legislation. We would urge the government, assuming the Senate rejects it, to reconsider it. There are a lot of ways that the $1 billion that this surcharge collects could be better spent. It could be better spent on building a future for this country. It could be better spent on health and education—investing in this country’s future. It could be better spent on housing, which is probably the single biggest contributor to retirement costs other than retirement incomes. Instead, the government has chosen to give it back to high-income earners. The argument that high-income earners will increase their savings as a result is a furphy. All studies of savings by high-income earners show that they will shuffle their savings around to the most tax preferred means of delivering those savings. It does not show an increase in their savings in total, for savings are what is left after discretionary spending is taken out. Rather, they simply shuffle it around to achieve an outcome.

This is a net transfer from the public sector into the pockets of the three per cent of highest income earners in Australia. That is something which I do not think the Senate should have any part of. True, this bill will pass after 1 July, when the government has its majority, unless suddenly the other side has its conscience piqued and that results in people thinking, ‘We should not be walking out with a $9,000 a year benefit for ourselves and a benefit for the three per cent of Australians that have high incomes, who are our mates and buddies and coalition supporters.’ But I do not expect to see that, because this is a self-serving piece of legislation. This is what Shane Stone was talking about when he accused the government of being ‘mean and tricky’ and ‘out of touch’ back in 2001. The government has always wanted to abolish this surcharge. It is unfortunate because, as the Treasurer pointed out in 1996, this is about making the superannuation taxation system fairer, and I think those arguments stand today.
Senator WATSON (Tasmania) (12.20 pm)—Seldom have we sat through a debate in this place and heard such inaccuracies and misrepresentation of the facts. I will refer to Senator Sherry’s presentation on Superannuation Laws Amendment (Abolition of Surcharge) Bill 2005 to clarify one issue—since we are on air. He said many taxpayers under defined benefit funds with high incomes will never pay the surcharge. As Senator Sherry well knows, taxpayers have the opportunity of paying the assessment—the surcharge amount—within the due date or that amount is paid by the fund, and reduces the benefit on retirement to the taxpayer, and interest is added to that debt. To say that people do not pay the surcharge may be technically right but their benefit is reduced by the amount of the surcharge and this is part of the misrepresentation that flowed right through the presentation today.

I wish to tell the Senate that the final abolition of this surcharge should remind us all of the very long time it has taken to unshackle Australia from the monstrous mismanagement of the economy by years of Labor government. They had left a legacy of over $10 billion to the Australian people when John Howard’s government came to power. I think we need to be reminded of that cost to Australia’s taxpayers.

The principle of the surcharge was based on the fact that, in order to overcome this huge deficit without major disruption to the economy, all sectors of the Australian economy, including higher income earners, had to bear a share of the burden. That was the genesis of the introduction of the surcharge. All sectors had to pay: low-, medium- and high-income earners. It was certainly quite a severe burden. Being a tax purist, I had concerns about the imposition of the surcharge because it seemed to offend against the four principles of a good taxation system. The compliance costs were very high in terms of processing and the initial set-up costs were enormous. One fund that I was associated with incurred costs of $1 million just to establish the superannuation framework in the first place.

I remind you, Senator Sherry, that it taxed the severance obligations of ordinary people when they reached certain thresholds. Often those severance obligations were due to injury at work. Through no fault of their own, they were forced into an income level as a result of a severance payment. It caused enormous distress. Others incurred marginal tax rates as high as 64 per cent in a situation where ordinary taxpayers were paying tax on their income at rates far lower than 64 per cent. It was a system that demanded marginal tax rates as high as 64 per cent from certain taxpayers at certain income levels. So we can not talk about it as a really good system. This was one of the unintended effects of it. It was an anti-savings measure.

Given the importance of keeping costs to a minimum, the other big problem with the surcharge was that all members of the superannuation fund had to share the increased costs of operation, whether or not they paid the surcharge. It offended against that principle—as a result of having to pay for the surcharge the costs of the funds were inflated and people incurred a cost in that their returns were reduced. But, as result of Peter Costello’s last budget, there is a new dawn. From 1 July 2005 individuals who make or receive surchargeable contributions or who receive employer termination payments will benefit from this measure.

I remind the Senate that the Senate Select Committee on Superannuation and Financial Services that I chaired was, at the time, a strong advocate for the reduction and eventual removal of the surcharge. We did not hear that from the opposition. As it turned out, the surcharge was reduced progressively,
as Australia’s financial position improved. Of course, as a result of this great budget—the Costello budget this year—as from 1 July we will see the complete abolition of the surcharge. I use the word ‘abolition’, but, in effect, it will continue to apply to superannuation contributions right through 2004-05 as the assessment system in respect of some people can be somewhat slow because they may get income from numerous sources. That was one of the problems of the fund.

I remind the Senate that the surcharge was introduced in 1996 at a time when the budget was deeply in deficit as result of Labor’s economic mismanagement. It was introduced, in part, to drive the budget back into balance—a very necessary and sensible move. The government laid down a policy in 1996 to drive the budget back into balance from a $10.3 billion deficit, which the Labor Party had left in place. It was introduced on purely fiscal grounds. The Howard-Costello government, through its good economic management, has now been able to discontinue the surcharge because of Australia’s strong economic position.

I remind the Senate that the surcharge was levied on superannuation contributions for which a tax deduction had been claimed. Generally these were employer contributions made under the provisions of the superannuation guarantee regime, but they also included contributions principally made by self-employed workers who claimed a tax deduction in respect of those contributions. If it was an eligible termination payment, the superannuation lump sum received increased the taxpayer’s assessable income for surcharge purposes over income thresholds. It applied to both accumulation funds and defined benefit funds. I have already drawn attention to the misrepresentation from Senator Sherry in that regard. The maximum rate was set at 15 per cent, but as a result of the surcharge contribution higher-income taxpayers paid, effectively, a combined rate of 30 per cent. Some actually paid somewhat higher rates under a defined benefit scheme.

Not surprisingly, all taxes are unpopular, and the surcharge was for a number of reasons. As I said, it was complex, costly to administer and costly to collect. Collection costs were carried by all fund members, most of whom did not have the surcharge deducted from the contributions made on their behalf. It also affected low-income earners as the value of their superannuation payment, when received as a lump sum, meant that their annual income for surcharge purposes pushed them above threshold levels. It was often difficult to determine the amount of surcharge paid by surchargeable defined benefit members.

My time is brief, but there are a number of positives flowing from the discontinuance of the superannuation surcharge. The rate of national savings will be increased both by the amount of tax forgone and by the additional contributions that superannuation funds will receive as a result of the abolition of the surcharge. As I mentioned, levels of individual superannuation savings will increase, and much of the administrative complexity associated with the surcharge will disappear with its abolition. This will decrease the administrative costs of many funds, and hopefully this will lead to a lowering of the overall fees and charges of superannuation funds. Over the longer term, increased superannuation benefits will lead to less reliance on the aged pension in retirement, and the diversification of additional funds into superannuation will decrease consumption and therefore could be seen as a factor in keeping the lid on inflation. I wish to congratulate the government on introducing this measure and I commend the bill to the Senate.
Senator COONAN (New South Wales—Minister for Communications, Information Technology and the Arts) (12.31 pm)—I rise to sum up on behalf of the government the debate on the Superannuation Laws Amendment (Abolition of Surcharge) Bill 2005. It is a red-letter day for superannuation. I would like to thank honourable senators for their contributions to the debate. This bill represents a further significant step in improving the superannuation and retirement income arrangements for all Australians. This government believes in incentives. It believes that all Australians should have the opportunity to save for their future and obtain a higher standard of living in retirement than what the superannuation guarantee and aged pension can achieve and deliver alone.

The surcharge was introduced in 1996 following the large budget deficit that this government inherited from the former Labor administration. Now that the government has paid off most of Labor’s $90-odd billion legacy of debt, it is appropriate to relieve the tax burden further and enhance the incentives to contribute to superannuation. This bill significantly boosts the incentives for around 600,000 Australians to contribute to superannuation and saves taxpayers $2.5 billion over the next four years.

The bill complements the significant boost to superannuation savings announced last year. The government expanded the co-contribution scheme to significantly enhance the incentives for low- and middle-income employees to contribute to superannuation and saves taxpayers $2.5 billion over the next four years.

The abolition of the surcharge will simplify the operation of the superannuation system, boost the superannuation savings of affected contributors and individuals and provide incentives for individuals to make additional voluntary superannuation savings. As I have said over and over again in this chamber and elsewhere, it enables those who can and should save for their retirement incomes to in fact get on with doing just that. It also builds on previous changes introduced by this government aimed at assisting Australians to achieve greater financial self-reliance for their retirement, which of course reduces the burden on taxpayers more broadly. I commend the bill to the chamber.

Question agreed to.

Question put:

That the motion (Senator Abetz’s), as amended, be agreed to.

The Senate divided. [12.40 pm]

(The President—Senator the Hon. Paul Calvert)
Debate resumed from 14 June, on motion by Senator Abetz:

That this bill be now read a second time.

Senator SHERRY (Tasmania) (12.43 pm)—The Senate is now dealing with the Tax Laws Amendment (Medicare Levy and Medicare Levy Surcharge) Bill 2005. The Medicare Levy Act 1986 provides that no Medicare levy is payable for low-income individuals and families where the taxable income or combined family taxable income does not exceed the threshold amounts. The Medicare levy shades in at a rate of 20c in the dollar where the taxable income or combined family taxable income exceeds the threshold amounts.

A Medicare levy surcharge of one per cent applies on taxable income in certain cases where high-income taxpayers do not have private patient hospital cover. The surcharge also applies to reportable fringe benefits in certain cases where taxpayers do not have private patient hospital cover. However, a family member who would otherwise be liable for the surcharge is not required to pay the surcharge where the total of that person’s taxable income and reportable fringe benefits do not exceed the individual low-income threshold amount. Unlike the Medicare levy, there is no shading-in of the surcharge above the threshold amount.

Labor believe that this is a straightforward bill. Labor has supported its passage through the House and will now do so in the Senate. The measures in this bill are required to be in place by the end of June this year. I do want to make some general comments about Medicare.

Debate interrupted.
MATTERS OF PUBLIC INTEREST

The ACTING DEPUTY PRESIDENT (Senator Marshall)—Order! It being 12.45 pm, I call on matters of public interest.

Queensland Government Budget 2005-06

Senator SANTORO (Queensland) (12.45 pm)—Undoubtedly, the federal budget brought down by Treasurer Costello on 10 May and the Queensland budget brought down by state Treasurer Mackenroth on 7 June had one key factor in common. Both budgets delivered substantial operating surpluses and each treasurer attributed this success to his sound, disciplined financial and economic management. The similarities start and finish in terms of the operating surplus. There is no further similarity.

Blind Freddy could have successfully achieved a surplus in Queensland. All Treasurer Mackenroth had to do was ride on the coat-tails of Howard government economic reforms. No pain, no gain for the Howard government; no spin, no win for the Beattie government. That is the difference. One shows vision and commitment and the other is committed to nothing. I am talking about tough decisions that may hurt in the short term but which deliver real benefits to everyone. Tough decisions that the Howard government has made and which have boosted Queensland’s budget bottom line include industrial relations reform, which saw real wages in Australia grow by 14 per cent since March 1996 in contrast with the miserable 1.2 per cent over the 13 years of the previous Labor government. Under this reform that the Labor Party condemned, more than 1.6 million new jobs have been created by the Australian economy.

Today not only do we have the lowest unemployment rate in nearly 30 years but also every Australian has more disposable income to spend or save as they would wish and, of course, more job security. In this speech I will not even touch on the Chicken Little mantra that the federal Labor Party and state Labor governments, including Queensland’s, have given to the most recent proposed industrial relations reforms. But I do know that, in just a few years—and let us hope that the people of Queensland see beyond the grinning Chicken Little and vote in a real reformist government—state Labor governments will again be happy to take the credit for the social and economic advances brought about by the Howard government’s reforms. Who can forget the Labor Party’s lack of support for taxation reform, including the GST implementation in 2000? Now look at the benefits and greater standard of living that everyone has reaped.

With every cent of money collected by the GST going to the states, why wouldn’t they reach a surplus position? I had a really good laugh when I looked at the Queensland government’s proposed operating surplus for 2005-06. The ‘world’s best’ state treasurer is forecasting a surplus of $934 million. Let me advise the Senate what that surplus is made of. The federal government, because of the Howard government’s implementation of the GST tax reform, will give Queensland additional GST revenue of $552 million. Also, special purpose payments from the federal government are expected to be $466 million. That is an additional $1,018 million in the next financial year. If my sums add up—and I am sure they do—that means that, in this current financial year, if the federal government had not bailed out Queensland again, the Beattie government and the world’s best state treasurer would have been looking at an $84 million deficit. Instead, the 2005-06 Queensland budget forecasts a surplus of $934 million.

More Australians now own their own home. The federal government’s first home owners grant has assisted Australians to enter the new home ownership market. At the
same time, we have been able to maintain low interest rates. The boost this has given industry sectors, from construction to manufacturing, retail, transport and so on, has been unprecedented. Again, the states—and Queensland along with them—have taken full advantage of this through land tax and stamp duties.

My message so far has been that the tough decisions by the federal government have really underpinned strong state reform as is witnessed by the Queensland budget operating surplus. My true disappointment with the Queensland budget is that, unlike the federal budget, which continues to use its strong economic position to push additional reforms and at the same time give real tax cuts to all Australians, the Queensland budget misses both of those opportunities. Instead, the Queensland budget is aimed at recurrent spending and increasing the size of the Public Service. It is a missed opportunity budget.

Let us have a look at some of these missed opportunities. Just months ago, the Queensland government very proudly released its $55 billion 20-year Queensland State Infrastructure Plan, which highlights the infrastructure priorities of the state. The Queensland Treasurer proudly announced in the opening of his budget speech that, over the four years which incorporate phase 1 of the plan, a paltry $2 billion would be invested. That is $500 million for each year over the next four years. Let me remind senators opposite that infrastructure costs money—very big money. The upgrading of the Pacific Highway from Brisbane to the Gold Coast back in the late 1990s—a coalition government initiative—cost more than $1 billion.

So what major infrastructure does the Queensland government think $2 billion over four years will buy? It certainly will not buy water reform. Water gets only a fleeting mention in the all-important budget speech.

The first phase of the infrastructure plan spending is just about all for Brisbane. I do not begrudge this. The money is for very important transport infrastructure that will ease both pedestrian and transport traffic and increase productivity for business. The state government proposes to duplicate the Houghton Highway that links the city of Redcliffe with Brisbane on the north side. It will extend the Centenary Highway and upgrade the Mount Lindesay Highway on the south side. It will spend $584 million on Busway projects and $574 million for a new train line between Darra and Springfield in Brisbane’s fast-expanding outer south-west. But then there is the rest of the state—all of that vast expanse that Premier Beattie likes to fly over in his executive jet. You might have expected just a little more from a government that has promoted its commitment to infrastructure so strongly. I will say it again: $2 billion over four years above the mostly recurrent spending in the capital works budget is truly pathetic and does not portray any level of commitment to building Queensland’s infrastructure.

With around 60 per cent of Queensland drought declared, you would assume that water management and water infrastructure would indeed be a priority. However, yet another Beattie government budget has delivered hot air instead of cooling air. The budget documents note the importance of water reform, especially in terms of dams and weirs; yet the detail of the budget leaves substantial doubt that any of the projects will be delivered on. As Mr Brett de Hayr, Chief Executive Officer of AgForce, Queensland’s primary producer peak body, noted when the state budget was brought down:

The drought is not just a farmers’ problem, it is biting at the heels of every major city in this country and considering how healthy the (Queensland) surplus is it would have been extremely worthwhile for some dollars to be spent on how
we can best manage drought in urban and rural areas. I spoke in the chamber last night on water matters. It is urgent that as a nation—and, in the Queensland context, as a state—we really get to work on sustainable water. Yet, on the basis of the 2005-06 state budget, as with others before it, there is no evidence that the Beattie government understands the problem—or even understands that there really is a problem. This situation did not develop overnight. The Beattie government has been in office for seven years and it has never yet grasped the nettle or, for that matter, seen the point.

The embarrassment over the proposed Wyaralong Dam demonstrates this with crystal clarity. The Queensland government allocated $8.5 million to fund property acquisition and most of that is to cover for their embarrassment after they discovered that the state did not own 90 per cent of the land for the new dam, as they had said, but only one-third. That dam is still a long way off and may in fact never happen, given it is still being investigated. The Beattie government has again been caught out trying to get credit this year for money it may not spend in the next 20 years on its infrastructure plan.

It is not solely hard water infrastructure spending that missed out in the budget. Soft infrastructure, such as climate change modelling and predictive climate research, also failed to receive funding. These modelling tools are very important for a state like Queensland, with its strong reliance on agriculture and the value adding of agricultural products and services. Perhaps it should not surprise me that, given the great hold of the drought in Queensland and the lack of water infrastructure, the Queensland Department of Primary Industries and Fisheries should be the only department that experienced a decline in its budget. At a time when producers need to be able to depend on their government department, $23.3 million has been cut from the budget. At the same time, there are no new drought assistance measures and no funding for the national livestock identification system which comes into effect across Queensland on 1 July. And the citrus industry gets a miserly $260,000 for citrus canker eradication. If I were a resident of rural Queensland, I would feel ostracised by my state government.

Our health system is another crisis area for Queensland which received insufficient financial support through the budget. The ailing Queensland health system received an extra $413 million in 2005-06, an amount which is just slightly above health inflation and an amount that equates to around $100 per head of population, rather than the $200 per head which would have brought Queensland into line with the other states. The Australian Medical Association’s Queensland president, Dr Steve Hambleton, says of the 2005-06 state budget:

Health needed a $650 million plus spending increase, and the Government allocated a meagre $413 million. Why does the Government refuse to spend more on health when there is clear evidence of state-wide problems? There is no money earmarked for teaching, no money earmarked for employing extra staff or increasing the number of VMOs in the system, and no money for fluoridation initiatives.

The crisis in Queensland’s hospitals continues to worsen, with recent figures highlighting that even fewer patients waiting for elective surgery had their operation in the first three months of this year. Data released on 1 April showed that, since January 2005, the waiting lists for all categories of surgery—categories 1, 2 and 3—had increased by more than 3,000 patients. The waiting lists had increased by 13 per cent for the Gold Coast hospital, by 21 per cent for Logan Hospital, by 10 per cent for Mater Adult
Hospital and by 18 per cent for Princess Alexandra Hospital.

The message from the AMA is simple: resources being used to hire more public servants should be put into building a more comprehensive hospital infrastructure. That is a message that we hear from many of the service sectors: the extra money should be at the sharp end—in child safety, for example; in schools; in a range of delivery areas—and not in building up the bureaucracy. Queensland’s state public service has grown by 34,500 under the Beattie government, a 22.5 per cent increase over the past six years. And only 19,000 of these new people—55 per cent of the recruits—have been employed in the essential areas of health, education and police. Public service wage costs have also blown out by $3.7 billion since the 2000-01 financial year, or, if you prefer it in percentage terms, by 47.2 per cent. In 2005-06, Queensland’s public service wage bill will reach $11.719 billion.

However, some bouquets are warranted. It is good to see the Queensland government finally beginning to get to grips with the real priorities of skills and vocational education. The $900 million in the state budget towards this is money well spent, although the problem of union domination of the curriculum needs to be addressed. With 70 per cent of students not aiming for a university degree, it is imperative that we encourage and provide the best outcomes for people seeking a career in the trades.

There are some significant brickbats too. There is no money visible in the state budget to help the Queensland Orchestra, which was rescued by the Howard government and the very proactive and Queensland-friendly minister for the arts, my friend the Hon. Senator Rod Kemp, on the basis that the state would chip in a couple of million dollars.

Treasurer Mackenroth said at the end of his budget speech on 7 June:

This Budget, more than any other Budget before, will shape the future of Queensland.

I truly fear he may be right, but unfortunately it will shape it for the worse. With overall state revenue of $26.6 billion in 2005-06—including $7.7 billion from GST revenue—and sound economic conditions brought about by federal reforms, there existed the opportunity to undertake so much more.

Earlier in this speech, I spoke about the lost opportunities in infrastructure, especially water infrastructure, agriculture and Queensland’s health system. But there was one other critically important lost opportunity, and that was the opportunity to reform Queensland’s fiscal environment. The federal government forced the state governments, including Queensland, to meet their requirements under the intergovernmental agreement to remove many stamp duties. This move will take five years to completely implement but will save Queensland taxpayers around $1.6 billion. It is more than compensated for by the planned additional GST revenue.

The reform to land tax is a step in the right direction, but certainly only a step. The increase in the land tax threshold from $276,000 to $450,000 will still see $431 million collected from this tax, which in dollar terms is still $6 million higher than 2004-05 collections. Yet the cut seems to some payers of land tax chiefly to return to them some of the massive increases of 2003 and 2004. Sleight of hand comes to the fore again. Land valuations have gone up. The new valuations may be used as a basis for local government rating and land tax purposes from 30 June 2005, according to the state Treasurer, yet I understand assessment notices dated from December last year use the new valuation which has yet to take effect.
Another reform opportunity lost is in payroll tax, either by decreasing the rate from the current 4.75 per cent or increasing the threshold well beyond the $850,000 level. While the Queensland government have argued that they have introduced no new taxes, for those companies that have maintained current employment numbers and yet, through increases in wages, have been dragged into the payroll tax net the complications and red tape of meeting payroll tax requirements is onerous. For other businesses, the desire to stay below the threshold level has acted as a brake on growth in the current strong economic climate. Payroll tax is a tax on employment.

There you have it: a Queensland Labor government flush with funds that are mainly derived through record GST revenue being delivered to it politically risk free by a courageous and reformist Howard-Costello government here in Canberra. As I have demonstrated clearly in the remarks that I have made to the Senate today, there have been a lot of wasted opportunities by the Beattie Labor government and a lack of ability to use that money wisely, particularly at the pointy end of service delivery, with most Queenslanders constantly arguing and crying out for better delivery of essential services. (Time expired)

Taxation

Senator COOK (Western Australia) (1.00 pm)—Last night in the adjournment I spoke about the federal government’s centralist agenda. This is the most outrageous power grab by a federal government since Federation. There are allegations about Gough Whitlam being a centralist; this power grab transforms him into a states rightist. I want to develop that argument further today, but in particular I want to deal with the monstering of my state, Western Australia, and the monstering of other states in our Federation by Treasurer Peter Costello in using the GST revenue—we just heard a bit about this with regard to Queensland, a Liberal Party line—to try and intrude on states’ sovereignty under the Constitution.

Firstly, I will say a bit about what the constitutional obligations here are. A principal feature of the Australian Constitution is that it cedes certain powers to a central government, the federal government, to effect certain governmental decisions, and all the other powers not mentioned in the federal Constitution reside with the states. Therefore, the Australian Constitution is the opposite to the Canadian constitution. In Canada, the provinces’ powers are set out in the constitution. All the other responsibilities and powers are the prerogative of the federal government of Canada.

In Australia we are seeing that the Howard government’s brand of constitutional revolution is to encroach on the sovereignty of the states and to turn the Australian Constitution on its head and make it a mirror image of the Canadian constitution—to take over the powers of the states. The fact that the states are governed by Labor adds a political dimension to this power grab. It is a power grab that is so extreme and so pervasive that, if our constitutional fathers had got wind of it, it would have scuttled any chance of the six colonies federating as one country in 1901. Legions of Liberals, not to mention National Party leaders and supporters, must be either spinning in their graves, aghast at this power grab, or in outright denial of the facts.

The phrase that Watergate’s Deep Throat turned into legend was ‘follow the money’. Today I intend to do that, at least as far as the state-federal financial relations are concerned. When you follow the money it becomes crystal clear that Mr Costello’s attempt at monstering the states over GST
revenues is nothing more than a thinly disguised attempt by Canberra to take over the states’ sovereignty on taxation. Mr Costello is prone to making a lot of fraudulent claims when it comes to this argument, so let us get a couple of things clear at the outset. Western Australia and New South Wales are standing up to the Costello-Howard centralist agenda. I will speak for my state, Western Australia, but the argument I present is in many respects true of the other states, including New South Wales.

Let us go to the facts. Firstly, in overall terms, the Commonwealth collects $3 billion more in taxes from Western Australia than it returns, and that figure of taxes collected includes the GST. Mr Costello’s thimble and pea trick is to argue that Western Australia gets more GST revenue than it raises, and that is partly true. But he does not say any more than that. He does not tell us that on an all-up basis he takes back from Western Australia $3 billion more than he gives. That is to say, Western Australia makes a net contribution to the country of $3 billion. It is a contributor to the national good, not a beneficiary of federal largesse. On a per capita basis, for Western Australia that is a greater return to the Commonwealth than the return from any other state in the federation, including New South Wales and Victoria.

Secondly, Western Australia is a low-tax state. The Western Australian 2005-06 budget papers show that WA tax revenue as a share of gross state product is expected to remain below the average of all the other states this financial year and for all of the period of the forward estimates up to 2009. Average tax revenue as a share of gross state product for all of the states of the Commonwealth is 4.4 per cent. For Western Australia it is 3.7 per cent. With Queensland, Western Australia is the lowest taxing state. Why is Mr Costello trying to depict it as a higher taxing state when that is not at all true?

Thirdly, Western Australia has done more in removing state taxes than the agreement on the GST revenue sharing called for. Yes, you would never know it from listening to what Mr Costello has said, but WA is ahead of the game. Let me demonstrate this by going to the record. The source is a document from the Department of Treasury and Finance headed ‘Table 1: estimated revenue from IGA state taxes, Western Australia’. The taxes that were required under the intergovernmental agreement for abolition under the GST were financial institutions duty, abolished by WA on 1 July 2001; stamp duty on listed shares, abolished by WA on the same date; and debits tax, abolished by Western Australia on 1 July 2005.

In addition, WA abolished three other taxes: stamp duty on leases was abolished 1 January 2004; stamp duty on cheques, abolished 1 January 2004; and stamp duty on unlisted marketable securities, abolished 1 January 2004. They were the taxes under the intergovernmental agreement requiring abolition. Western Australia went further. It abolished stamp duty on workers compensation insurance on 1 July 2004 and stamp duty on life insurance on 1 July 2004. Four other taxes applicable to Western Australia under the intergovernmental agreement still remain: stamp duty on non-residential real conveyances; stamp duty on non-residential, non-real conveyances; stamp duty on mortgages; and rental or hire of goods business.

Under the intergovernmental agreement, Western Australia was required to conduct with the Commonwealth a review of those taxes. It has done so. So it has complied with the agreement in all respects and gone further. Its performance is agreement plus. The total value of the taxes that it has abolished this financial year is $360 million, and that figure will rise to $406 million at the end of forward estimates by 2008-09. Has it performed? Yes, it has. Has it performed com-
pletely? Yes, it has. Has it gone further than required? Yes, it has.

Let me turn to the fourth point. There were two federal-state GST agreements. The first federal-state GST agreement was based on the government’s original GST legislation, which included food. They were the 1999 agreements. That agreement was scrapped, as this chamber well knows, when the coalition and the Australian Democrats did their GST deal and amended the tax bills or the ANTS package here in the Senate. After those amendments went through in which food was taken out of the GST package, a new intergovernmental agreement on GST revenue sharing was reached. So it is no good Mr Costello trying to confuse the public by referring to the obligations in the first agreement when the first agreement no longer applies. It has been scrapped. It is out of commission. Only the second agreement applies—and what does the second agreement commit the states to do? You can find the answer to that by looking at pages 9 and 11 of the Intergovernmental Agreement on the Reform of Commonwealth-State Financial Relations. I will quickly cite three paragraphs. On page 9, it makes clear:

(5) this revised Agreement was made necessary by the changes to the Commonwealth Government’s A New Tax System (ANTS) package announced by the Prime Minister on 28 May 1999—

that is to say, made necessary by changes in this chamber that the government agreed to. The next paragraph says:

(6) this revised Agreement supersedes the previous Agreement of 9 April 1999 ...

It is no good Mr Costello citing the first agreement when the second agreement clearly, by its own terms, supersedes it. There is no doubt about the currency of what the commitment is in this second agreement. Let me turn to point 5(vii), part 2, on page 11 of this agreement, which cites the operative provision, which says:

The Ministerial Council will by 2005 review the need for retention of—

and it then lists the taxes which I cited earlier that apply under the GST to the state of Western Australia. In other words, the state committed to review those taxes. The word here is ‘review’. The dictionary makes it clear—and any dictionary of English makes it clear—that the word ‘review’ is not the same as the word ‘abolition’. Everyone knows that.

Has the state of Western Australia conducted a review? Yes, it has. Does it have independent legal opinion to say it has complied with the intergovernmental agreement? Yes, it does. Independent legal opinion was provided by Malcolm McCusker QC when he examined all of the documents relating to this agreement. Is Western Australia able to say hand on heart that it has complied? Of course it can. Does Mr Costello know this? Yes, he does. Why does Mr Costello continue on the way he does? Why would Mr Costello be breaking his own agreement? He would be if he penalised the states in particular over the GST. They are very good questions.

Mr Costello persists with his fraudulent argument. Mr Costello persists in saying that he will penalise the revenues to the state of Western Australia if it does not do what his interpretation of this agreement is, when his interpretation is clearly not a valid interpretation but a political confection for political advantage to make him appear to be a low-taxing Treasurer when this is the highest taxing government in the history of Australia since Federation.

Let me turn back to Deep Throat’s comment, ‘follow the money’—what is this really about? There are two possible explanations. The first is that the government’s cen-
entralist agenda is at play. As part of the greatest centralist push since Federation, Mr Costello as federal Treasurer wants to run the state treasuries as well. He simply wants to impose Canberra’s will on state jurisdictions and intrude on their sovereignty by calling the shots on state taxes. If you control state taxes you control state expenditures. The other explanation—and this, I admit, is a darker reading—is that, if Mr Costello succeeds in dictating to the states on revenue while having no responsibility whatsoever for providing all the services the states have to provide, he will succeed in effectively running state health systems, state education systems, state policing systems and all the other services that taxpayers at state level expect state governments to provide. Under that formula, all states in this federation of Australia will be mendicants. Under that formula, Mr Costello appears publicly as the tax cut king but the states take the rap for shoddy services, underprovision of hospital beds, underprovision of proper teaching services, lack of policing and all those things that Mr Costello’s straightjacket of financial cuts would force on them.

This is a political manoeuvre and, under the formula that is being proposed here, if the states want to improve their services, want more infrastructure provision or more revenue to improve their services they are left with only one alternative: to plead with Mr Costello—or, worse than that, and here is the rub, to call for an increase in the GST; an increase in the GST by upping the rate from 15 per cent or probably, more particularly, by putting food back into the package. No state Labor government would do this, but if ever a coalition government wins power at state level, watch how quickly they do it. Mr Costello has the perfect recipe to get around the Democrat compromise confected in this chamber over the GST on food and restore the original efficacy of his GST package.

In the end he can blackmail the states by starving them of revenue, pushing down their service provision and appearing as the tax cut king while deploiring the states’ inability to deliver the services at the level the states’ constituents want, forcing them into that position over the GST. It is a shameful manoeuvre. It is a manoeuvre that should be properly exposed. It is a manoeuvre forced on the states by their desperate need to find a growth tax, but now they have found a poisoned chalice. Mr Costello is threatening my state, Western Australia. He will cut funding that it is entitled to. It has signed up to an agreement. It is honouring its terms. It is honouring the terms of the agreement plus more. It is about time this federal government stopped the political posturing, stopped the political rhetoric, stopped appearing to be the beneficent god and did the right thing by its own commitments and allowed the states in this federation called Australia to do their job properly. (Time expired)

Mandatory Detention
Senator BARTLETT (Queensland) (1.15 pm)—The Australian public and the Australian parliament have been debating for quite some time now the issues and the rights and wrongs surrounding mandatory detention. It is a very important debate—I would argue a fundamental debate—that goes to historic principles that are at the core of our whole notion of democracy and freedom. The notion of not being imprisoned without trial, without charge, indefinitely and at the whim of the executive—or, originally, at the whim of the king, when these principles were first developed—is one that stretches back centuries, well into the 1500s and 1600s. These principles were developed over hundreds of years, piece by piece, incident by incident, in response to a simple recognition amongst people that the right to freedom was something that was paramount. That right to free-
dom should not be taken away, except through due process.

The fact is that that fundamental principle is dramatically undermined by mandatory detention. The fact is that this debate is so important not only for the sake of those currently subjected to that detention—obviously it is important for them—but for our whole society. If the principle is allowed to stand and is seen as acceptable—if you can imprison people indefinitely year after year without charge or trial, on the whim or decision of a bureaucrat or government minister without that decision being reviewed, tested or verified via an independent body or a court—then you are fundamentally destroying one of the most basic principles of our democracy. Once that principle is destroyed and it is accepted that it is destroyed in one circumstance, as we all know, it can then be applied to others. These traditions, these freedoms, were built up step by step over hundreds of years in response to specific instances, and they can be unwound step by step much more quickly, initiated by a single incident. That is why this debate is so important.

I noted today in the Age newspaper that there is a cartoon accompanying a story on the discussions currently happening between some Liberal Party backbenchers and the Prime Minister about significantly modifying the laws relating to mandatory detention. It pictures the Prime Minister with what I presume is a group of his party members behind him, saying, ‘I have the silent majority behind me,’ and with all of those people with their lips stitched. That is misrepresentation because, as we have seen today, a lot of the people behind the Prime Minister in his party are being quite vocal. We have seen one of the Liberal Party backbenchers, Ms Panopoulos, accusing those within the Liberal Party who are seeking to modify this policy of behaving as ‘political terrorists’. In recognition of the fact that I only have a limited amount of time, I will leave aside the issue of whether or not calling people from any part of the political spectrum in this country terrorists is appropriate. But, obviously, when other Liberal Party backbenchers accuse Liberal Party members who are trying to change this policy of being ‘political terrorists’, it is an extremely strong and extremely inflammatory description. That might seem to be just one person who is looking for a ministry one day trying to big-note herself and ingratiate herself with the Prime Minister but, if you look at the responses from some of her colleagues, you would have to say that it is not a minority opinion.

When asked whether he agreed with Ms Panopoulos’s comments, Western Australian Liberal MP Mr Don Randall, who is also chair of the Joint Standing Committee on Migration, said: ‘Yes, I do. I agree with her comments.’ Mrs Bronwyn Bishop, another Liberal Party backbencher, also supported the government’s policy of mandatory detention. She said, ‘It is good policy and has served us well.’ National Party MP Mr Bruce Scott, whilst not commenting on the description of ‘political terrorists’, said:

... our mandatory detention policy has stopped an illegal people smuggling racket and it’s stopped the boats coming to Australia...

Here we see the nub of the problem: obviously many parliamentary members of the coalition believe the falsehoods they are being told by the Prime Minister and the Minister for Immigration and Multicultural and Indigenous Affairs, who say that mandatory detention has stopped the boats coming to Australia, when there is no evidence to back up that claim whatsoever. Western Australian Liberal Dr Dennis Jensen said:

It’s going to be a divisive debate and nothing will come of it.
Tasmanian Liberal Michael Ferguson said:

A lot of people would be unaware that Petro Georgiou's bills are flawed and that they do undermine the government's migration system ...

I have heard this claim by the immigration minister made baldly as though it were a fact but with nothing to back it up to say how it undermines the migration system. How anything can undermine a system already shown to be as dysfunctional as the migration system currently is under the management of DIMIA is beyond me. Mr Ferguson said that he would not personally use the words political terrorism but said:

But I can see Sophie's— that is, Ms Panopoulos's— point. I think she's got a good point.

Clearly we see a large number of coalition MPs willing to go on the record backing these extremely inflammatory—almost defamatory—comments by Ms Panopoulos accusing some Liberal Party members of being political terrorists for seeking to modify this law. So what is it that the so-called political terrorists are seeking to achieve? According to the article in the Age this morning by Michelle Grattan, one of the sticking points is the refusal of the Prime Minister to scrap the notion of indefinite detention—that is another way of saying locking people up indefinitely without charge or trial or any scope for having that detention reviewed independently.

Another sticking point is the willingness to give refugees immediate permanent residency. That relates to ending people's temporary protection visas and actually letting them settle in Australia and get on with their lives. It also relates to the even more important issue of people's families being able to reunite. Our so-called pro-family Prime Minister supports maintaining temporary visas that keep refugees in Australia, prevent them from leaving the country and keep their wives and children on the other side of the world unable to join them. I cannot see how that this is anyone's interests, let alone Australia's.

The other sticking point is the resistance to an independent authority being able to assess the need for continuing detention. We have a Prime Minister who is refusing to budge on the notion of being able to lock people up indefinitely and is preventing anybody from independently assessing that indefinite detention. You could not get a more blatant refusal to budge on that most fundamental principle that I outlined at the start of my contribution: that basic democratic principle, on which our whole society has been built in some ways, of the right not to be jailed without charge or trial.

Let us look a little bit further at who else has been asking for this simple thing of moving away from locking people up indefinitely without any form of review of their situation. Let us look at a committee report from 2001—it was tabled four years ago—of the Joint Standing Committee on Foreign Affairs, Defence and Trade. It was actually chaired by Senator Alan Ferguson, another Liberal. The committee unanimously recommended, across all parties, that there should be a time limit on the period that asylum seekers are required to spend in detention and that this time limit should be no longer than around 14 weeks. I do not know if all of the Liberal Party members or all of the members of that committee would be considered political terrorists for supporting such a radical principle as putting a limit on how long people can be imprisoned when they seek asylum. The same committee reported in 2003, stating:

... the length of time people spend in detention remains a significant issue. Of particular concern is the issue of mental health associated with long-term detention, which has been identified by a
range of health practitioners and various commentators as the key problem in detention centres. Again, it was a unanimous finding; again, completely ignored. Perhaps we could go back as far as 1994 to the Joint Standing Committee on Migration and its recommendation that, as an absolute priority, the department should ensure that applications for refugee status are processed in a fair and expeditious manner. It also recommended that there be a capacity to consider release of asylum seekers where the period of detention exceeds six months. The only people remaining in this parliament from that committee who supported that recommendation are an MP called Mr Philip Ruddock and another called Mr Laurie Ferguson, currently shadow minister in this area. I do not know if they fit the description of political terrorists either for suggesting that it is possibly a good idea to have a time limit on mandatory detention. Clearly Mr Ruddock changed his mind down the track.

The fact is that, every single time a parliamentary committee has looked at this issue, it has come down with a unanimous recommendation expressing concern about indefinite detention, about the impact of prolonged detention and about the need to do something about it. What has the government done? It has gone the other way. It has cracked down further and further, and if you look at the length of time that people are being held in detention you will find that it has increased in many respects over recent years. Recently, we have heard the government say, through the Treasurer and Minister Vanstone, that the problem and the delays have been caused by people who keep appealing. We even heard the Treasurer have the gall to blame the Senate and say that the Senate has stopped the government from passing legislation that would limit appeals—a total fabrication.

This Senate, to its a shame I might say, has passed appalling legislation that has attempted time after time to restrict the right of appeal. All it has done is to have the opposite effect, because of that fundamental principle I talked about at the start. Thankfully, our Constitution—which one would have thought the Liberal Party would uphold—states that the High Court has original jurisdiction to review the actions of Commonwealth officers. That is right: that radical principle that only a political terrorist might support, that the High Court at least should retain the right to review what decisions are made by the government and government officers. Because of that, funnily enough, people who get an unjust decision still have the right to appeal. Many of them, despite all of those attempts to restrict the scope of appeal, have succeeded.

The other thing that this government has done which is totally counterproductive has been to prevent access by asylum seekers to lawyers and migration agents, presumably under the idea that they would coach them and tell them the right thing to say and then they might succeed when they are not genuine. That is always possible, but look at the flip side of what happens when you do this. People’s claims are not put together properly in the first place and the decision is flawed. It takes years for all of the information to be put together properly. Then, at the end of it all, when you finally get a properly prepared claim that is properly assessed, three, four or five years down the track the person gets a visa.

I use the example of Nauru, which I visited recently. For over two years the government did not enable any migration agent or any lawyer to provide assistance to any of the people on Nauru to prepare a claim. As we are now seeing, some of those claims were appallingly badly assessed originally by DIMIA officers. When they finally allowed a
migration agent in after over two years to actually pull all the information together properly and put in a properly researched and properly detailed claim rather than a report of a one-off verbal interview, what did we see? We saw many of those people granted visas. Unfortunately they were locked up for 2½ or three years first. We saw nine more released just a couple of weeks ago after being locked up for 3½ years. That was not because things changed but because the department finally got it right. A migration agent was finally able to get in there and prepare it properly. The department was forced to acknowledge the reality of that situation. Bad luck for the 3½ years of life that was stolen from those people, including children. They do not get anything back from it—and we still hear government MPs saying that the system is working well.

This is supposed to be a Liberal Party that supports individual freedom. The only freedom it supports is the freedom of the Prime Minister to do what he wants and lock people up for as long as he wants without anyone else having a say in it. If that is what the Liberal Party is reduced to, with those people who oppose those principles being labelled as political terrorists, then that is a pretty sad indictment on the state of liberalism within that party. This matter is much wider than just poking fun at the Liberals. This is about a fundamental principle, about people who are suffering enormously and about the whole foundations of our system being put at risk because of the refusal to acknowledge that we have gone far too far down the wrong path. (Time expired)

**Economic Performance**

**Senator LUNDY** (Australian Capital Territory) (1.30 pm)—One of the more repulsive sights since the budget has been watching Mr Peter Costello, Mr John Howard, Mr John Anderson and others in the government crowing about the removal of the tariff on imported goods for which there is no Australian made substitute. ‘Look at us,’ they say, ‘taking this tax off Australian manufacturers. How clever of us to remove this impediment to Australian competitiveness!’ Unluckily for them, there are a few of us in this building who remember back to the budget when this tax was introduced. This tariff is not a vestige of the protectionist days of Fortress Australia before Labor began the long and painful process of reform; this particular measure was the brainchild of the first Howard-Costello budget. They took a measure introduced as part of a suite of reforms by the Hawke government and perverted it, turning a device to give Australian manufacturers access to tariff-free inputs into a blatant revenue raiser.

The Hawke Labor government had created the ability for Australian manufacturers to apply for these imported inputs to be declared duty free. After all, tariffs were put in place to protect Australian goods from being undercut by imported goods. Labor had the courage to take the tough policy decisions to reduce tariffs. It made sense that items not made in Australia that were to be used in Australian manufactures would not be subject to tax when imported. But Mr Costello has never met a tax that he does not like, and he reversed a decade of reform in the interest of revenue raising. These are the types of taxes the Treasurer likes most—the ones that you have no option but to pay if you are running a business in Australia. Never mind that the logical consequence of this is that businesses are encouraged to move overseas in order to remain competitive!

I can imagine old John Moore sputtering in his drink on budget night. Former Minister Moore was of course the first Howard government industry minister and it fell to him to defend this particular dead cat—not that
he did it with much enthusiasm. He never tried to pretend it was anything other than a revenue raiser and, while he had to act as its foster father, he made it clear that the Treasurer was the tax lech who had sired this nasty beast.

A few of us also remember over how many years the industry lobbyists have presented themselves to the passing parade of Howard industry ministers—each more invisible than the last—presenting their case for this impost on exports to be removed. Year after year, election after election, Howard and Costello could find the money for their short-term political fixes and their pork-barrelling, and the subsidies and programs to line the pockets of their select few mates like at Manildra, but never did their profligate spending allow them to take this monkey off the backs of the manufacturing industries. Finally, when the lobbyists have almost given up the effort as a lost cause, nine long years later they have removed this particular tribute to their short-sightedness and contempt for the manufacturing industries—and, predictably, they have the audacity to be demanding praise.

When he presented himself for the job of Treasurer in 1996, Mr Costello smirked around with his debt truck, telling us what a terrible thing the current account deficit was. His debt truck today would be a fleet of B-doubles—imported B-doubles! Let me give Mr Costello a bit of advice: do not spend the best part of a decade undermining manufacturing and then come into this place and expect to be congratulated by manufacturing workers and employers when you finally deign to pull your own knives out of their backs—the knives you stuck in nine years ago. We will expose your hypocrisy for what it is.

Mr Costello and Mr Howard want the same job, but when it comes to vision they are Bib and Bob. Neither has ever had a scrap of vision for the future of industry. Both of them unashamedly cling to their idea that the term ‘Australian exports’ means only digging up dirt, shearing sheep and pouring a beer for the occasional tourist. It seems beyond the capacity of their limited imaginations to understand that they have created a country in which they enthusiastically ensure we sink to the bottom of the value-add chain with our exports. This is humiliating. It is not even riding on the sheep’s back; it is more like trailing the sheep from a distance in the dust, allowing Australia’s economy to become one that is increasingly pulled along in the slipstream of China’s growth and that of other countries. They cannot or will not face the fact that one day that particular gravy train might stop and there will be nothing Australia can do about it. They are blind to the new world that the rest of the industrialised world has raced to embrace since the 1990s. This is the world where rich countries export ideas, some in the form of software, some in the form of hardware and some in the form of specialised components or heavy machinery or better, smarter, faster, more flexible machine tools or environmental technologies or any number of other bright ideas that are meaningful to 21st century life around the world.

We know that one such group of specialised exports, elaborately transformed manufactures—ETMs—has particularly suffered under the Howard government. According to the Department of Industry, Tourism and Resources, ETM export growth figures for the last three financial years were as follows: in 2001-02, minus 0.5 per cent; in 2002-03, minus seven per cent; and in 2003-04, minus four per cent. Under Labor, in contrast, in the early 1990s ETM exports experienced record growth. We now go backwards while our competitors outsmart us, thanks to the Howard government.
That is why the rest of the world is so keen on education. John Howard neglects education and training for a decade and then grossly and irresponsibly panics when industry cannot find skilled workers. His solution is, of course, pure Howard—saying that some kids should leave school at year 10. Whose kids he has never said, but I am guessing it was not advice he offered his own.

The ACTING DEPUTY PRESIDENT (Senator Knowles)—Senator, could you please refer to Mr Howard, not a surname.

Senator LUNDY—Can you imagine the leader of any other country advising their own people to be less educated in order to face the challenges presented by the globalised economy in the 21st century and to prepare themselves for the challenges of modern work? And this was not the end of it. Once Labor exposed the fact that, even if kids left school early to do apprenticeships, the coalition policies for technical colleges were unable to deliver any additional skilled workers before 2010, another pure Howard policy was put forward to deal with that: import the skills rather than invest in training and education.

Australia is one of only a few OECD nations to actually reduce government funding for tertiary education per student between 1995 and 2001. The Howard government has lowered investment by 8.7 per cent, while our global competitors have increased theirs. Mr Howard has seen to it that 270,000 people are turned away from TAFE. Then he imports 180,000 workers to try to fill the gap. But the gap remains, and the range of post-secondary education infrastructure so diligently built up during the Hawke-Keating Labor years continues to be dramatically undermined.

Mr Howard has tricked the battlers who have kept him in power, and the trick is performed by pretending to fix—but not fixing—a problem of the Howard government’s own making. It is the worst kind of lie. The problem is the skills shortage the Howard government created through cuts to education and training. Its policies will not fix it in the short, medium or long term. Sadly, the damage they will do to (a) job opportunities for our kids and (b) innovative value-adding industry will leave a long-term legacy of economic vulnerability in a crucial exporting sector for many years to come.

In the meantime, industries that add substantial value to our economy, like the manufacturing of ETMs, are suffering the most as a result of the skills shortages in traditional apprenticeships. It is worth noting that, of the 11,400 apprenticeships taken up by students last year, 70 per cent were not in the area of identified skills shortages. Today the decline in manufacturing performance continues. The quarterly survey of Australian manufacturing was released by the AiG today. The survey results show that Australian manufacturing in the June quarter experienced the slowest growth for four years. Production growth has slowed and growth has weakened in sales and new orders. Most worrying of all, the survey results conclude that there is no relief in sight, as they predict activity to weaken even further in the September quarter. AiG Chief Executive, Heather Ridout, has drawn attention to that disastrous state of manufactured exports, as the survey found that 11 out of 12 sectors are experiencing decline. The three-month outlook for manufactured exports is the weakest in the history of the Australian Industry Group survey, which started in September 1992. Mr Howard has undermined Australian manufacturing not only now but for the coming decades. While he dreams of clinging on and on to his harbourside lifestyle in Kirribilli, his legacy will be the remnants of a once-proud manufacturing sector disappearing, with very little
new manufacturing emerging and no adaptation and innovation occurring where it is really needed.

There were one or two other measures introduced in the 1996 budget which I would like to turn to now. They bear remembering in the context of this discussion. I want to remind the coalition government of the slashing of the R&D tax concession. Labor realised in the early 1980s that R&D performance by the private sector in Australia was woefully inadequate and needed to be improved. As a proportion of GDP, Australia had very poor public and private research and development investment performance when compared with the other OECD countries. Labor knew it was going to be a long, slow road but that someone had to make the commitment to start the job. So Labor introduced the 150 per cent tax concession on R&D.

It worked faster than anyone expected. The average annual increase in business expenditure on R&D as a percentage of GDP from 1984 to 1991 was 10.9 per cent, compared with an OECD average of 5.7 per cent. So we had a chance of catching up. But it was not the type of tax measure that suited Mr Howard and Mr Costello. What is the use of a tax break that does not serve the purpose of being a cheap electoral bribe? Why bother with a long-term measure when your focus is on the next election? That is the thinking of the Howard government. So the concession was slashed. Now Australia is, predictably and inexorably, sliding backwards in the R&D world rankings. Mr Howard does not care and never has. Mr Costello, as much he might hate to admit it, is cut from the same cloth. Together, they are the sheet anchor on manufacturing exports that sits behind the explosion of the current account deficit. We will make it our business on this side of the chamber to remind them of their neglect.

Despite current record commodity prices adding $40 billion to our national income, we continue to run the highest current account deficit Australia has ever had. Our foreign debt has surged to $425 billion—half the size of our economy. On average, foreign debt has gone up by more than $2½ billion in every single month of the Howard-Costello government. We know—and I think Australians know—that it is only a Labor government that will have the wherewithal to address these problems. But we will never let anyone forget who created them.

Senator IAN MACDONALD (Queensland—Minister for Fisheries, Forestry and Conservation) (1.43 pm)—What a laughable speech by the previous speaker, Senator Lundy. It was full of pettiness and vindictiveness but did not contribute much to the debate. I note that, in contravention of the standing orders, Senator Lundy read her written speech entirely. I did not take a point of order on that, but one would have thought a senator who has been here as long as Senator Lundy would not have to read every single word of her speech. The suggestion in her speech that university education is failing in Australia is simply not supported by the facts. She has this latte snobbery sort of view that, unless you go to university, you are of no worth to Australia.

Senator Lundy—Madam Acting Deputy President, on a point of order: I did not make any such comment. Senator Macdonald is standing up and verballing me on things that I did not say in my speech.

The ACTING DEPUTY PRESIDENT (Senator Knowles)—Order! Senator Lundy, you know that is a debating point and not a point of order. Please do not keep doing it in contravention to the standing orders. If you wish to take a legitimate point of order, you can do so—but not a debating point.
Senator IAN MACDONALD—I am not suggesting you used those words, Senator Lundy, but that was the import of your contribution: ‘If you didn’t go to university, well, you’re not worth much to Australia.’ And I am giving the description, not you, that you are a latte snob, one of those so typical in the Labor Party these days, pretending to be the workers’ friends. But, when you have a look at them, very few of those in the opposition side are actually genuine workers. They are all trade union officials or party officials with no real connection to the union workforce or to the real workers of Australia. You only have to go back to the Tasmanian forestry debate for a classic example of that.

Mr Latham, your popularly elected leader—that is, popularly elected within the annals of the Labor Party caucus—decided that it was better to go with the latte set in Sydney and Melbourne to try and get a few votes to make him Prime Minister, supported by your colleague Senator Brown in the ultra left-wing party in this parliament, the party that masquerade as an environmental party and call themselves the Greens. You will recall that Senator Brown endorsed Mr Latham and told the world that here was the next Prime Minister of Australia. We know that Senator Brown has a great flourish and very good rhetoric—he has very good dreams about things. For example, you might recall that he indicated before the election how the Greens were going to hold the balance of power with the Labor Party in this chamber. The Greens did dismally at the last election; they did not even pick up the vote that the Democrats lost. But Senator Brown endorsed Mr Latham’s antiworker policy. And didn’t the workers of Tasmania turn upon the Labor Party, as rightly they would! One of the most enduring memories I will have of my time in politics is that front-page photo of the Prime Minister—the Liberal Prime Minister—being mobbed by blue-collar hard hat workers.

Senator McGauran—and unionists.

Senator IAN MACDONALD—There were some very prominent unionists involved in that support for a Liberal Prime Minister. And why did they do it? They did it because it was the Liberal Party and a Liberal Prime Minister that were standing up for workers’ jobs, and the Labor alternative Prime Minister was catering to the latte set. And that attitude of the Australian Labor Party continues in the speech we have just heard from Senator Lundy: a suggestion that if you leave school at grade 10 and take a—

Senator Lundy—I didn’t make that suggestion!

Senator IAN MACDONALD—Have a look at what your transcript says. You read every word of it, so you must have written it or had someone write it beforehand. Your suggestion was that if you finish at grade 10 that is the Howard government’s fault for a start and it means that you are of no worth to society. But in our party we happen to think that you do not need a university qualification to be of real value to Australia. In fact, we think that tradespeople are the backbone of Australia. Certainly, whilst we do need good minds and we do need university educations and, beyond university, research and learning, the workers of Australia and the skilled workers—the tradespeople of Australia—are really the backbone of our mining industries, our farming industries, our manufacturing industries, our fishing industry and our forestry industry. In fact all of the productive industries of Australia rely on these technically skilled people, most of whom have never set foot in a university—most of whom, I might say, perhaps could never afford to go to university, whereas in the workers’ party that never seems to have been a problem for any of them.
Senator Lundy—Why have you cut TAFE places? Why have you cut apprenticeships?

Senator IAN MACDONALD—Senator, I do not know where you have been for the last six months, but one of our very attractive election commitments which we have put into effect is to increase the ability for Australians to become involved in technical and further education. We actually have a minister whose sole duty is to do that sort of thing and we will be addressing a skills shortage that has grown up over very many years. We value, support and encourage those who do take on skills and training towards a future profession. They are very worth while to Australia.

We in the Liberal Party pride ourselves on being a party for all Australians. We believe that we all have a place and a contribution which we can make to the benefit and the progress of our nation. That is why in Tasmania we have particularly looked after the workers in the factories. Had Labor won the election, all of those small country towns in Tasmania that are supported by the forestry industry would be dying as we speak. All of those people—not university trained people, Senator Lundy, just ordinary people—some of them tradespeople, others skilled workers within job training, who have made those small country towns their home and their life, who have bought a home and have a mortgage in those country towns, would have been without employment.

Had Mr Latham, the Labor leader, won the election, those towns would have been shut down. The mills would have been shut down; the towns would have been shut down as a consequence. Those people would have been without employment. If they wanted employment they would have had to move to Hobart or Launceston or over to the mainland to get a job. They would not have been able to sell their house in those small country towns because no-one would buy them. So not only would they lose their job but they would lose their life savings. Mr Latham and the Labor Party had no interest in this because the important Green vote in Sydney and Melbourne demanded that they shut the timber industry down.

Fortunately, Tasmanian workers elected two Liberals to the federal parliament from Tasmania for the first time in 15 to 20 years and, as a result of that, the Howard government was returned. If that had not been the case, the forestry industry in Tasmania would have been destroyed, as would the state and its economy. Those are important aspects for Australians to look at. As Senator McGauran has reminded me, to reinforce the Labor Party’s antiworker stance, they are now trying to stop the tax cuts that the Howard government is providing for all Australians, including workers, on 1 July. It is inconceivable to me that a party that claims to represent workers would try to stop that very valuable, looked-forward-to tax cut on 1 July. Why the Labor Party did that we have no idea, but they are clearly an antiworker party.

If you want further evidence of the antiworker stance of the current Labor Party—you saw Mr Latham and what he did; fortunately he got his just deserts from the workers of Tasmania—have a look at the state Labor premiers. In my state of Queensland, there is a western hardwoods industry. It is an industry that employs a lot of workers in country Queensland. Senator Ludwig’s father, big Bill Ludwig, the AWU boss in Queensland, tried to stop the Labor Party there shutting down this industry and the jobs of these workers in country parts of my state—but to no avail. Do you know why? Mr Beattie sees more political value in catering to the latte set in the leafy suburbs of Brisbane. I might say that those people have
beautiful timber furniture and walk on magnificent timber floors. They have got their houses set up, but they do not want anyone else to have those things. Mr Beattie stopped forestry in Queensland so that we can spend our dollars on wood products that come from forests around the world that are nowhere near as well managed as Australian forests are. In fact, a lot of illegally felled timber around the world is being imported into Australia simply because people like Mr Beattie will not allow a decent forestry industry to continue in Queensland.

If you want further evidence of where the Labor Party is anti worker, just go to the next state—another state with a Labor premier—which is shutting down the forest industry in the Pialligo. Hundreds of forestry workers in these small towns in western New South Wales are being put out of jobs. One would expect that the Labor Party would be trying to help those workers. But they shut the mill, the workers lose their jobs and then the towns will die. This is the policy of the Australian Labor Party in New South Wales.

I could go on and on and on. The Labor premier in Victoria continues to create national parks—he does not fund them or do anything to protect them or do anything about the feral animals and weeds in those parks, but he does it simply to get the votes from the latte set in Melbourne.

Senator Kemp—In Lygon Street.

Senator IAN MACDONALD—In Lygon Street; that is where they all are. That is where Mr Bracks wants to get votes. He does not give a damn about the workers in Victoria. If he can get the votes from the latte set in Lygon Street, that is all Mr Bracks is worried about. I might say that the CFMEU—the F part, at least—are awake to Mr Bracks, Mr Carr and Mr Beattie in the antiworker stance that the Labor Party have adopted over the years. I could go on and on about how the Australian Labor Party have simply lost their history and their grassroots. They have lost the support that they used to get from real workers, because of their antiworker policy.

Before concluding, I want to make passing reference to Senator Bartlett’s speech. Quite frankly, one could only feel some sympathy for Senator Bartlett in his speech. He spent his whole speech telling us about the Liberal Party and how we operate our party. What he was highlighting was that, in the Liberal Party, unlike in the Labor Party, you are actually allowed to have a different point of view. You actually can speak out on things you believe in. Senator Bartlett seemed to think there was something entirely wrong with that, and that everyone should toe the line. I suspect Senator Bartlett will now be making application to join the Labor Party.

The Liberal Party are proud of the way that we allow free debate in our party. Most of us do not agree with Mr Georgiou’s approach, but he is free to have that view and he is making his view very well known. As I said to Senator Bartlett during the course of the debate, he should not be worrying about the Liberal Party and how we operate. We are quite capable of doing that ourselves. I suggest that what Senator Bartlett should be doing, with respect, is looking after his own party. In a few weeks time, it will not even be a party. Thanks, Senator Bartlett, for your concern for the Liberal Party, but we are doing pretty well, thank you, because we do have members of parliament who are prepared to make their views known. (Time expired)

The DEPUTY PRESIDENT—Before calling on questions without notice, I advise the Senate that the President will be slightly delayed as he is farewelling the President of Pakistan on his departure from this building. I also advise senators that, immediately ques-
tion time concludes, AUSPIC will take a photograph of the Senate with senators in their seats, so I ask all senators to remain in their places for that. It should only take a minute or so.

**QUESTIONS WITHOUT NOTICE**

**Whistleblowers**

**Senator BOLKUS (2.00 pm)—**My question is addressed to the Minister for Immigration and Multicultural and Indigenous Affairs, Senator Vanstone. In the light of Monday’s *Lateline*, in which a whistleblower said that he could not give evidence to the Palmer inquiry for fear of retribution, I ask the minister: how effective can this inquiry be if key people are constrained from attending or answering questions? Can the minister inform the Senate how many individuals have been approached by the Palmer inquiry to give evidence but have failed to do so due to completely inadequate legal powers and protections? Does the minister recall that, in her opening statement to a Senate estimates committee, she said, ‘The other cases which have been referred to the Palmer inquiry will be the subject of a later report’? How long will the victims of the minister’s maladministration have to wait for this later report and won’t that inquiry also be constrained by the same lack of powers and protections? Minister, will you now call a royal commission with adequate powers and protections?

**Senator VANSTONE**—I thank the senator for his question. The first part of the question was asked, I think, by Senator Ludwig yesterday and I refer you to that, Senator Bolkus. I assume you were here. I did not happen to notice. But it goes to the question of power—

**Senator Bolkus interjecting—**

**Senator VANSTONE**—Senator, you have had the opportunity to ask your question. I am quite happy to answer it. Perhaps I will ignore him, Mr Deputy President. That might be helpful. I will address the answer to you.

**The DEPUTY PRESIDENT**—Thank you, Senator Vanstone.

**Senator VANSTONE**—Senator Bolkus asked a question about an alleged whistleblower who is apparently reluctant to give information unless he has the protection of a royal commission and, in the words of Senator Bolkus, for fear of retribution. Senator Bolkus asserts that this person—who may be known to him; I do not know—is a key person. As I indicated yesterday, this is an anonymous allegation and in itself generalised and, as I indicated yesterday, it is almost impossible to verify. It is not a specific case. As I do not know who it is, I cannot comment. As to people who have given information to the Palmer inquiry, I think that will become clear when the Palmer report is available.

I was asked a question yesterday in relation to a royal commission and I took the opportunity to point out that, for example, in Queensland there was a case of a young girl who was allegedly sexually assaulted by correctional services officers. An inquiry was set up and, as I recall, the papers in relation to that inquiry were shredded by an incoming Labor government, and I think the archivists, who have a fascination with storing these things, at one point listed it in the top 10 horrific stories of destruction of documents. I also pointed out yesterday that Mr Doomadgee—who is not around to speak for himself and get legal advice—did not get the benefit of a royal commission. I thought it might be relevant to put things in perspective.

**Senator Chris Evans**—Two wrongs make a right.

**Senator VANSTONE**—I acknowledge that interjection. I take that to be an assumption by the senator that it is in fact wrong not
to have a royal commission into both those matters. Nonetheless, I am satisfied that the Palmer inquiry has the appropriate powers required to address the task and I look forward to receiving that response. As to the final part of the senator’s question, he refers to other cases that have been sent off to Mr Palmer to get advice on how they should be handled and he classifies them as victims, yet I do not recall the senator, when he was the minister for immigration, saying, ‘Get all the files that you think could possibly be affected by error and send them off and have them looked at.’

That is what has happened here. It is not the case that every one of these files has a problem in it. It is the case that these are files that are identifiable and therefore for good, open and transparent government reasons I have sent them off to be looked at. There are not necessarily victims. Undoubtedly, there will be some problems in them, but I would not prejudge that, Senator Bolkus.

Senator BOLKUS—I would not mind running an inquiry into this minister’s errors, Mr Deputy President. I ask a supplementary question. Does the minister recall telling Senate estimates hearings that she had sought ‘any number of meetings’ with Mr Palmer since the inquiry into Ms Rau’s detention was announced on 8 February? Does the minister also recall making the following statement in Senate estimates:

... I am prepared to say that from the discussions I have had with him thus far I am in complete agreement with where I understand his thinking to be going.

Given the multitude of meetings the minister has had with Mr Palmer and her understanding of where Mr Palmer is heading, what action will the minister now take to investigate the large number of leaks to the media of the supposed direction of Mr Palmer’s report and conclusions?

Senator VANSTONE—The senator might be suffering from insomnia and therefore has intermittently been reading Hansard. If he had read Hansard, he would have noticed that at the time when I referred to ‘any number of meetings’ I promptly corrected it, because ‘any number’ can to some people mean a large number. Senator Faulkner asked this question and I indicated to him that ‘any number’ did not mean a large number. It meant a number that I could not give him at that time. So you have not found from Hansard that there has been a multitude of meetings. You are doing, Senator, what a lot of people on your side of the chamber do—that is, selectively quoting from Hansard. Good luck to you, though. It is a skill used by people in opposition, but it is not one that I endorse.

Border Protection

Senator BRANDIS (2.06 pm)—My question is to the Minister for Justice and Customs, Senator Ellison. Will the minister update the Senate on the new technology currently being trialled by the Australian Customs Service to protect Australia’s borders?

Senator ELLISON—that is a very important question, particularly for the state of Queensland, and it is appropriate coming from Senator Brandis. Before I touch on it, can I say it is a timely question in view of the fact that today the Prime Minister and President Musharraf from Pakistan have met and signed a memorandum of understanding in relation to fighting terrorism. The agreement in relation to counter-terrorism between Pakistan and Australia will strengthen the security of both countries through exchanges of information and intelligence, joint training activities and capacity-building initiatives.

Of course our enhanced security overseas is important, but it is no more important than that at home, particularly in relation to the protection of our borders—and that is the
importance of the question that Senator Brandis raised. Last month, the Australian government launched a trial of a new over-the-horizon radar system in the Torres Strait. The high frequency surface wave radar system is state-of-the-art technology which will operate in the Torres Strait on a pilot basis, with the Department of Defence working side by side with Customs in heightening the scrutiny that we place on that particular area. It will cover 94,000 square kilometres, have an arc of some 300 kilometres over 120 degrees, operate 24 hours a day, seven days a week, and provide that intense scrutiny of the Torres Strait which is so important to Australia’s interests. What we can learn from this is the application of this in other areas, such as in the north-west of Australia and in areas of strategic importance such as oil and gas fields.

This was the culmination of a good deal of work involving the private sector, the Department of Defence, Customs and the people of the Dauan and Badu Islands. I place on record the government’s appreciation of their efforts. This involved an Indigenous land usage act—one of the first of its kind—in allowing us to have a transmitter on one island and a receiver on the other. I met with the people up there and personally conveyed to them the government’s appreciation of their cooperation in setting this up. Of course, the people of the Torres Strait are very supportive of our strong border protection measures.

This measure will provide us with protection and scrutiny in relation to illegal entrants, drug smuggling and quarantine threats and can also provide early storm warnings, which is very important in an area like the Torres Strait. Funding of some $23 million has been put into this project. I also want to compliment Daronmont Technologies, which developed this and have been tasked with putting it in place. This pilot program will involve a period of time, we will assess its usage and it will provide great benefits to border protection for this country in an area which is perhaps one of the most strategically important areas for border protection—an area where Australian landfall is just four kilometres from the coast of Papua New Guinea. That demonstrates the strategic nature of the Torres Strait. But this is state-of-the-art technology which we can then apply to other areas which are vital to Australia’s interests.

**Ms Cornelia Rau**

**Senator O’BRIEN** (2.10 pm)—My question is to Senator Vanstone, the Minister for Immigration and Multicultural and Indigenous Affairs. Is the minister aware of the leaked document from the minister’s department which was the subject of a recent *Four Corners* report? In light of this document’s confirmation that the case manager believed Anna Brotmeyer—now known to be Cornelia Rau—was an Australian citizen on 24 November last year, why was she kept in detention until January this year? Given that continued detention of a person who is believed to be an Australian citizen is unlawful, will the minister now admit that the continued detention of Cornelia Rau was not just wrong but also completely illegal?

**Senator VANSTONE**—I think this ground has been covered before. As I believe you understand, Ms Rau was not a citizen. You are making an assumption from a suggestion made by one member of the staff which was not necessarily agreed with by others, and other people did not know whether she was an Australian citizen. In other words, for you to get the answer you want, she pretty much had to be an Australian citizen. So the answer is no.

**Senator O’BRIEN**—Mr Deputy President, I ask a supplementary question. Can the minister advise us who believed, in contrast
with the case manager’s view, that Ms Rau was not an Australian citizen? Perhaps she will need to take that on notice. How is it that the *Four Corners* program could find documents that show that the department, or people within it, knew in November that Ms Rau, then known as Ms Brotmeyer, was actually an Australian citizen? Does the minister recall that, when her department was asked in the estimates committee about when this case became of concern to the department and when you were first alerted that Ms Rau might not have been detained appropriately, the committee was assured that the department did not know until February? In light of the documentary proof that this answer was inaccurate and indeed wrong, how does the minister explain this three-month discrepancy, and what action will she direct her department to take to rectify this false information provided to the committee? (Time expired)

Senator VANSTONE—The question is in fact based on what I understand to be a falsehood. If I heard the senator correctly in his question, he asked how I could explain that someone in the department knew she was an Australian citizen. However, in fact she was not a citizen. You cannot know that someone is a citizen if they are not. I am at a loss to see what part of that you do not understand. However, Mr Palmer has been given the task of getting to the bottom of this. I await his report, and I am sure that there will be plenty of things to say on all sides with respect to that. Nonetheless, in the meantime I undertake to check the *Hansard* record and the question to which you refer, and if there has been an error in the answer I will have it corrected and I will come back to you very quickly on that.

**Workplace Relations**

Senator SANTORO (2.13 pm)—My question is to the Special Minister of State, Senator Abetz, representing the Minister for Employment and Workplace Relations. Will the minister advise the Senate what actions the Howard government is undertaking in the area of workplace relations to encourage higher economic growth in Australia, and is the minister aware of any alternative policies?

Senator ABETZ—I can inform Senator Santoro that over our term in office the government have undertaken a number of significant policy actions which have ensured that the economy has continued to grow year on year. One of those actions has been fundamental tax reform, which Mr Beazley, you might recall, threatened to roll back. Under a Liberal-National government, real wages in this country have risen by 14 per cent, compared to a miserly 1.2 per cent over the entire period of the previous Labor government. Other reforms that have ensured that the Australian economy continues to grow have been our industrial relations reforms, which have unequivocally helped to keep Australia’s economy growing. I am sure Senator Santoro would have picked up on the fact that, significantly, the Governor of the Reserve Bank agrees that industrial relations reform contributes to higher economic growth. In today’s *Australian* newspaper Mr Macfarlane said:

> I think industrial relations reform is valuable and it does contribute to higher economic growth ... You cannot get much clearer than that. Higher economic growth means more jobs and higher wages.

I have also been asked about alternative policy approaches. The media have rightly labelled Labor’s policy as ‘rollback’—similar to Mr Beazley’s GST rollback policy. But, given the experience that Mr Beazley had with his GST rollback policy, he flustered his way into the House of Representa-
tives yesterday claiming that he was misrepresented and in part said:

In regard to the government’s proposed legislation I have never used the expression ‘rollback’. Indeed, rumour has it—and it is a very strong rumour—that Mr Beazley has even asked his colleagues to refrain from using the R word in relation to industrial relations, remembering the bad experience of rollback and the GST.

I think what Mr Beazley meant to say to the Australian people was that Labor’s policy, if it was not going to be rollback, was going to be roll over—to roll over to the unions that still have a vice-like grip on the ALP and dictate its policies. The unions represent 20 per cent of the Australian workforce but dictate 100 per cent of the Australian Labor Party policy formulation. Mr Beazley can use the word ‘reform’ and he can use all sorts of other words, but if it looks like rollback, if it walks like rollback and if it quacks like rollback then there is a fair chance that it is in fact rollback, but a very lame form of rollback. Workers know that we have delivered unparalleled industrial peace and harmony. We have increased real wages for them. We have increased employment opportunities. They want us to get on with the job of creating that environment and they want Labor to get out of the way.

**Immigration Detention**

**Senator KIRK** (2.17 pm)—My question is to Senator Vanstone, the Minister for Immigration and Multicultural and Indigenous Affairs. Is the minister aware of evidence from her own department that even long-term residents are at serious risk of being unlawfully detained under the Howard government’s system of immigration detention? I refer the minister to answers supplied to question on notice No. 114 from the February round of estimates. Can the minister outline to the Senate the circumstances involved in the detention of an Afghani national referred to in that answer? Isn’t it the case, Minister, that this individual was unlawfully detained for a period of some 20 months before being released? How did this happen? When did it happen? Why did it happen? Is it also true that a confidential legal settlement was secured by this individual in compensation for what the minister’s department admits was always an unlawful detention? Why did the minister deem it essential that the settlement be kept secret?

**Senator VANSTONE**—I do not have the details of every case with me. As you indicate, Senator Kirk, apparently there is a good outline of this in the Senate estimates, so I will have a look at the Senate estimates Hansard and see if there is anything to add. Confidentiality agreements are not the sorts of things that are generally raised directly with a minister. I will check whether that was raised directly with me. But in any event, as you would well know, having come from a law school, they are quite common in the settlement of negotiations.

**Senator KIRK**—Mr President, I ask a supplementary question. Is this case one of the 200 additional cases referred to the Palmer inquiry? Why is it that Australian taxpayers have to pay compensation for the mistakes and prejudices of the Howard government’s immigration detention system? How many other cases are there of the government using taxpayers’ money to compensate those who are unlawfully detained through the continued bungling that is rife in the minister’s department? What is the size of the settlement moneys that have been paid to individuals?

**Senator VANSTONE**—In the exercise of their duties there are occasions when public servants have to exercise judgment, and there are occasions when they make mistakes. Anyone who has been involved, for example,
in a leadership ballot for the Labor Party would understand that pressure: having to make a judgment, putting the pen to paper and wondering whether you did the right thing. I recall reading an article—it may not have been correct—that said that Senator Wong was very stressed out about this choice and that she changed her vote on the night before the ballot and selected Mr Latham. It wrote up Senator Wong as being the decision maker in the whole matter. We all understand that where you need to exercise judgment you are not always going to get it right.

(Timeout expired)

Immigration Detention

Senator BARTLETT (2.21 pm)—My question is to the Minister for Immigration and Multicultural and Indigenous Affairs. I refer the minister to an article by Elizabeth Wynhausen in the Weekend Australian that alleged that detention centre officers at Villawood were involved in an assault on a detainee. Can the minister confirm the details in the article, which included that an internal investigation by a GSL manager, Mr Peter Saxon, concluded that an officer had been involved in ‘an assault on a detainee’ and had engaged in ‘serious misconduct’? Is it the case that the incident was referred to police but then dropped after the detainee was deported from the country? Following the department’s confirmation in estimates that last year a guard was separately convicted of an assault on a detainee, can the minister assure us that there are no other assaults occurring in Australian detention centres and that any allegations of assault are appropriately and independently investigated by the department?

Senator VANNSTONE—Thank you very much for the question, Senator. Regrettably, there are occasions when people have not behaved as they should have. I am as pleased as anybody else is to see the conviction. I am not pleased that a charge had to be laid, but I am pleased to see that someone was convicted. I can assure you that, where it is appropriate, that is what will happen. Obviously, I cannot give you a blanket guarantee on a day-to-day basis of what happens or has happened, but I can say that it is the government’s determination that, where someone behaves inappropriately like that, to say the very least, they should suffer the consequences, which would include a prosecution.

I know of one case where there was an allegation of an assault and the person was provided with the opportunity to lay a complaint and did not. It is currently being looked at whether it was appropriate for it not to continue simply because the person decided not to. This raises the question of whether someone in detention is the same as someone out of detention. If you are out of detention and you do not want to proceed, that is your decision, but if you are in detention there may be a question as to whether the detention services provider, as the agent of the department, should insist that the matter be reported.

Senator BARTLETT—Mr President, I ask a supplementary question. I ask the minister to address the aspect of my initial question which simply asked her to confirm if the details in the article in the Weekend Australian were accurate. I also include the other details in the article, which reported on video footage showing what appeared to be excessive force being used on Ms Virginia Leong by a male guard and suggestions that a chemical restraint, in the form of Valium, had been forced on her.

Senator VANNSTONE—Senator, I can assure you that I do not have the time to look at every media article and correct every error that I see, but, as I am being asked to do so by you, I will do so. I will check the details of that article as it relates to the matters that
you have raised and I will come back to you as quickly as I can.

**Airport Security**

Senator LUDWIG (2.24 pm)—My question is to Senator Ellison, the Minister for Justice and Customs. My question concerns the leaked secret report that alleges widespread criminality in our airports. Given that this report was completed and presented to Customs back in 2003, as reported, when in the last two years was the minister first aware of the substance of, or even the existence of, the report? What advice did the minister seek on the report? When was it first brought to his attention? Now that the minister is aware of the report, what specific action has he taken to implement the necessary law enforcement and security findings of the report?

Senator ELLISON—The government announced just last week, as I recall, measures which will materially increase security at Australia’s airports. Certainly, the review of airport security has been announced and Sir John Wheeler will lead that. As well as that, the Commissioner of the Australian Federal Police has prepared a report for government in relation to the mix of policing that is required at our airports. It was also announced that we will remove legal obstacles to closed-circuit television being able to operate in both an overt and a covert manner. That is something that industry has sought. Qantas sought that.

When that letter was written, prior to the release of this Customs report, I called together a high-level working group in relation to airport security and started work on that very issue. The Attorney General of New South Wales and I have had a discussion about the matter and our officials are working together on that very question. As well as that, we have announced increased security measures in relation to staff working at airports; a review of all ASIC cards will be carried out; and an airport security controller will be in charge of all the agencies operating under the Commonwealth at our airports and will coordinate the levels of security and the response, as needed, to any incidents.

Our measures in relation to airport security have been unprecedented. We have had in place an air security officer program, working domestically for over two years as well as working internationally. It is state-of-the-art professionalism in that regard and people from overseas come to look at that. We have increased the presence of Australian Federal Police Protective Service personnel at our major airports by around 40 per cent in a counter-terrorism first-response role. We have also put in place regional response teams—Australian Federal Police teams—in relation to regional airport security. We have increased Customs air border security patrols and dog patrols at our international airports.

What we have, over a period of time, is a huge increase in airport security, but we do not shy away from the fact that security is a work in progress. This report, which I read about in the paper for the first time recently, was prepared as a background for Customs officers and was fed into a formal report, which then made eight recommendations. I am advised that seven have been carried out. It is not unusual for agencies like Customs to have reports of that sort in relation to the backgrounding of their officers. We see that across all jurisdictions. Also, at the level of the Australian Police Ministers Council, I have put on the agenda—and it is now being supported by the state ministers—that we look at exactly how the Commonwealth, the states and the territories work together at our airports, because this is not just a Commonwealth responsibility.

Senator Chris Evans—This is the 2003 report, isn’t it?
Senator ELLISON—We have to look at community policing, which is a state and territory policing obligation as well.

Senator Chris Evans interjecting—

Senator ELLISON—Victoria has realised that. I am glad Senator Chris Evans reminded me of that.

Senator Chris Evans—I remind you of a report that’s two years old and you’re still looking into it.

Senator ELLISON—Victoria has opened up a police station at Tullamarine airport and is leading the way in relation to a state government response to what is a very important issue. Let us see the other state governments follow suit.

Senator LUDWIG—Mr President, I ask a supplementary question. I ask the minister to refer to the original question. When did he first become aware of it? Secondly, what has he done about it since? In addition, I ask the minister: in the aftermath of the report, is it the case that the Howard government has not done airport security checks on those with past criminal records? Why is it that after September 11 the Howard government did not do background checks on those with past criminal records? This government has had more than two years to deal with this issue.

Senator ELLISON—We expanded the operation of the ASIC card to all workers at airports, not just baggage handlers. We increased its application. In relation to the previous question, I have stated when I first became aware of that Customs report and I have stated the response to it. I might also add that even before that Customs report I had asked the Australian Crime Commission to look at criminality at our airports across Australia. I have outlined that and the action we have taken both before and after the Customs report mentioned by Senator Ludwig. We have put in place unprecedented measures in relation to airport security. Australia has an enviable reputation internationally not only for safety in our skies but also for security.

Environment: Kyoto Protocol

Senator HARRIS (2.30 pm)—My question is to Senator Hill, the Leader of the Government in the Senate. As the Minister for the Environment and Heritage, in 1998 you signed the Kyoto protocol on behalf of the government. Minister, at the time of the signing did you fully understand what you signed—in particular, that article 18 of the protocol states that appropriate and effective procedures and mechanisms to determine and address noncompliance with the protocol shall be adopted? Were you aware that nations that sign and do not ratify will face trade embargoes, sanctions or applied discounts so that buying nations can purchase emission offsets to compensate for the carbon dioxide discharged while producing those goods?

Senator HILL—It is true that the rules are quite complex, but I think I have a reasonable understanding of them and, with great respect, perhaps a slightly better understanding than even Senator Harris has. I draw to his attention that because Australia has not ratified the Kyoto protocol it is not bound by the terms of the treaty and, hence, there is no question of compliance or international law. But, having said that, I would like to also make the point that the Kyoto protocol was negotiated to encourage and support the international community, country by country, to take seriously the issue of greenhouse gas emissions and look to ways in which, over a period of time, the rate of increase in emissions might be reduced and maybe, many decades down the track, perhaps even the possibility that—

Senator Conroy—Barnaby’s coming!
Senator HILL—Do not get too smart, or we will raise the issue of nuclear energy because that might be an alternative to their—Opposition senators interjecting—

Senator HILL—We will see how much support for greenhouse comes from the Labor Party when that subject is raised. Nevertheless, under the protocol, Australia did accept a target that was challenging but fair, and the Australian government has put in place a number of mechanisms in order to achieve that target and ensure that Australia is taking its fair share of the pain in delivering a better global greenhouse result. I am pleased to say that Australia is on track to achieve its Kyoto protocol greenhouse target and thus make this contribution to better greenhouse outcomes globally.

In relation to ratification, there is an issue for Australia that does not apply equally to any other country—that is, Australia as a major resource producer competes with developing countries that are not subject to the same set of rules under the Kyoto protocol. I think even Senator Harris will recognise that, if the effect of ratification is simply to transfer those resource industries to a third country without any net greenhouse benefit, then there is no advantage. Not only does Australia suffer a disadvantage but also there is no advantage in terms of the global greenhouse outcome. That is why the Australian government has taken its current position, which is not to ratify and not to disadvantage Australian industry on the one hand but, on the other hand, to accept the target and ensure that Australia, through the best mechanisms that are appropriate to the Australian economy, contributes to a better global greenhouse result and pays its fair share in a major environmental challenge for the international community.

Senator HARRIS—Mr President, I ask a supplementary question. Senator Hill, at the time of signing were you aware that article 13, section 2, states that non-ratifying countries only have observer status and that decisions under the protocol shall only be taken by those who are parties to the protocol? Australia, by not ratifying, will have no say in the penalties that will be applied against our exporters, and our exporters will then have to purchase offsets overseas. Senator Hill, knowing now that your government faces embargoes from ratifying nations, will the government reconsider and ratify the protocol?

Senator HILL—I draw to the honourable senator’s attention that there are mechanisms through the protocol—the clean development mechanism, for example—where Australia can obtain similar benefits. Interestingly, I refer to a press release put out by ABN AMRO on 6 June this year, only a few days ago, in which ABN AMRO declares that it leads the world with the world’s first carbon credit trade. That transaction was negotiated for the benefit of Pacific Hydro Ltd, an Australian company. So, in terms of getting benefits from the mechanisms provided within the Kyoto protocol, Australia is able to use those mechanisms—you have to do it in certain ways—without the burden of ratification and the loss of economic opportunities that would result from a leakage of carbon to developing countries. So, again, the Australian government has shown that you can get win-win outcomes if you are smart enough. (Time expired)

Airport Security

Senator O’BRIEN (2.37 pm)—My question is to the Minister representing the Minister for Transport and Regional Services and concerns crime at our airports. Can the minister confirm that Sir John Wheeler will arrive in Australia in mid July and that he is expected to provide his report on airport security to the government by September? Can
the minister now confirm that Sir John Wheeler’s powers will not include criminal investigatory powers, including the power to issue warrants for search and surveillance, and the power to conduct undercover operations? How can the minister realistically expect Sir John Wheeler to get to the bottom of criminal activity at our airports in two months without any investigative powers?

Senator IAN CAMPBELL—Thank you, Senator O’Brien, for the question which follows on from the question asked of Senator Ellison in his capacity as Minister for Justice and Customs, and relates to the Commonwealth’s steadfast support for the best aviation security system at our airports. I think independent observers would see the appointment of Sir John Wheeler, and the terms of reference that Sir John has been given to conduct this inquiry, as the next appropriate step to ensure that we leave no stone unturned in ensuring that Australian airports have a very secure security system. Sir John was the head of the UK National Criminal Intelligence Service; he is very well qualified to conduct this investigation. The government believes that the powers that have been given to the inquiry by Sir John Wheeler are entirely appropriate. Both the Attorney-General and the Minister for Justice and Customs have announced the terms of reference, and I am happy to table them at the end of question time if the honourable senator does not have the terms of reference available to him.

Senator O’BRIEN—I ask a supplementary question, Mr President. The minister circled that question like an aircraft in fog and did not get in to land on it. I did ask would he confirm that there were not criminal investigatory powers, and perhaps he can after question time provide the information which actually answers that question. But does the minister recall that the government has already acknowledged that security fail-

Women: Government Policies

Senator FIERRAVANTI-WELLS (2.42 pm)—My question is to the Minister for Family and Community Services and Minister Assisting the Prime Minister for Women’s
Issues, Senator Patterson. Will the minister inform the Senate of the government's achievements for Australian women and how the Howard government's strong economic management is providing increased opportunities and choice for women? Are there any alternative policies?

Senator Patterson—First, I would like to take the opportunity to congratulate Senator Fierravanti-Wells on her appointment to the Senate and on her maiden speech yesterday. I would also like to congratulate her on being the first woman of Italian descent to join this chamber.

Monday marked a very significant day for women. For the first time more women than men received the highest award for the Queen’s Birthday honours—that of Companion in the General Division of the Order of Australia. I want to give my heartiest congratulations—and I think they will be supported in a bipartisan way by my colleagues in the chamber—to Stella Bywaters; to the Hon. Dame Margaret Guilfoyle DBE, who graced this chamber with great aplomb and finesse as well as great dignity and skill, and who has continued to work tirelessly over the last 18 years since she left here; the Hon. Justice Marilyn Warren; and the Hon. Dame Margaret Scott DBE. I would also like to congratulate one of my predecessors, the Hon. Jocelyn Newman on her appointment as an Officer (AO) in the General Division. Former senator Newman gave enormous service to the community before she was in this place, during her time here and since she has left.

One hundred and fifty-seven Australian women have also been honoured for their contribution in Australia and abroad by being awarded 2005 Queen’s Birthday honours in the General Division of the Order of Australia. A total of 177 women were recognised. The awards celebrate the significant achievements of these exceptional women, who continue to contribute to the Australian community within their respective fields.

I was also pleased to note some other good news in the employment statistics released in May. The new figures show that female unemployment has fallen to 5.4 per cent from a high of 10.2 per cent under Labor. Since 1996 the Howard government has created more than 1.6 million new jobs, and 860,000 of those have gone to women. In 1996 fewer than 50 per cent of Australian women were in employment. This has now risen to a clear majority of almost 54 per cent. Full-time adult ordinary time earnings for women have increased in real terms—that is, after taking inflation into account—by $163 per week. Female earnings are growing faster than male earnings, and the gap between male and female earnings is closing under the Howard government. Through our strong economic management, Australian women now have more opportunities and choice, including those provided by workforce participation. To sum up these achievements, and it is simple to do: there are more jobs, higher earnings, better support for families and a tax system that allows Australian men, women and families to keep more of every tax dollar that they earn. In addition, there are other measures we have put in place, like the superannuation co-contribution from which, the first data shows, women are benefiting the most.

I was also asked about alternative policies, and I would like to comment on the fact that the opposition, as always, is opposed to getting behind good initiatives and is continuing to criticise any government proposal. In particular, I would like to refute some recent claims made by the opposition spokesperson on women about domestic violence programs. The shadow minister has said that the government has taken its focus off this issue and will only be funding watered-down, sec-
ond-best programs. I completely reject this. It is absolute nonsense. It is untrue.

The Howard government is committed to a record high investment for initiatives to combat domestic and sexual violence. This government has more than doubled the previous amount of funding to prevent, reduce and respond to domestic and family violence and sexual assault through the women’s safety agenda. Only the Howard government is committed to helping women through all aspects of their lives. Unlike Labor, who did not even release an election policy on women in 1998, we have actually increased funding for women. We would like to see the shadow minister get behind the women’s safety agenda in a bipartisan way and assist us in reducing violence against women.

(Time expired)

**Telstra**

**Senator LUNDY** (2.46 pm)—My question is to Senator Coonan, the Minister for Communications, Information Technology and the Arts. Is the minister aware of comments from the President of the National Farmers Federation, Mr Peter Corish, that there is ‘not enough evidence’ for the NFF to support the sale of Telstra? Is the minister aware that Mr Corish’s comments are based on a report prepared by the NFF that finds that rural phone repairs have not improved in any significant way in the past five years? Is the minister also aware that this report again highlights the NFF’s view that the Howard government’s steps to future-proof regional telecommunications services are inadequate and that the government needs to ‘pull its socks up’? Does the minister accept the NFF’s damning assessment of service standards in the bush and its criticisms of the government’s failure to address these issues?

**Senator COONAN**—Thank you to Senator Lundy for the question. As most in the chamber—and, I suspect, most listening to question time—would know, this government has conducted a very rigorous examination of what is necessary to ensure that telecommunications in rural and regional Australia are adequate. There have been two major inquiries: firstly, the Besley inquiry and, secondly, the Estens inquiry.

**Senator Conroy interjecting—**

**The PRESIDENT**—Order!

**Senator COONAN**—The government has accepted all of the recommendations of both the Besley and the Estens inquiries and has set about implementing every single one of those recommendations. The purpose of having an independent and rigorous inquiry into what is needed to make services adequate in rural and regional Australia is that there be an independent benchmark for the government—

**Senator Conroy—**Not according to Peter Corish or Barnaby Joyce.

**The PRESIDENT**—Senator Conroy, you are consistently interjecting and I would ask you to cease!

**Senator COONAN**—to observe in implementing the requirements to have services up to date. The government is currently implementing every one of those recommendations, including the future proofing of telecommunications services for rural and regional Australia. That includes ensuring that Telstra continues to have a local presence and that that requirement is part of Telstra’s licensing conditions. It also ensures that there are regular reviews to make sure that as new technology becomes available there can be some sensible assessment made as to what may be required to ensure that services remain equitable going forward.

The government has in place a very rigorous process and a rigorous proposal to ensure that services are up to scratch. This includes ensuring that the government has not only a
competitive environment, a competitive regulatory regime, but also a very robust consumer safeguard regime, followed by targeted investment where investment is needed in non-commercial areas such as the government’s incentive for the roll-out of broadband. This regulatory regime has delivered unprecedented benefits to this country. The most important thing to understand in the lead-up to the government considering whether to proceed with the sale of Telstra is that the government has met the requirements of the individual review, which is the Estens inquiry. What would be diverting, to say the least, is to know what the Labor Party thinks about competition—

Senator Sherry—What about Barnaby; he’s more important to you.

The PRESIDENT—Senator Sherry, shouting across the chamber is disorderly! You know that. I ask you to stop.

Senator COONAN—We know that the Labor Party has completely lost its way in looking at any sensible and coherent telecommunications policy. It is all back in the Dark Ages, and it is geared to opposing the sale of Telstra. Everyone who thinks about it for a moment knows that services have improved the less the government has owned of Telstra. All of the safeguards for rural and regional Australia are in the government’s targeted investment for future telecommunications, in the regulatory reviews and in ensuring that there is future-proofing going forward. This is part of the regulatory review that the government has put in place, and the arrangements for rural and regional Australia will be adequate not only now but going forward into the future.

Senator LUNDY—Mr President, I ask a supplementary question. I note that the minister has confirmed her contempt of the NFF by refusing to acknowledge their report in her answer. May I ask: is the minister aware that the NFF report highlights line repairs service standards in Queensland as being especially poor? Does the government accept the NFF’s view that Telstra is failing to deliver parity of services to people in rural and regional Queensland?

Senator COONAN—There is no doubt that opinions can differ about the state of services in rural and regional Australia, but as the responsible minister I am interested in dealing with the facts and dealing with the fact that this government—

Opposition senators interjecting—

The PRESIDENT—Order! Senator Carr, Senator Sherry and Senator Conroy, you have been continually interjecting during this particular answer. I ask you to come to order.

Senator COONAN—The Labor Party in fact does not like to acknowledge that this government have invested over $1 billion in telecommunications services for rural and regional Australia. We have built these safeguards and we will retain them. I know the Labor Party hates to acknowledge this government’s wonderful record in rural and regional Australia, in not only delivering decent telecommunications now but secured into the future.

Senator Lundy—Mr President, I rise on a point of order. I specifically referenced in both my primary question and my supplementary question the NFF report. The minister has not mentioned that report once. Can you please direct her on relevance?

The PRESIDENT—Senator Lundy, you know as well as I do that I cannot direct the minister in how to answer a question. It is a wonder that she could hear the question, given the noise on my left today. I have asked senators to come to order. Minister, you may return to your answer if you wish.

Senator COONAN—I have finished.
Immigration

Senator GREIG (2.53 pm)—My question is to the Minister for Immigration and Multicultural and Indigenous Affairs, Senator Vanstone. I refer the minister to media reports which detail that, yet again, another highly qualified medical practitioner, desperately sought after by local hospitals to come and work here in Australia, has had his application for immigration stymied because of anti-homosexual policies in the minister’s department. Can the minister confirm that the government’s refusal to recognise same-sex partners as family is discouraging qualified overseas doctors from immigrating to Australia to fill critical health positions in areas of high need, some of which have remained vacant for many years? Can the minister explain why the government gives a higher priority to discriminating against gay and lesbian people than to addressing Australia’s skills shortage and health needs in regional areas?

Senator VANSTONE—I thank the senator for the question. Senator Greig, I am not aware of the case that I assume you are raising. If it is a recent one, I do not have advice on that. It is true that homosexual couples are not regarded as families, and therefore there is a different arrangement. The immigration department is very understanding of these situations and does try to help. If you want to raise this matter with me privately, I am happy to make sure that all the assistance that can be offered to this person’s partner to come to Australia is in fact offered. You might want to suggest that it has not been offered, but I do not know the details of the case.

The short form answer is, yes, the Australian government does not regard homosexual couples as families in the context of immigration purposes, but that does not mean that they are not welcome to migrate to Australia. It is just a different pathway. If the person you are referring to has had some difficulty with that pathway, I will be very happy to chase it up for you.

Senator GREIG—Mr President, I ask a supplementary question. Can the minister confirm that the alternative immigration processes that she referred to are more difficult and more cumbersome and do not apply to those people who are married or in heterosexual de facto relationships? How does the minister justify this separate but equal process? Is it the case that, to Australia’s detriment, New Zealand, which does not discriminate on this basis, is now receiving such applicants?

Senator VANSTONE—I do not wish that New Zealand gets any opportunity that Australia cannot take up, but that is more a parochial view than anything else. I do not believe that I said it was equal; I said it was different. By the nature of it being different, that means different. So, of course, it is different.

Opposition senators interjecting—

The PRESIDENT—When those on my left come to order, I will call your colleague.

Foreign Debt

Senator SHERRY (2.56 pm)—My question is to Senator Minchin, the Minister representing the Treasurer. Is the minister aware that, when the Prime Minister was asked yesterday about the enormous rise in Australia’s foreign debt to a new record of $425 billion in the March quarter, he responded by saying:

I am aware of the foreign debt figures. I am also aware ... the debt servicing ratio has declined quite sharply since this government came to power.

Is it not the case that the debt service ratio has barely changed on this government’s watch, declining from 11 per cent to 10 per
cent between March 1996 and March 2005, despite low global interest rates, higher global commodity prices and a weak US dollar? Doesn’t the Prime Minister’s incorrect analysis highlight a government which is complacent about the risk of ballooning foreign debt and has no idea of how to address this serious problem?

Senator MINCHIN—I appreciate the question on foreign debt. I am pleased to have the Labor Party at last take an interest in economic matters, even if it is the last question of the day. We find it a welcome change from its preoccupation with non-economic issues. The government are, of course, keen to ensure that the economy remains as productive and efficient as possible. We do not take lightly Australia’s export performance. We are very keen to ensure that Australian exporters can continue to compete in global markets. The situation in relation to the current account deficit has been well explained and observed by international bodies like the IMF and the OECD. It reflects, as they have said, the domestic strength of the Australian economy and the extent to which the Australian economy has been growing considerably faster than other nations. Therefore, obviously, with strong domestic demand, it has been sucking in imports, as you might put it, at a greater rate than it is able to match with an export performance, given the relatively slow performance of its export markets. It is also true to say that very strong terms of trade and a relatively high exchange rate have made it more difficult for our exporters and obviously made it easier for cheaper imports. That has the beneficial effect of keeping inflation relatively low.

It also should be remembered—and there has been some very good work out of Treasury on this matter—that the current account deficit and foreign debt need to be seen in terms of the national savings and investment balance. We are talking totally in terms of the private sector, unlike the situation when the Labor Party was in office. Foreign debt is entirely a matter for the private sector. The government is the institution in this country which is saving. This is a result of private transactions. It largely results from the fact that there is higher investment than savings. There has been higher investment than savings in the household sector and in the private sector.

Of course, it is also a function of the attraction of Australia to foreign investors. With the performance of the Australian economy, particularly in the resources sector, dividends are going out of the country as a result of that investment. The investment is critical to our performance as an economy but, of course, there is a flow out as a result of the performance of the investments they have here—the dividend flows out. I think there is a consensus among economists that Australia has absolutely no difficulty whatsoever in servicing its current level of foreign debt.

Senator Sherry—What about Mr Howard’s comment about the foreign debt servicing ratio?

Senator MINCHIN—Senator Sherry did refer to the foreign debt servicing ratio—that is, net debt interest payments as a proportion of exports. It is currently at 9.7 per cent. I think the point the Prime Minister was seeking to make is that that is well below the peak of 20 per cent recorded in 1990 when the Labor Party was in office and below the 1990s average of 13 per cent. So we are in a much better position to service our foreign debt than was the case under the Labor Party.

The position does not alarm any economists. The critical contribution which the government can of course make is to ensure that it continues to run surpluses on its own account, and we have consistently been doing that and doing it to an extent that has
enabled us to produce a generous tax reduction program while still producing surpluses over the forward estimates. That is the contribution we can make. We can also make a contribution by ensuring the efficiency and competitiveness of Australian industry. Our workplace relations reforms are a critical component of that endeavour, and we invite the Labor Party to join us in that endeavour.

Senator SHERRY—Mr President, I ask a supplementary question. The Prime Minister claimed that a reduction in the debt servicing ratio from 11 per cent in March 1996 to 10 per cent in March 2005 was quite sharp. The Minister for Finance and Administration has failed to respond to what was an incorrect claim by the Prime Minister. Is the minister also aware that the independent credit rating agency Standard and Poor’s warned on 1 June 2005 that international investors may demand a higher interest rate premium if they are to continue to fund Australia’s rising foreign debt? They stated that Australia’s foreign debt is now 2½ times its total international earnings from exports and investments and is 50 to 60 per cent more than any other country with a AAA credit rating. Is the government going to continue to dismiss the issue of massive foreign debt, even if it means Australian families may end up paying higher interest rates to solve the problem?

Senator MINCHIN—I thank Senator Sherry for drawing attention to the Standard and Poor’s report, which does reaffirm that Australia has the top sovereign rating of AAA—the highest rating they apply. The rating has been upgraded under this government three times since 1996. Under the previous Labor government, Standard and Poor’s foreign currency sovereign rating was downgraded three times, between 1986 and 1989, from AAA to AA negative under Labor. The report noted that government finances are strong in Australia and that the ratings on Australia remain underpinned by robust government finances which continue to strengthen. You cannot ask for a better report card than that.

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

QUESTIONS WITHOUT NOTICE: ADDITIONAL ANSWERS

Whistleblowers

Senator VANSTONE (South Australia—Minister for Immigration and Multicultural and Indigenous Affairs and Minister Assisting the Prime Minister for Indigenous Affairs) (3.04 pm)—I seek leave to incorporate into Hansard an answer to a question taken on notice from Senator Ludwig yesterday. I have advised Senator Ludwig that it includes a statement from the person in question.

Leave granted.

The answer read as follows—

Yesterday during Question Time I undertook to make inquiries in response to a question from Senator Ludwig about comments made by the Queensland State Manager of my department to a meeting of DIMIA staff in Brisbane on June 8 2005.

A written account of the meeting from the Manager demonstrates a clear willingness amongst senior DIMIA staff to examine their own processes and systems to find ways of improving services to clients—within the law.

This is in stark contrast to the claim made by Senator Ludwig that the Manager’s comments to the meeting are indicative of a cultural problem still existing within the department.

In her account, the Manager advises that in her comments to the meeting, she made the following key points:

- That the scrutiny the department is under provides an opportunity to examine the way the department deals with clients and to examine processes.
- That decisions taken by staff must be lawful.
• That in preparing briefing material for the Minister, staff should consider the types of questions that are likely to be asked. The Manager used the ‘standing in the shoes’ technique, inviting staff to consider both the position of the interviewer and interviewee.

I note Senator Ludwig chose to name the public servant who spoke at the meeting. I do not consider it generally appropriate to draw into a public debate—for political purposes—individuals who are charged with administering government policy and who, judging by the account of the meeting tabled, are doing so in a highly professional, positive and responsive manner.

I attach a copy of the Manager’s account of the meeting for the information of Senators.

Following is my recollection of comments made at a meeting in Brisbane office on 8 June. To my knowledge, there is no transcript of the meeting as there was no minute taker.

Approximately 50-60 staff from the Visas and Citizenship Branch in Brisbane attended a regular workplace meeting, chaired by their Branch Manager on Wednesday 8 June.

The Manager provided a verbal update on Departmental priorities such as the global working strategy and the need to improve client service. This included a discussion on presentational issues, such as the quality of written and verbal responses to clients and the staff identification policy to underline accountability and increase client confidence in our processes.

The Branch Manager invited me to attend to help reinforce messages on improving client service. While acknowledging the considerable efforts of our officers the key themes I addressed were the need for cultural change, as noted by the Minister and the Secretary in their opening statements to the Senate Estimates Committee on 25 May; the need to demonstrate our receptiveness to change; and the need to focus on the needs of our clients in order to be a “client friendly organisation”.

I noted that:

- the scrutiny the Department is under has given this office the opportunity, which we must seize, to examine the way we deal with clients and examine our processes
- more broadly this scrutiny has provided the Department with the opportunity to examine existing instructions against policy settings and provide clarification on these to State and Territory offices
- it is not a question of facilitation or integrity—both are required
- decisions must be lawful, well documented and reasonable taking into account procedural instructions
- it is important to check interpretation of legislation and instructions periodically, especially if the decision appears to go against policy intent and does not seem “right” or “reasonable”
- at a whole of office portfolio update on 4 May I had emphasised the need for improved record keeping, file management, business planning and stakeholder relationships and was pleased to note progress in the Visas and Citizenship Branch
- it is essential for us to consider all presentational issues to improve our image—this includes the accurate documenting of decisions and personal presentation
- my interest in developing a customer advocacy role and that I would be working on that concept in coming weeks
- that it is useful to stand in the shoes of the customer and consider the alignment of legislation and processing advice with their desires; this is important for understanding the situation from the client’s perspective and guiding communication
- where decisions may be contentious or sensitive it is important to confirm interpretation with a supervisor

I emphasised the usefulness of the “standing in the shoes of another” technique to promote a broader view of a decision/situation. I noted this was particularly useful in understanding how others, including clients and the media, might view a decision. I related the “standing in the shoes” technique to the preparation of PMQs: the need to consider the interviewee’s position and
that of the interviewer. By way of example I mentioned the Minister being interviewed by eg Kerry O’Brien or Tony Jones and the kind of questions that might be asked.

I have provided the context of the discussion and the themes I addressed but cannot confirm the exact words used. My recollection against the 4 points noted is:

(1) I advised decisions must be lawful, well documented and reasonable and it is good practice to check interpretations regularly. I do not understand how this could be taken to mean it was ok to ignore existing legislation.

(2) I advised that the scrutiny the Department is under and the need to change its culture has provided it with the opportunity to quickly provide additional instructions in relation to current policy. I spoke of receiving instructional material on matters such as identity checking and detention arrangements and this has assisted us in undertaking our work. I also noted the creation of a number of new positions. This included the DRM position (noted in the Minister’s statement of 25 May) that was put in place quickly to improve procedures. Other references to timing were made in the context of the need to strengthen our customer focus quickly.

(3) I noted above the “standing in the shoes of” technique as a way of considering all aspects of a situation. The comment about media interest is aligned to the angles that might be pursued about a negative decision and therefore the need to consider the range of questions that could be asked and may need to be answered. While the answer to any question may be “it is the law” I think it is useful for decision makers to consider all potential viewpoints. This particularly assists in improving the way we deal with our clients—it may not vary the actual decision.

(4) Staff were asked to bring potentially contentious cases to the attention of managers (particularly if the decision might be seen as going against policy intent) so that interpretations could be checked with policy areas in Canberra if necessary.

In light of Senator Ludwig’s comments I will seek the assistance of the Branch Manager to ensure that my messages were not misinterpreted.

Karen Stanley
14 June 2005

QUESTIONS WITHOUT NOTICE:
TAKE NOTE OF ANSWERS

Immigration

Senator O’BRIEN (Tasmania) (3.04 pm)—I move:

That the Senate take note of the answers given by the Minister for Immigration and Multicultural and Indigenous Affairs (Senator Vanstone) to questions without notice asked today relating to immigration.

Isn’t it amazing that with the depth of scandal hanging over the Department of Immigration, Multicultural and Indigenous Affairs we saw the minister try to drag a number of red herrings across the trail which leads directly to her accountability? Frankly, to talk about events in Queensland—events which relate to other circumstances and other governments—almost as if to justify the incompetence of her department and herself in relation to the administration of that department shows what a shameful state her department and her administration have come to, as does joking across the chamber about issues in relation to other senators rather than dealing with the serious matters which were before her, which included the incarceration of a person entitled to be in Australia.

I noted that the minister seemed to try to take advantage of a reference to comments made by the whistleblower referring to Ms Rau as an Australian citizen—she was in fact, as the minister pointed out, an Australian resident and was entitled to be in the community. Nevertheless, the minister chose not to address the germane point, which was how the government can justify locking up a person entitled to be in the Australian community. Wasn’t that a breach of the law?
Doesn’t the documentation which was produced on Lateline earlier this week show that the department was aware in November that Ms Rau—or Anna Brotmeyer, as they knew her then—was thought to be an Australian citizen?

The minister chose not to try to answer the question as to why it took three months for her department to take the steps necessary to discover that they had improperly—and, I suspect, illegally—detained a person entitled to be in the Australian community. The minister sought to deflect from the questions and to pick on any technicality in the question which allowed her to avoid it, so that she did not have to address in question time today the incompetence of her administration. That is a scandalous situation.

This minister has previously been in the circumstance of trying to explain the unexplainable and trying to justify her maintenance in cabinet. I recall that, in October 1997, this minister was removed from cabinet by the Prime Minister because of her incompetence in handling another matter. There is a very interesting article in this week’s National Indigenous Times. It refers to an issue involving South Pacific Cruise Lines—an issue relevant to the state of Queensland, Mr Deputy President, which you would be well aware of—where her department gave an advance of, I think, 80 per cent of the $2.8 million that had been contracted to that company, without proper verification that this was a bona fide company with appropriate outcomes possible. Of course, at that time, the minister sought to deflect blame from herself to her department—as is the case now. At that time, officers in the department were said to be responsible and the minister talked about withdrawing responsibility from officers in relation to the handling of money. In this current case, the minister is again seeking to deflect from her responsibility and, where she can, deflect responsibility onto her department.

Can this Senate believe—when the public clearly do not—that this minister is competent to hold this portfolio? I suspect that the Prime Minister is waiting for the coming winter recess to reshuffle his ministry. I suspect that the Prime Minister is giving serious consideration to removing this minister from this portfolio. This minister has been a serial offender in terms of incompetent administration, dating back to before 1997, dating back to the infamous Wright family misrepresentation, through to the current situation where Australian residents fear being locked up and fear being deported improperly by this minister’s department. The minister cannot and will not take control of the situation and seeks to deflect from any criticism and draw every red herring across the trail so that, ultimately, responsibility cannot lie where it sits—and that is with her. (Time expired)

Senator EGLESTON (Western Australia) (3.10 pm)—The Labor Party are singing a song which they have sung several times in here, criticising the mandatory detention policy and the administration of it and quite unfairly criticising the Minister for Immigration and Multicultural and Indigenous Affairs, Minister Vanstone. First of all, it needs to be said—and the Senate needs to be reminded—that the policy of mandatory detention was an ALP policy, introduced by Gerry Hand when he was the minister for immigration and Multicultural and Indigenous Affairs, Minister Vanstone. First of all, it needs to be said—and the Senate needs to be reminded—that the policy of mandatory detention was an ALP policy, introduced by Gerry Hand when he was the minister for immigration. The ALP laid down the broad parameters of that policy and the Howard government has simply continued a policy which was, as I said, an ALP policy.

There is no doubt that we all feel very concerned about the Cornelia Rau case and the Vivian Alvarez case. Of course it is of concern that people who are Australian citizens—as it has turned out—have been kept in detention centres and, in the case of
Vivian Alvarez, sent to the Philippines. But the facts of the matter are that this minister has set up an inquiry to look into the reasons that these problems occurred.

In the case of Cornelia Rau, Cornelia Rau concealed the fact that she was an Australian citizen. She had a stolen Norwegian passport as her identity document and she subsequently claimed to be a German citizen and used a German name. The law requires that, if an officer of the department sincerely believes or has reason to suspect that a person is in Australia illegally, that person should be detained. That law was applied to Cornelia Rau. Though we now know that it turned out that she is an Australian citizen and that it was improper for the law to be applied to her in that strict sense, she disguised the fact that she was an Australian citizen—and that explains much. In the case of Vivian Alvarez a great problem occurred and she was sent back to the Philippines.

We on the government side do not seek to deny that these cases are regrettable events. The government has set up an inquiry to look into these events and come up with the facts relating to them to explain why these problems occurred. I think we should wait until we have the Palmer inquiry report and give the Palmer inquiry report plenty of time to be digested before we race to criticise the minister. In my view, this minister has, as I said, shown a high degree of responsibility in the way she has handled these matters. I read a very perceptive article in the Weekend Australian two weeks ago in which it was reported that the minister had discussed with the Department of Immigration and Multicultural and Indigenous Affairs the way that it was operating. There has been criticism that the department has a problem in its culture, in the way it deals with various kinds of applications. The minister, according to that article, was in discussion with the head of DIMIA about addressing those cultural problems within the department.

This minister is sensitive to the problems that have been revealed in recent times. She has moved to discuss with the head of the department the need to change the culture within the department. She has set up the Palmer inquiry to look into these cases which have caused so much controversy. It seems that other cases have been revealed in the course of that inquiry and the minister is discussing with the head of the department changes to the culture of the department. I think we should await the outcome of the Palmer inquiry and of the minister’s discussions with the department to see what changes are necessary. This minister has acted very responsibly in a very difficult situation and she should be commended rather than criticised for the management of her portfolio.

Senator BOLKUS (South Australia) (3.15 pm) — I also rise to speak to the motion to take note of answers. In doing so, I say to Senator Eggleston: sometimes you have impossible tasks in this Senate to defend people and I think you have just completed one of them. I have to say that you would probably do your reputation a lot of good if you stayed away from these sorts of tasks in the future.

Increasingly, the Australian public, and I with them, just cannot believe how incompetent this immigration minister has turned out to be. They expected a lot better but they have got a lot worse than they ever feared. In question time today again we had another example and more evidence of why this minister daily becomes a larger and larger embarrassment for the government. Already—and Senator Hill knows this—she has been sidelined from critical policy decision making by the Prime Minister. He is having meetings without her—

Senator Hill—That is not true!
Senator BOLKUS—Of course it is true! She is not engaged. Do you know why she is not engaged? Because she does not understand the issues, she does not understand the department, she does not understand the crisis that it is in, she does not understand the culture of the department and she does not understand the level of arrogance that has permeated that department. She has let it go into automatic.

This minister cannot blame the previous minister for everything. The previous minister has a degree of responsibility, but Minister Vanstone has taken over the reins. She has let the department go into automatic. Instead of trying forensically to understand what is going on in the department along with the culture of it and its mission, all she does is meet every criticism, no matter how rational, decent or constructive, with bluster, rhetoric and shouting. This is no way to run any portfolio. This is why I said at the start that, increasingly, day after day, the Australian public just cannot believe how bad this minister has turned out to be.

Her colleagues, especially those who have been close to her in the past—that gang of four or five who are now running off and doing their own thing—have given up on her. The department have also given up on her. The department that she has allowed free rein do not respect her, because they know that she just does not know what is going on around her. They have no confidence in her workload or her decision making. They think she is not interested and not up to the job.

This reminds me of a scene that you might see in any third-rate movie on a Saturday afternoon. The jockey has fallen off the runaway horse. She is clinging on and does not know how to get back on. That is the level the administration of this department has got to under this particular minister. The department acts illegally. It acts improperly. It acts arrogantly. It disregards people’s rights. It detains and deports Australian citizens, would you believe. This minister says, ‘It’s someone else’s responsibility—I will pass the buck to former Commissioner Palmer.’ It refuses to comply with court orders and it refuses to meet legal benchmarks. And what do we do? We have an inquiry without power and without adequate protection for those who want to come before it, and this minister tries to hide behind that. Her response, as I said, is to refer everything to an inquiry that cannot adequately protect whistleblowers that come before it. Its powers are not adequate and the protections are not adequate.

They try to blame the victim. It was just amazing that, a few minutes ago, the blame was going to be levied on poor Cornelia Rau—that it was her deception. It was not her deception. This department has no authority, right or responsibility to deport and detain Australian citizens. You cannot blame the victim—you blame this department and the culture that comes right from the top of this department. As the Chinese say, a fish rots from the head. The cultural, political and legal instructions—and illegal instructions—that have got this department into hot water have come from the previous minister and this particular minister. She turns a blind eye and they turn a blind eye.

They asked former Commissioner Palmer to tackle the job. What needs to happen here is a full-ranging inquiry. The problems in the immigration department are fundamental and they go to the core of the department’s administration. They go to the legal structures and the cultural domination of the department, and they flow from the top. Unless we have a minister who is prepared to take the time to understand what the mission of this department is and how it should be treating Australian citizens and applicants before it—that is, treating them decently and not arrogantly—then we will not come to the bottom

CHAMBER
of this issue. This issue does have implications for our reputation. *(Time expired)*

**Senator Johnston** (Western Australia) (3.20 pm)—I want to pause for a moment to deal with why it is that, today and now, the opposition have chosen to bring this matter through question time to a motion to take note of answers. Today is the day—this afternoon—that the Palmer report is due to come down. It is absolutely amazing that, with all that has gone before—before the facts are known and before the man who has eminent qualifications to get to the bottom of the Cornelia Rau matter has reported—the Labor Party seek to pre-empt, make political mileage and then seek to portray and gild the facts before they are known. The only explanation that I can think of as to why they would want to do that is that they fear there may be a plausible explanation underlying the circumstances surrounding Cornelia Rau that will not serve and suit the political purposes of the opposition in this place.

The real problem with the opposition bringing this matter in here now and politicising it to the extent that they have is that a very important and crucial aspect of Australian life is being marginalised: schizophrenia. I use this opportunity to say to the opposition that this parliament needs to pause to understand the severity and the seriousness of mental illness generally and schizophrenia in particular. The opposition in this place does no service to the very important function that this parliament needs to perform in addressing what is a very serious problem within our community. This, in fact, is a very cheap shot. When the facts are unknown and the politics seem ripe, the opposition want to play the man to the detriment of the important issue of schizophrenia. When we came to power back in 1996, there were over 300 people in detention. The previous speaker, as I understand it, was in fact a former minister. Obviously, he is talking to a great extent tongue in cheek, knowing as he does the circumstances that he presided over as minister for immigration prior to 1996, which is when the coalition government came to power.

Coming back to schizophrenia—the important issue that I think is thrown up in this debate—I have successfully defended a number of people over the years who have raised the defence of mental illness. Schizophrenia is a most insidious mental complaint. It manifests in a broad range of ways, such that it is very difficult to diagnose. If anything can be anticipated to be in the report of the very learned Mr Palmer, former Australian Federal Police commissioner, it is the conclusion that the diagnosis of schizophrenia is highly problematic. No matter what experience professionals bring to the task, schizophrenia has a very broad range of manifestations in terms of its symptoms and in terms of the conduct of its sufferers.

This is the crucial issue that I want to bring to parliament today, as opposed to simply politicising what has gone on with respect to the poor, unfortunate woman called Cornelia Rau. I want to underline the fact that it is clear to me—a person with some experience in this area who has seen her on television—that she is a sufferer of the malaise or ailment we know as schizophrenia. If anything, we should take this opportunity to bring home to the broad community how important it is that schizophrenia be noted, be anticipated and be treated properly. We need to be aware of the potential for this problem such that it can be properly diagnosed. The attack on the minister has done nothing to advance the most crucial and important issue of schizophrenia. If anything, the more that Australians come to terms with the deep detail the better. *(Time expired)*

**Senator Kirk** (South Australia) (3.25 pm)—I rise this afternoon to respond to an-
answers given by Senator Vanstone in response to questions asked in question time today about immigration detention. But before I begin I would just like to acknowledge the words of Senator Johnston regarding schizophrenia. I wholeheartedly agree with them. If he is not already a member of the Parliamentary Friends of Schizophrenia in the federal parliament, then I encourage him to join. He obviously has a keen interest in an area which is of serious concern to people throughout the community, as well as in this parliament. But, with respect, schizophrenia is not really the issue that we have before us today. What we have is a situation where a minister who is responsible for the Department of Immigration and Multicultural and Indigenous Affairs is failing in every aspect of her role. That is what is before us today; that is what needs to be focused on.

We have seen a number of very disturbing cases in the last few weeks. Cornelia Rau and Vivian Alvarez are now very well known to the Australian community. Everyone is aware of the fact that they had some serious mental health issues which led to their detention and to Ms Alvarez’s deportation from Australia. This is a very serious issue. It is all very well to talk about schizophrenia and how serious it is. What we and the Australian community need to be assured of is that, where there is mental illness in a detainee or an asylum seeker, these issues are taken seriously, mental illness is properly diagnosed by health professionals and the sufferers are dealt with accordingly.

It is not only these two very well-known cases that are now coming to light. In the question that I asked of Senator Vanstone this afternoon, I referred her to an answer that was given by her department during the February estimates. This answer disclosed that an Afghani national was apparently detained for a period of some 20 months before being released. The minister admits that the detention of this individual was unlawful. This person was unlawfully held for 20 months in immigration detention and quite rightly this person decided that they would bring an action against the department for compensation. One can only imagine the amount that would be involved to compensate for a period of almost two years detention.

But today we heard the minister say that she does not have knowledge either of this case or of the settlement that was paid. I should have mentioned that the matter did not go to court. The department preferred to settle out of court. Apparently, a confidential legal settlement was secured by this individual in compensation for their dreadful and unlawful detention. The agreement is confidential. Taxpayers are not going to be told the amount that was involved in this. The minister wishes to keep this matter a secret and she is happy for it to be kept a secret.

That is great, but all we can ask is: how many more settlements are there of this nature? We know that 200 additional cases have been referred to the Palmer inquiry. I look forward to reading the findings of Mr Palmer this afternoon if the report becomes available. I do hope that these 200 additional cases are also brought to light in the context of his report. Also, I and many other people would be very interested to learn whether there have been compensation payments paid to other individuals in addition to the one that I have spoken of here today. It is not necessary for us to know who the individuals are, but I think taxpayers are entitled to know how much money has been paid out to individuals to compensate them for their unlawful detention. (Time expired)

Senator BARTLETT (Queensland) (3.30 pm)—I rise in support of the motion to take note of Minister Vanstone’s answers regarding immigration detention and other issues.
The question I asked of the minister related to an article in the *Weekend Australian* by Elizabeth Wynhausen which described some security videotapes of activities in the Villawood Immigration Detention Centre in Sydney. The specific details of what is alleged to have happened are outlined in the article and people can look at it. I think it is still available online. I note the minister said that she would inquire into it and report back on the specific allegations within it.

They are very serious allegations involving descriptions of the tape and reports that the reporter claims to have read, and also an internal investigation by GSL, the company that runs the immigration detention centre, which said that an officer involved in the altercation with an Indian man at Villawood had been involved in ‘an assault on a detainee’ and that both he and another guard had been engaged in ‘serious misconduct’. The article also described that the alleged assault could have rendered ‘at least one officer subject to possible criminal proceedings’. The article said that the matter had been referred to the police, but the matter was dropped after the Indian man was deported, thus obviously making it difficult for the police to follow through with their investigation.

The article contains further significant allegations regarding the failure of GSL to properly train its staff. It also describes a videotape of Ms Virginia Leong—the Malaysian woman who came to some public attention; she had a three-year-old daughter who had spent all of her life in detention—showing this slightly built woman being dragged along by two large detention centre officers, pushed face down on the floor and a male officer about twice her size astride her, tightly holding her hands behind her back, as a nurse tried to force Ms Leong to take valium.

I appreciate that the minister has a lot on her plate at the moment, a lot of controversies to deal with, but it is a sign of the problem with the culture of the immigration department and the immigration detention regime—which the minister herself acknowledges needs changing—when an article makes what I believe to be very serious allegations that appear on the surface to be quite credible because they describe videotape evidence, and the minister goes, ‘I’m not aware of that one; I’ll get back to you when I have looked into it.’

I appreciate the fact that she is going to look into it, but either the minister has very many different allegations that she has to deal with these days or there is this general attitude of, as she said in her answer, ‘I haven’t got time to follow up on every allegation that is in a newspaper report.’ I would hope somebody does. Frankly, I find it extraordinary that you could have a set of serious allegations relating to activities of immigration detention centre guards in a national newspaper on the weekend and the minister either does not have it drawn to her attention or does not think it is sufficiently significant to bother asking herself whether these claims are accurate.

Is the minister and the department so punch drunk that every allegation is put on the general pile of allegations that are added to one after the other, or is this another sign of the culture of the department and the minister, where serious allegations of assault in an immigration detention centre are casually noted and ignored unless they are followed up and brought to her attention in question time? Surely, if you have an allegation as serious as that, the immediate reaction of a minister would be, ‘Find out about this and let me know whether it is true and what is being done about it.’ That clearly has not happened and that in itself, I believe, is enough of an indication of the cultural prob-
problem that the minister herself and the secretary of the department have recognised is a serious problem with immigration detention and asylum-seeker determinations. It has been going on for far too long and it is another sign of why we need to make a dramatic reversal in the law and policy that relate to this matter. *(Time expired)*

Question agreed to.

**PRIVILEGE**

The PRESIDENT (3.37 pm)—Senator Evans, by letter dated 26 May 2005, has raised with me a matter of privilege under standing order 81. The matter relates to the alleged failure of Senator Lightfoot to include in his declaration of interests certain share ownerships and transactions. Senator Evans lists these matters in an attachment to his letter. I am not in a position to tell whether there may have been a failure to disclose interests, because I do not know whether the share ownerships and transactions listed by Senator Evans are accurately listed. The criteria I am required to consider, in determining whether a motion to refer the matter to the Privileges Committee should have precedence, go basically to the seriousness of the matter.

As my statement to the Senate of 12 May indicated, the determination is virtually made for me in relation to declarations of interests by the resolution of the Senate which declares that a knowing failure to register an interest shall be a serious contempt. I therefore determine that a motion to refer this matter to the Privileges Committee may have precedence. As in the previous instance, it will be for the Senate to determine whether the matter should be referred to the committee. I table the letter from Senator Evans. A notice of motion may now be given.

Senator SHERRY (Tasmania) (3.39 pm)—On behalf of Senator Evans, I give notice that on the next day of sitting he shall move:

That the following matter be referred to the Committee of Privileges:

Whether there have been any failures by Senator Lightfoot to comply with the Senate’s resolution of 17 March 1994 relating to registration of interests, and, if so, whether any contempt was committed in that regard.

**PETITIONS**

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

**Immigration**

To the Honourable President and Members of the Federal Senate in the Parliament assembled.

The Petition of the undersigned opposes the removal of Mr Alkhousi (non citizen husband) from Australia in recognition of the rights of his wife and son as Australian citizens. We believe the removal of Mr Alkhousi from his Australian family without any possibility of them residing together anywhere in the world for a period of at least 2 years is a contravention of human rights, both for himself and for his wife and son.

Your Petitioners ask that the Senate oppose the removal of Mr Alkhousi from Australia and that the Senate request the Minister for Immigration the Honourable Senator Amanda Vanstone to intervene to grant Mr Alkhousi ‘permanent residency status’ on the basis of his marriage to an Australian citizen and his parenting of an Australian child combined with his legal entry and residency of seven years in Australia.

by Senator Cherry (from 349 citizens).

Petition received.

**NOTICES**

**Presentation**

Senator Lightfoot to move on the next day of sitting:

That the Joint Standing Committee on the National Capital and External Territories be authorised to hold a private meeting otherwise than in accordance with standing order 33(1) during the sitting of the Senate on Thursday, 16 June 2005,
from 11 am to 1 pm, in relation to its inquiry on the Antarctic territories.

Senator Forshaw to move on the next day of sitting:

That the time for the presentation of the report of the Finance and Public Administration References Committee on government advertising be extended to 10 November 2005.

Senator Forshaw to move on the next day of sitting:

That the Finance and Public Administration References Committee be authorised to hold a public meeting during the sitting of the Senate on Thursday, 23 June 2005, from 4 pm, to take evidence for the committee’s inquiry into the Regional Partnerships program.

Senator Hill to move on the next day of sitting:

That the following bill be introduced: A Bill for an Act to amend laws relating to intelligence, and for related purposes. *Intelligence Services Legislation Amendment Bill 2005.*

Senator Allison to move on the next day of sitting:

That the Senate—

(a) notes:

(i) the lack of a final result, and the deep disagreements, in the Nuclear Non-proliferation (NPT) Review conference held in New York in May 2005,

(ii) the efforts by the Australian delegation at the conference, including the statement to Main Committee 1 by our United Nations (UN) representative Mr Michael Smith, that ‘we expect the nuclear weapons states to pursue NPT nuclear disarmament commitments vigorously and with determination’, and all other measures laid out in Australia’s working paper to Main Committee 1,

(iii) the following comments by Mr Kofi Annan in his welcoming speech to the NPT Review, ‘121. The United States and the Russian Federation, other nuclear-weapon States and States not party to the Treaty on the Non-Proliferation of Nuclear Weapons should commit to practical measures to reduce the risk of accidental nuclear war, including, where appropriate, a progressive schedule for de-alerting their strategic nuclear weapons’,

(iv) that nuclear weapons operating status was also referred to in working papers and statements from many other nations including Australia, and in statements made by the former Soviet President Mr Gorbachev and Mr Ted Turner,

(v) that a number of countries, including Japan, New Zealand on behalf of the New Agenda, and Malaysia on behalf of the Non-Aligned Movement, introduced working papers to strengthen the non-proliferation regime and make progress towards nuclear disarmament, and

(vi) the proposal by Malaysia, Costa Rica, Bolivia, Timor-Leste, Nicaragua and Yemen entitled ‘Follow-up to the Advisory Opinion of the International Court of Justice on the Legality of the Threat or Use of Nuclear Weapons’;

(b) urges the Australian Government to use the opportunities provided by the Heads of State Millennium Plus Five Summit in New York and the 60th session of the UN General Assembly to:

(i) promote the disarmament steps agreed at the 2000 NPT Review, including concrete agreed measures to lower the operating status of nuclear weapons, a diminishing role for nuclear weapons in security policies, the early entry into force of the Comprehensive Nuclear-Test-Ban Treaty and a verifiable Fissile Material Cut-Off Treaty, and to undertake practical disarmament initiatives with like-minded states that would help establish the legal, technical and political elements required for the establishment of a nuclear weapons free world,
(ii) pursue a balanced approach to nuclear disarmament and nuclear non-proliferation that recognises that progress on nuclear non-proliferation cannot proceed without real progress toward the fulfilment of the Article VI obligations of the nuclear weapons states, and

(iii) commit to the implementation by the nuclear weapons states of their unequivocal undertaking to accomplish the total elimination of their nuclear arsenals; and

(c) requests the President of the Senate to convey the text of this resolution to the Foreign Minister of Japan, the Foreign Minister of New Zealand, Ambassador Duarte of Brazil and UN Secretary-General Mr Kofi Annan.

Senator Stott Despoja to move on Tuesday, 21 June 2005:


Senator Ludwig to move on the next day of sitting:

That the Senate—

(a) congratulates the Australian Law Reform Commission on reaching its 30th anniversary;

(b) notes that for the past 30 years the commission has provided invaluable assistance to the Parliament by conducting inquiries on matters of law reform; and

(c) notes that the commission’s establishment was a policy of great foresight by the Whitlam Labor Government.

Senator George Campbell to move on the next day of sitting:

That the following matter be referred to the Rural and Regional Affairs and Transport Legislation Committee for inquiry and report by 9 August 2005:

The regulatory framework to be implemented and enforced by the Department of Transport and Regional Services under the Maritime Transport Security Amendment Act 2005, having regard to:

(a) whether the regulatory framework to be implemented adequately protects privacy interests;

(b) the appropriateness of the cost recovery model in respect to such an important area of national security;

(c) the adequacy of law enforcement mechanisms available to enforce the regulatory scheme;

(d) the adequacy of oversight and compliance inspection mechanisms;

(e) the adequacy of existing security checks for foreign seafarers;

(f) the fair operation of security checks with respect to existing employees; and

(g) the adequacy of consultation mechanisms in respect to the regulatory framework.

Senator Hill to move on the next day of sitting:

That the Intelligence Services Legislation Amendment Bill 2005 be referred to the Parliamentary Joint Committee on ASIO, ASIS and DSD for comment and report to the Minister for Defence.

Senators Brown and Nettle to move on the next day of sitting:

That the following bills be introduced:


(2) A Bill for an Act to reform the mandatory detention system, and for related purposes. Migration Amendment (Mandatory Detention) Bill 2005.

Senator Ellison to move on the next day of sitting:

That—

(1) On Thursday, 16 June 2005:
(a) the hours of meeting shall be 9.30 am to 6.30 pm, and 7.30 pm to 11.40 pm;
(b) consideration of general business and consideration of committee reports, government responses and Auditor-General’s reports under standing order 62(1) and (2) not be proceeded with;
(c) the routine of business from not later than 4.30 pm shall be government business only;
(d) divisions may take place after 4.30 pm; and
(e) the question for the adjournment of the Senate shall be proposed at 11 pm.

(2) On Monday, 20 June 2005:
(a) the hours of meeting shall be 12.30 pm to 6.30 pm, and 7.30 pm to 11.40 pm; and
(b) the question for the adjournment of the Senate shall be proposed at 11 pm.

(3) On Tuesday, 21 June 2005:
(a) the hours of meeting shall be 12.30 pm to 11.40 pm;
(b) the routine of business from 6 pm to 11 pm shall be valedictory statements; and
(c) the question for the adjournment of the Senate shall be proposed at 11 pm.

(4) On Wednesday, 22 June 2005, the routine of business from 9.30 am till not later than 2 pm shall be valedictory statements.

Senator Brown to move on the next day of sitting:
That Determination 2005/07: Principal Executive Office (PEO) Classification Structure and Terms and Conditions, made pursuant subsections 5(2A), 7(3D) and 7(4) of the Remuneration Tribunal Act 1973, be disapproved.

Withdrawal

Senator TCHEN (Victoria) (3.41 pm)—Pursuant to notice given at the last day of sitting, I now withdraw business of the Senate notice of motion No. 1 standing in my name for four sitting days after today.

Presentation

Senator Brown to move on Tuesday, 21 June 2005:
That the Senate—
(a) recognises and supports the Earth Charter as an important civil society contribution to our understanding of sustainable development and the ethics and principles needed to promote a more just, sustainable and peaceful world;
(b) notes the endorsement of the Earth Charter by the United Nations (UN) Education, Scientific and Cultural Organisation; and
(c) encourages:
(i) the use of the Earth Charter by federal and state educational authorities during the UN Decade of Education for Sustainable Development, and
(ii) the further endorsement and use by state and local government authorities of the Earth Charter as an ethical framework for more sustainable ways of living.

Senator Brown to move on Monday, 20 June 2005:
That the Senate—
(a) notes:
(i) that on 15 April 2004, 12 members of the indigenous Wayuu people, including senior women of this matriarchal society, were massacred and 30 more abducted by a Colombian paramilitary force, and that 300 surviving Wayuu had to flee to Venezuela, and
(ii) that the Wayuu representative, Ms Debora Barros, who visited Australia in June 2005, has pleaded with BHP Billiton, which has part ownership of a nearby coal mine and railway, to help identify the killers and ensure the safe repatriation of the Wayuu people to their homeland; and
(b) calls on BHP Billiton to investigate claims that villagers recognised members of the Colombian army, which helps protect the Cerrejon Coal Mine, accompanying the paramilitary killers on 15 April 2004, to ensure no such personnel crossover has or will be permitted.

Senator Brown to move on Monday, 20 June 2005:

That the Senate calls on the Government to obtain from Colombian President Uribe:

(a) explanation of the massacre of Wayuu women and their families on 15 April 2004, in particular claims by Wayuu observers that members of the Colombian army were involved;

(b) an assurance of the safe return of the 300 Wayuu people who fled to Venezuela; and

(c) a guarantee for the wellbeing of the Wayuu leader, Ms Debora Barros, after her return to Colombia from Australia in June 2005.

COMMITTEES
Selection of Bills Committee
Report

Senator FERRIS (South Australia) (3.44 p.m.)—I present the fifth report of 2005 of the Selection of Bills Committee. I move:

That the report be adopted.

I seek leave to have the report incorporated in Hansard.

Leave granted.

The report read as follows—

SELECTION OF BILLS COMMITTEE
REPORT NO. 5 OF 2005
1. The committee met in private session on Tuesday, 14 June 2005 at 4.18 pm.

2. The committee resolved to recommend—

That—

(a) the provisions of the Australian Technical Colleges (Flexibility in Achieving Australia’s Skills Needs) Bill 2005 to be referred immediately to the Employment, Workplace Relations and Education Legislation Committee for inquiry and report by 9 August 2005 (see appendix 1 for statement of reasons for referral);

(b) the provisions of the Law and Justice Legislation Amendment (Serious Drug Offences and Other Measures) Bill 2005 to be referred immediately to the Legal and Constitutional Legislation Committee for inquiry and report by 9 August 2005 (see appendix 2 for statement of reasons for referral);

(c) the provisions of the Skilling Australia’s Workforce Bill 2005 and the Skilling Australia’s Workforce (Repeal and Transitional Provisions) Bill 2005 to be referred immediately to the Employment, Workplace Relations and Education Legislation Committee for inquiry and report by 18 August 2005 (see appendix 3 for statement of reasons for referral);

(d) the Superannuation Bill 2005, Superannuation (Consequential Amendments) Bill 2005 and the Superannuation Legislation Amendment (Choice of Superannuation Funds) Bill 2005 to be referred immediately to the Economics Legislation Committee for inquiry and report by 21 June 2005 (see appendix 4 for statement of reasons for referral); and

(e) the provisions of the Trade Practices Amendment (National Access Regime) Bill 2005 to be referred immediately to the Economics Legislation Committee for inquiry and report by 5 September 2005 (see appendix 5 for statement of reasons for referral).

3. The committee considered a proposal to refer the Maritime Transport Security Amendment Bill 2005 to the Rural and Regional Affairs and Transport Legislation Committee for inquiry and report, but the proposal was withdrawn and the committee resolved not to refer the bill.

4. The committee resolved to recommend—

That the following bills not be referred to committees:
• Aged Care Amendment (Extra Service) Bill 2005
• Crimes Amendment Bill 2005
• Family and Community Services Legislation Amendment (Family Assistance and Related Measures) Bill 2005
• Film Licensed Investment Company Bill 2005
• Film Licensed Investment Company (Consequential Provisions) Bill 2005
• Health Legislation Amendment (Australian Community Pharmacy Authority) Bill 2005
• Higher Education Support Amendment (Melbourne University Private) Bill 2005
• Import Processing Charges Amendment Bill 2005
• Customs Legislation Amendment (Import Processing Charges) Bill 2005
• Indigenous Education (Targeted Assistance) Amendment Bill 2005
• Maritime Transport Security Amendment Bill 2005
• New International Tax Arrangements (Foreign-owned Branches and Other Measures) Bill 2005
• Spyware Bill 2005
• Superannuation Laws Amendment (Abolition of Surcharge) Bill 2005
• Tax Laws Amendment (2005 Measures No. 3) Bill 2005
• Tax Laws Amendment (Medicare Levy and Medicare Levy Surcharge) Bill 2005
• Veterans’ Entitlements Amendment (2005 Budget Measure) Bill 2005.

The committee recommends accordingly.

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

Bill deferred from meeting of 8 February 2005

• Trade Practices Amendment (Personal Injuries and Death) Bill 2004.

Bill deferred from meeting of 10 May 2005

• Tax Laws Amendment (2005 Measures No. 2) Bill 2005.

Bills deferred from meeting of 14 June 2005

• Asbestos-related Claims (Management of Commonwealth Liabilities) Bill 2005

Asbestos-related Claims (Management of Commonwealth Liabilities) (Consequential and Transitional Provisions) Bill 2005

• Corporations Amendment Bill (No. 1) 2005


(Jeannie Ferris)

Chair
15 June 2005

Appendix 1

Proposal to refer a bill to a committee

Name of bill(s):
Australian Technical Colleges (Flexibility in Achieving Australia’s Skills Needs) Bill 2005

Reasons for referral/principal issues for consideration

To explore the impact of the bill on vocational education and training provided to year 11 and 12 students; to explore the impact of the bill on national and regional (for the designated areas) skills shortages; to explore the cost effectiveness and timeliness of the delivery of vocational education and training is schools through the technical college model; to explore the accessibility of the new technical colleges by disadvantaged students, with particular reference to the socio-economic status of families in the areas of the technical colleges and fee structures; to explore the impact of the bill on employment conditions for teachers Australia wide.

Possible submissions or evidence from:
ACSSO, ISCA, NCEC, AEU, IEU, NCVER, Dusseldorp Skills Forum, BCA, ACCI, state education departments
Committee to which bill is referred: 
Employment, Workplace Relations and Education Legislation Committee
Possible hearing date:
Possible reporting date(s): 9 August 2005

Appendix 2
Proposal to refer a bill to a committee
Name of bill(s):
Law and Justice Legislation Amendment (Serious Drug Offences and Other Measures) Bill 2005
Reasons for referral/principal issues for consideration
To what extent the bill conforms with the Model Criminal Code
Suitability of new penalties in the bill
To what extent state and federal offences that are complimentary are defined and penalised similarly
Whether state jurisdictions have been adequately consulted
Various other matters
Possible submissions or evidence from:
Stat and territory police agencies, civil liberty forums, ALRC, HREOC, anti-drugs campaigners
Committee to which bill is referred:
Legal and Constitutional Legislation Committee
Possible hearing date:
Possible reporting date(s): 9 August 2005

Appendix 3
Proposal to refer a bill to a committee
Name of bill(s):
Skilling Australia’s Workforce Bill 2005
Skilling Australia’s Workforce (Repeal and Transitional Provisions) Bill 2005
Reasons for referral/principal issues for consideration
In order to enable student organisations, universities and other interest groups to express their opposition to the bill
Possible submissions or evidence from:
Universities, AVCC, individual vice chancellors, student organisations, NUS, CAPA
Committee to which bill is referred:
Employment, Workplace Relations, and Education Legislation Committee
Possible hearing date: during Winter break
Possible reporting date(s): 18 August 2005

Appendix 4
Proposal to refer a bill to a committee
Name of bill(s):
Superannuation Bill 2005, Superannuation (Consequential Amendments) Bill 2005
Superannuation Legislation Amendment (Choice of Superannuation Funds) Bill 2005
Reasons for referral/principal issues for consideration
Provisions are unclear s to their impact; determine level of preparation
Possible submissions or evidence from:
Treasury, regulators, APRA, ASIC, employer organisations, ACTU, ASFA, IFSA, Conference of Major Superannuation Funds, Institute of Trustees
Committee to which bill is referred:
Economics Legislation Committee
Possible hearing date:
Possible reporting date(s): 21 June 2005

Appendix 5
Proposal to refer a bill to a committee
Name of bill(s):
Trade Practices Amendment (National Access Regime) Bill 2005
Reasons for referral/principal issues for consideration
1. delaying the introduction of this bill for almost 3 years since the PC report was released;
2. failing to amend part IIIA of the Trade Practices Act to include the pricing principles in the bill;

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3. failing to properly indicate the relationship of this bill to report of the Infrastructure Task Force;
4. failing to produce a single, clear and pro-
competitive legislative framework for infra-
structure regulation

Possible submissions or evidence from:
State governments. AusAID

Committee to which bill is referred:
Economics Legislation Committee

Possible hearing date:
Possible reporting date(s): 5 September 2005

Senator ALLISON (Victoria—Leader of the Australian Democrats) (3.44 pm)—I move:

At the end of the motion, add “and, in respect of the Indigenous Education (Targeted Assistance) Amendment Bill 2005, the bill be referred to the Employment, Workplace Relations and Education Legislation Committee for inquiry and report by 18 August 2005”.

Question agreed to.

Original question, as amended, agreed to.

NOTICES
Postponement

The following items of business were post-
poned:

Business of the Senate notice of motion no. 1 standing in the name of Senator Murray for today, proposing an amendment to the terms of reference for the Legal and Constitutional References Committee inquiry into the effectiveness and appropriateness of the Privacy Act 1988, postponed till 22 June 2005.

Business of the Senate notice of motion no. 2 standing in the name of Senator Bartlett for today, proposing the reference of a matter to the Legal and Constitutional References Committee, postponed till 16 June 2005.

General business notice of motion no. 27 standing in the name of Senator Lees for 16 June 2005, relating to Asian elephants, postponed till 22 June 2005.
trists on the release of their comprehensive tobacco policy;

(b) notes that:
(i) the policy highlights the importance of smoke-free environments in reducing the harm caused by exposure to environmental tobacco smoke,
(ii) research shows that exposure to second-hand smoke in a vehicle is 23 times more toxic than in the home, and
(iii) the Western Australian branch of the Australian Medical Association has called on the Western Australian Government to protect children from passive smoking by introducing a ban on smoking in cars, particularly when there are children under the age of 18 in the vehicle; and

(c) calls on the Federal Government and governments in all Australian states and territories to:
(i) raise the issue of smoking in vehicles at the next Australian Health Ministers’ Conference with a view to introducing a ban on smoking in cars when there are passengers in the vehicle, and
(ii) provide funding for public education campaigns on the importance of support for smoke-free homes and cars.

Question agreed to.

FAMILY PLANNING

Senator ALLISON (Victoria—Leader of the Australian Democrats) (3.47 pm)—I move:

That there be laid on the table by the Minister representing the Minister for Health and Ageing, no later than 4.30 pm on Tuesday, 21 June 2005, copies of all reports, including financial statements, provided as part of their reporting requirements for the past 5 years by all agencies that receive funding for pregnancy counselling and/or family planning activities from the Department of Health and Ageing, other than those already provided in the past month.

Question agreed to.

COMMITTEES

Foreign Affairs, Defence and Trade References Committee

Meeting

Senator GEORGE CAMPBELL (New South Wales) (3.48 pm)—At the request of Senator Hutchins, I move:

That the Foreign Affairs, Defence and Trade References Committee be authorised to hold public meetings during the sittings of the Senate on 16 June, 20 June, 21 June and 22 June 2005 from 4.30 pm, to take evidence for the committee’s inquiry into Australia’s relationship with China.

Question agreed to.

Employment, Workplace Relations and Education References Committee

Extension of Time

Senator GEORGE CAMPBELL (New South Wales) (3.48 pm)—At the request of Senator Crossin, I move:

That the time for the presentation of reports of the Employment, Workplace Relations and Education References Committee be extended as follows:

(a) Indigenous education—to 21 June 2005; and
(b) student income support—to 22 June 2005.

Question agreed to.

Australian Crime Commission Committee

Meeting

Senator FERRIS (South Australia) (3.48 pm)—At the request of Senator Santoro, I move:

That the Parliamentary Joint Committee on the Australian Crime Commission be authorised to hold a public meeting during the sitting of the Senate on Thursday, 23 June 2005, from 9.30 am to 11 am, to take evidence for the committee’s inquiry into the trafficking of women for sexual servitude.

Question agreed to.
Economics Legislation Committee

Extension of Time

Senator FERRIS (South Australia) (3.48 pm)—At the request of Senator Brandis, I move:


Question agreed to.

Legal and Constitutional Legislation Committee

Meeting

Senator FERRIS (South Australia) (3.48 pm)—At the request of Senator Payne, I move:

That the Legal and Constitutional Legislation Committee be authorised to hold a public meeting during the sitting of the Senate on Wednesday, 15 June 2005, from 5.30 pm, to take evidence for the committee’s inquiry into the Crimes Legislation Amendment (Telecommunications Interception and Other Measures) Bill 2005.

Question agreed to.

Environment, Communications, Information Technology and the Arts References Committee

Meeting

Senator BARTLETT (Queensland) (3.49 pm)—At the request of Senator Cherry, I move:

That the Environment, Communications, Information Technology and the Arts References Committee be authorised to hold a public meeting during the sitting of the Senate on Monday, 20 June 2005, from 6.30 pm, to take evidence for the committee’s inquiry into the performance of the Australian telecommunications regulatory regime.

Question agreed to.

NUCLEAR ENERGY

Senator NETTLE (New South Wales) (3.49 pm)—I move:

That the Senate opposes the development of nuclear power in Australia.

Question agreed to.

REFUGEES

Senator NETTLE (New South Wales) (3.50 pm)—I move:

That the Senate—

(a) notes that:

(i) 20 June 2005 is World Refugee Day,

(ii) according to the International Federation of Red Cross and Red Crescent Societies in their World Disasters Report 2001, more people are now forced to leave their homes because of environmental disaster than because of war,

(iii) there are approximately 25 million people who could currently be classified as being environmental refugees, some 58 per cent of the world’s total refugee population, many of whom are victims of climate change,

(iv) according to Dr Norman Myers of Oxford University climate change could increase the number of environmental refugees six-fold to 150 million over the next 50 years, and

(v) Australia has an unequivocal obligation to provide a humanitarian response both to addressing climate change and accepting environmental refugees, especially from our region; and

(b) calls on the Government to:

(i) ratify the Kyoto Protocol,

(ii) set the Mandatory Renewable Energy Target to at least 20 per cent by 2020, and

(iii) agree to accept Tuvaluan refugees in the event that rising sea levels force an evacuation of Tuvalu.

Question negatived.
COMMITTEES

Scrutiny of Bills Committee
Report

Senator GEORGE CAMPBELL (New South Wales) (3.50 pm)—On behalf of Senator Crossin, I present the fifth report of 2005 of the Senate Standing Committee for the Scrutiny of Bills. I also lay on the table Scrutiny of Bills Alert Digest No. 6 of 2005, dated 15 June 2005.

Ordered that the report be printed.

BUDGET

Consideration by Legislation Committees

Senator McGAURAN (Victoria) (3.51 pm)—On behalf of the Chair of the Finance and Public Administration Legislation Committee, I present additional information received relating to hearings on the 2004-05 additional budget estimates.

AUDITOR-GENERAL’S REPORTS

Report No. 51 of 2004-05

The DEPUTY PRESIDENT—In accordance with the provisions of the Auditor-General Act 1997, I present the following report of the Auditor-General: Report No. 51 of 2004-05—Performance Audit—DEWR’s oversight of Job Network services to job seekers: Department of Employment and Workplace Relations and Centrelink.

PARLIAMENTARY ZONE

Proposal for Works

The DEPUTY PRESIDENT—In accordance with the provisions of the Parliament Act 1974, I present a proposal by the Department of Parliamentary Services, together with supporting documentation, to approve a further extension of time for the temporary vehicle barriers to 31 December 2005.

Senator ELLISON (Western Australia—Minister for Justice and Customs) (3.52 pm)—by leave—I give notice that, on the next day of sitting, I shall move:

That, in accordance with section 5 of the Parliament Act 1974, the Senate approves the proposal by the Department of Parliamentary Services to further extend the time for temporary vehicle barriers to 31 December 2005.

Senator Brown—As a point of clarification, was that notice given for tomorrow?

The DEPUTY PRESIDENT—Yes.

Senator Brown—If so, will it come with costings?

The DEPUTY PRESIDENT—Not that that was contained in the motion—

Senator Brown—Thank you. I am just foreshadowing a need for that information.

MELBOURNE UNIVERSITY STUDENT UNION

Return to Order

Senator ELLISON (Western Australia—Minister for Justice and Customs) (3.53 pm)—by leave—This statement is made on behalf of Dr Brendan Nelson, the Minister for Education, Science and Training. The order arises from a motion moved by Senator Carr, as agreed by the Senate on 12 May 2005, and it relates to the tabling of correspondence between the Minister for Education, Science and Training and officials of the former Melbourne University Student Union. I wish to inform the Senate that the minister is able to provide the requested correspondence, which I table. The letters relate to the higher education reforms and, in particular, the wholehearted support of the reforms by the Melbourne University Student Union. In addition, these letters call on the minister to implement legislation to ban compulsory student unionism and the collection of compulsory up-front fees so that student welfare would be greatly improved.

COMMITTEES

Membership

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

Senator ELLISON (Western Australia—Minister for Justice and Customs) (3.54 pm)—by leave—I move:

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

Foreign Affairs, Defence and Trade References Committee—
Appointed—Substitute member: Senator Ray to replace Senator Mackay for the committee’s inquiry into Australia’s relationship with China

Legal and Constitutional References Committee—
Appointed—Substitute member: Senator Mason to replace Senator Scullion for the committee’s inquiry into the effectiveness and appropriateness of the Privacy Act 1988.

Question agreed to.

FAMILY AND COMMUNITY SERVICES LEGISLATION AMENDMENT (FAMILY ASSISTANCE AND RELATED MEASURES) BILL 2005

First Reading
Bill received from the House of Representatives.

Senator ELLISON (Western Australia—Minister for Justice and Customs) (3.55 pm)—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 ELLISON (Western Australia—Minister for Justice and Customs) (3.55 pm)—I move:

That this bill be now read a second time.

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

Leave granted.

The speech read as follows—

FAMILY AND COMMUNITY SERVICES LEGISLATION AMENDMENT (FAMILY ASSISTANCE AND RELATED MEASURES) BILL 2005

This bill will amend the social security law, the family assistance law and the Veterans’ Entitlements Act 1986 to provide several important measures for families and for low income Australians renting their homes.

Schedule 1 gives effect to a proposal announced by the Government on 11 May 2004 as part of the More Help for Families package relevant to FTB Part B.

Part B is intended to assist families with one main income. In the case of couples, Part B is paid on the basis of the income of the lower income earner provided that their income is under certain thresholds.

Under the current legislation, the income of a secondary earner who is a member of a couple who commences paid work for the first time or returns to paid work part-way during a particular income year following the birth is taken into account under the Part B income test for that income year. This can result in a debt on reconciliation and may act as a disincentive for those wanting to return to the work force.

Schedule 1 introduces a new method of calculating Part B applicable to secondary earners who say return to work for the first time following the birth of a child or the adoption of a child. The new method provides the secondary earner with the maximum rate of Part B for the period in question provided that all the criteria for accessing the new method are met for the day or days in question.

This measure will be available to a secondary earner who is the natural parent or step parent of the child. It will also be available to adoptive parents and other secondary earners who are primary carers (such as grandparents who commence work or return to work for the first time after assuming responsibility as a carer of a grand child).
This measure will apply in respect of the 2005-06 income year and later income years. Maternity payment was introduced from 1 July 2004 and currently provides $3079, in a lump sum or instalments, to families with new children, including to adopting families who assume care of children up to 26 weeks of age. However, as a recent publication on adoptions from the Australian Institute of Health and Welfare testifies, the majority of current adoptions in Australia are inter-country adoptions, which often happen when the children are older than 26 weeks because of the lengthy processes involved. Therefore, these adopting families have often missed out on the maternity payment.

The Government has responded to this area of need by widening the maternity payment age range for adoptions. Maternity payment will be made available through this bill for children being adopted from another country who enter their new families’ care, and arrive in Australia, before age two. Maternity payment eligibility will also be extended for local adoptions, to families assuming care of children before age two, assuming maternity payment has not already been paid for the child under the current rules.

In a related measure, it is being clarified that maternity payment is not available for a child who has already attracted maternity allowance under the former scheme applying before 1 July 2004. This completes the transitional rules for the new payment.

This bill contains several other family assistance measures. Notable among these are amendments to lessen the impact of family tax benefit or child care benefit debts that arise from the non-lodgment of income tax returns in situations where parents have separated and an ex-partner has not lodged the relevant income tax return to enable annual reconciliation of family tax benefit or child care benefit to occur.

Lastly, the bill includes two measures to improve the administration of the rent assistance program for social security and family tax benefit. Rent assistance is paid to assist low-income people with the costs of renting their homes in the private rental market. Amendments are being made to prevent the possibility of rent assistance being paid to the same person twice—once with the person’s family tax benefit and once with their social security or veterans’ affairs payment. Further amendments will clarify that, when a person fails to give information regularly sought by Centrelink to confirm their ongoing rent assistance entitlement, the rent assistance portion of their family tax benefit or social security payment may be cancelled, rather than the whole benefit or payment, as currently provided.

Senator ELLISON—I move:
That the debate be now adjourned.
Question agreed to.
Ordered that the resumption of the debate be an order of the day for a later hour.

TAX LAWS AMENDMENT (MEDICARE LEVY AND MEDICARE LEVY SURCHARGE) BILL 2005
Second Reading

Debate resumed.

Senator SHERRY (Tasmania) (3.56 pm)—Mr Deputy President—
Senator McGauran—This will be good—mea culpa.

Senator SHERRY—Oh dear, The Nationals. We are supporting this bill, Senator McGauran.

Senator Carr—It’s Dolly the sheep, not The Nationals.

Senator SHERRY—Senator Carr, even I would not go that far with Senator McGauran—‘doormat’, maybe, but nothing worse than that. Before the rude interruption from Senator McGauran, I had just commenced discussion on behalf of the Australian Labor Party in respect of the Tax Laws Amendment (Medicare Levy and Medicare Levy Surcharge) Bill 2005. For the information of Senator McGauran, I have indicated that the Labor Party is supporting this piece of legislation. It relates to the need to adjust the thresholds at which the Medicare surcharge, or levy, cut in. But I had some further remarks that I did not get to about the issue of
Medicare and particularly the Medicare safety net.

This Liberal government claims to be a friend of Medicare, but we have to look at the track record of the Prime Minister, Mr Howard. We on this side of the Senate and, I am sure, the Australian community now know his real feelings on Medicare. He has stated them publicly on a sufficient number of occasions for us to be sure about them. The Prime Minister is a friend of Medicare when it is politically expedient. There is no better example of that than during last year’s federal election campaign, when the Prime Minister, Mr Howard, believed that there was so much political opportunity in supporting Medicare that he and his Minister for Health and Ageing, Mr Abbott, were prepared to throw any amount of money at it. Of course, that was part and parcel of their attempts to minimise the issues of public concern, as the community perceived them, between the Labor Party and the Liberal government. I am referring here to the episode of the costings of the Medicare safety net. The Prime Minister, Mr Howard, was prepared to back a blow-out of some $800 million in the Medicare safety net in order to secure his re-election. Money was no option. The minister, Mr Abbott, and the Prime Minister improved the Medicare safety net very significantly.

I think most Australians can recall the health minister’s ‘rock solid, ironclad’ guarantee that the Medicare safety net would continue, despite significant evidence that the cost was blowing out significantly in the lead-up to the election. The Prime Minister, the Treasurer, the health minister, Mr Abbott, and the Minister for Finance and Administration, Senator Minchin, knew this was occurring and they knew about it at the time of the PEEFO.

During the Senate estimates process—a very effective process, I might say; it is one of a few times that we can hold the government accountable at least to some extent—there was further questioning on when exactly the government knew about the blow-out in the cost of the Medicare safety net. The health minister, Mr Abbott, has denied that, when he made his infamous declaration and gave his ‘rock solid, ironclad’ commitment that the Medicare safety net would continue, he knew that a cost blow-out was occurring. In the Senate Finance and Public Administration Legislation Committee at estimates we heard a story of the Department of Health and Ageing providing on a monthly basis, as indeed most departments do now, updates of the running operational costs of programs within the department, including the Medicare safety net. So month by month the cost of the Medicare safety net program could be costed.

The Department of Finance and Administration officials stated at that estimates hearing that in July and August they were becoming—these are not their exact words—increasingly concerned about an increase in cost in the Medicare safety net. We know that a finance department official who was overseeing this program and its costs told officials in the finance minister’s office on two or three occasions to inform him of these cost blow-outs. The minister confirmed that he received advice from his staff that the costs were blowing out and yet, when he was asked about whether he or his office passed on this important information about a major blow-out of hundreds of millions of dollars to the Prime Minister or the health minister, Mr Abbott, he refused to indicate what he had done about that information.

At one stage Senator Minchin referred to advice from his department to officials within his office as hearsay. The finance minister referred to information and advice from his own department about a cost blow-out of great significance in the Medicare
safety net program—which they had under close scrutiny—as hearsay. A minister of the Crown, particularly the minister for finance, referring to advice on two or three occasions as hearsay is incredibly silly. The advice clearly had great status. Officials of a department do not ring a minister’s office about a cost blow-out unless there are serious issues to follow through.

Did the Prime Minister, the Treasurer or the minister for health, Mr Abbott, know that the costs of the Medicare safety net were blowing out significantly? It is my view that the minister for finance, Senator Minchin, obviously did know, because he has admitted as much, and that he would have at least spoken to the Treasurer, the health minister or the Prime Minister. I am sure that, because the base data was being received from the department of health by the finance department, the minister for health would have been advised, and he would have been advised prior to the election.

Claims—‘rock solid, ironclad’ guarantees—were made during the election campaign that the Medicare safety net would remain. My argument is that certainly the health minister and the minister for finance, and, I am sure, the Treasurer and Prime Minister, knew the cost was blowing out by hundreds of millions of dollars, yet they gave what was tantamount to—putting it at its mildest—grossly misleading statements during the election campaign. Of course ‘Do or say anything to get re-elected’ is this government’s motto. Then, of course, after the election we had significant cutbacks in the Medicare safety net.

This government frequently refers to the so-called charter of budget honesty. I will be making some further comments and observations about the charter and its operation on another occasion. This is a good/bad example of where this so-called charter of budget honesty did not work. When you have the Prime Minister, the Treasurer, the minister for finance and the minister for health, who are the four principal ministers in this government—I do not include the Deputy Prime Minister; the National Party does not count—giving false and misleading information to the Australian electorate about the costings of a central election promise, what is the value of this so-called Charter of Budget Honesty? There are other examples. As I said, I will get to those on another occasion.

I thought it was important in the context of the legislation we are considering, the Tax Laws Amendment (Medicare Levy and Medicare Levy Surcharge) Bill 2005, to briefly touch on this appalling incident of the Australian electorate being significantly misled about an issue of health which is obviously fundamental to the concerns of the Australian community. With those relatively short remarks, I reiterate that the Labor Party will be supporting this legislation.

**Senator MURRAY** (Western Australia) (4.07 pm)—The Tax Laws Amendment (Medicare Levy and Medicare Levy Surcharge) Bill 2005 amends the Medicare Levy Act 1986 and A New Tax System (Medicare Levy Surcharge–Fringe Benefits) Act 1999 to increase the low-income thresholds above which the Medicare levy and Medicare levy surcharge must be paid. This is to ensure that low-income individuals and families will continue not to have to pay the Medicare levy or the surcharge and that the rate at which the Medicare levy and Medicare levy surcharge kick in continues to be indexed. That is a very important principle.

One of the problems with Australia is it does not have a universal health system in the sense that it is fully funded by the state. I doubt that it is affordable on that basis, but one of the very principles of a universal
health care system is that the least advantaged in society should be able to access good basic health care and access it free of charge. The levy and the surcharge are not in any sense hypothecated charges. The cost of the health system this year will be around $37½ billion, and the Medicare levy and surcharge raised around $5.5 billion in revenue in 2003-04, so revenue raised is way lower than the total cost of health care.

The bill amends the Medicare Levy Act 1986 to increase the Medicare levy low-income thresholds for individuals to $15,902 and for families to $26,834. The dependent child student component of the family threshold will also be increased to $2,464 for each child. The increases are in line with movements in the consumer price index. The bill also increases the Medicare levy low-income threshold for pensioners below age pension age so they do not have a Medicare levy liability where they do not have an income tax liability. The amended thresholds will apply to tax assessments for the 2004-05 financial year and later years, and the bill applies to the 2004-05 financial year because it requires as close as possible an estimate of indexation for this financial year.

I have spoken about the first principle, which is that you have to have public health care widely available, and the second principle, which is that you have to make sure that those who have the lowest income have free access to good basic health care. The third principle is that those levy-free thresholds are indexed and are not eroded by inflation over time. Unfortunately, this government is patchy with respect to the application of this principle. It was the Democrats who in the new tax system negotiations got the pension wage properly indexed—in that case, to what is known as MTAWE, male total average weekly earnings—but we have failed to persuade this or any government to index, for instance, the tax-free thresholds which determine the level below which people do not have to pay income tax. Here we have the government, quite rightly, supporting indexation of this particular set of thresholds but it does not support indexing the tax-free threshold.

If the 2000-01 tax-free threshold of $6,000 had been indexed each year by the CPI increase of the previous year, the 2005-06 tax-free threshold would be $7,064 with an estimated cost of revenue applying in that year of $1.64 billion. I think it is very important that parties like ours and the opposition start to tackle this issue of an inconsistent application of what is a fundamental principle—that is, that you maintain the real value of thresholds and the real value of incomes through indexing and adjusting for CPI. Here we have a good application of that because it applies with respect to the Medicare levy, but with respect to something like the tax rates or the tax-free threshold you find it not being applied.

The second remark I want to make refers to the surcharge itself. The surcharge is a one per cent surcharge of taxable income imposed on high-income earners who do not have hospital insurance with a registered health fund, although there are exemptions for individual low-income earners whose family income is over a certain amount. The surcharge is paid in addition to the 1.5 per cent Medicare levy. The surcharge was introduced in 1997 as part of the Howard government’s first round of private health insurance incentives and the aim of the surcharge is to encourage people earning over the threshold amounts to take out private health insurance. The rationale is that those who can afford to do so should contribute more to the cost of their own health care as private patients. Whilst that is a very good incentive, it is also tied back to the whole issue of the rebate which is provided to high-income earners who can use the private health insur-
It has long been the Democrats’ opinion that it should be means tested and that the savings should be put into the public health system.

The other brief and tangential point I want to make whilst we are talking about the costs of the health system and the way in which it is structured relates to the cost of health care in our system overall and how it is growing. In 1993-94, 10 years ago, the Commonwealth health portfolio expenditure as a proportion of GDP was 3.4 per cent. In 2003-04 it had grown by nearly 15 per cent in overall terms and was 3.9 per cent as a proportion of GDP. The total health expenditure as a proportion of GDP is, of course, much larger because that includes state and territory government expenditure and expenditure from private sources. The total health expenditure in 1993-94 was 8.3 per cent of GDP. In 2002-03, the latest figures I have, it was 9.5 per cent. So it has jumped up by 1.2 per cent of GDP in 10 years.

The last time I looked, the American system was at around about 14 per cent of GDP. The escalating cost and escalating demand of health expenditure on our society is something we really have to fear as a society and as political parties. I am sure that the government does. The Democrats have long put forward alternatives for lower cost approaches to health care and so on, but the reality is that if you want greater attention to mental health care, greater attention to dental health care, you have to find the money from somewhere. It is a really significant and major problem.

This particular indexation measure will cost the government $93 million over four years. That is an increased cost, so even this measure has a significant monetary value attached to it. I do not know where I have gone with all that except to describe an appallingly expensive system which is going to get even more appallingly expensive—and still does not meet the needs of society. I am not sure that anyone has the complete answers to this. However, we do support this bill and we will be happy to see it pass without amendment.

Senator COONAN (New South Wales—Minister for Communications, Information Technology and the Arts) (4.17 pm)—On behalf of the government I will now sum up the Tax Laws Amendment (Medicare Levy and Medicare Levy Surcharge) Bill 2005. I would like to thank the senators who have taken part in this debate on the bill, and I note that there is support for it—for which I thank them. As part of the budget, the government announced that it would increase the Medicare levy and Medicare levy surcharge low-income thresholds in line with increases in the consumer price index. The bill gives effect to that announcement. Small increases in taxable income should not disadvantage low-income individuals and families. The bill ensures that this does not occur.

If the thresholds were not increased, then low-income individuals and families whose income had only increased in line with the consumer price index would face a Medicare levy liability where they had not in previous years. The changes mean that low-income individuals and families will continue to be exempt from paying the Medicare levy or surcharge. From the 2004-05 income year the Medicare levy low-income threshold will increase to $15,902 for individuals and $26,834 for families. The additional amount of threshold for each dependent child or student will also be increased to $2,464. This bill ensures that pensioners below age pension age also have an increase to their Medicare levy low-income threshold. The Medicare levy threshold for pensioners below age pension age will be lifted to $19,252. This threshold has been increased each year since 2001-02, when the government substantially
increased the pensioner tax offset, which meant that the level of taxable income where these pensioners started to pay income tax also increased. The rise in threshold will ensure that pensioners below age pension age do not face a Medicare levy liability where they do not have an income tax liability. I commend this bill to the Senate.

Question agreed to.

Bill read a second time.

Third Reading

Bill passed through its remaining stages without amendment or debate.

AGED CARE AMENDMENT (EXTRA SERVICE) BILL 2005

Second Reading

Debate resumed from 14 June, on motion by Senator Abetz:

That this bill be now read a second time.

Senator McLucas (Queensland) (4.20 pm)—I rise to speak to the Aged Care Amendment (Extra Service) Bill 2005. From the outset I need to indicate that the Labor Party will be supporting this bill for a range of reasons. The bill removes the requirement for aged care providers who have been allocated extra service places to renew their application for that extra service space every five years. The net intent of that, and the intent of this legislation, is to decrease the amount of paperwork that would be required for that continual reapplication for those extra service places. The extra service places that the government has allocated allow aged care consumers in residential aged care to purchase extra and additional hotel type services to augment the basic care that is provided by the residential aged care facility. These extra services include things like enhanced accommodation, a greater range and quantity of food and increased recreational opportunities and personal interest activities—for example, the provision of newspapers or, in some cases, hairdressing.

It is important to note—and it is certainly important from our perspective—that this legislation will not disadvantage older Australians who cannot afford or who choose not to access the extra service places. The current limit that existed in the original policy of a maximum of 15 per cent of places having the extra service capacity in each state and territory will remain. That is an important principle that I think we need to recognise and it allows us on this side of the parliament to support this legislation.

The point I do need to make is that it is not a surprise that we are dealing with this legislation. It is certainly not a surprise to the residential aged care sector, who indicated to government when the extra service program began that this would be the sort of problem we would have—that is, reapplying for those extra service places would be a technically difficult thing to do. Imagine if a residential aged care facility that was providing a number of extra service places, usually in a separate wing or a separate part of the facility, were to be unsuccessful in their reapplication. There would be a whole series of ramifications for the viability of that service and for those people currently purchasing extra services, so to speak. It was in the knowledge of that the sector indicated to government that the reapplication process was always going to be difficult.

I have been advised that the five-year re-application policy was introduced so that government could ensure that there was a review of the package of extra services to be provided. If that was the policy intent then, that policy intent is not being solved at all now. I have not been advised by any residential aged care facility of an ongoing review of the package of extra services to be delivered. If it was a policy need then, it may still
very well be a policy need now. I indicate that Labor will maintain a watching brief over the need for the review of that extra services package into the future.

Having said that we will be supporting this legislation, I would like to take a little time today to talk about a number of other issues connected with aged care and the provision of aged care in Australia. The first issue is the conditional adjustment payment that the government introduced in last year’s budget in response to the Hogan review. This has been a moving feast and we have been dealing with almost policy on the run in terms of determining the conditions of this particular payment. When the measure was introduced the government did not have clear criteria about what those conditions might be, nor at the time any method to measure them. We argued then that it was an irresponsible way of introducing a conditional payment where the conditions were not identified for those receiving the payment at the point of payment. Now we are seeing the consequences of the government’s policy on the run in the election year: conditions are negotiated and the reality for residential aged care providers is becoming clearer.

Aged care providers received their conditional adjustment payment in July 2004 and now they are finding out what the conditions actually are. There are three conditions attached to the CAP payment: an audit has to be made available, information has to be provided to staff about training that is accessible and there has to be agreement from the residential aged care provider to fill in the workforce census.

Let us start with the last first. I am advised that basically all residential aged care providers filled in the workforce census anyway. To make residential aged care comply with something that, by and large, they pretty well all did was not much of a requirement on the providers. The second condition was that information had to be provided to staff about available training. One would imagine that the intent of this policy was to increase the skills base of those people who work in residential aged care, but the condition does not necessarily mean that that will happen. The condition requires that the residential aged care provider fill in a training declaration that says they have provided information to the care workers and others who work in the facility, but it does not require anyone to have actually undertaken that training. The policy intent is to increase the skills base, but we have no way of measuring whether in fact that has occurred.

The first condition I identified earlier was that the residential aged care facility has to provide the government with an audit of their facility. It was initially indicated that the intent of the policy was to provide prospective residential aged care residents and their families with a reasonable analysis; that they could make a judgment about the financial status of that facility and gain some faith in the fact that they were going to give them an accommodation bond and that it would be in good hands. After speaking with many residential aged care providers, both large and small, I am not sure that that policy intent can be achieved. The level of audit required is very high. I have been told that one facility is spending $40,000 on complying with that conditional payment; others talk of $20,000 to do that audit. The type of audit is not necessarily or readily understood by prospective residents or their families. I think the policy desire was laudable, but I think what we have done to achieve that is not going to work. It is important that residents and their families feel confident that the facility they are about to enter is financially viable and strong, but I am not sure that this policy of ensuring that audits occur is really going to
give much indication at all to those families about what is in fact happening.

I also get very concerned—and I have heard it now for more than six months—that every time service providers in residential aged care say anything about their viability the Minister for Ageing and the Minister for Health and Ageing talk about the conditional adjustment payment. As I have often said, I think this money has been spent many times, solving many different problems. It is time for the government to be a little bit honest and frank with the sector and to say, ‘This is what the money might be used for,’ and not keep suggesting that every time there is a problem in residential aged care the CAP is going to fix it, because people have said to me, ‘I’ve spent that money 10 times over in trying to comply with government requirements.’

Another area that I want to talk about is community care. This is an area of care provision in Australia that is often overlooked and forgotten, but it is where most older Australians receive care from. Very few people in Australia, in a relative sense, use residential aged care; they mainly use community care. The issue that is regularly raised with me by both care providers and care receivers is the difficulty we have in navigating the myriad services and myriad service providers, who provide all sorts of different services to older Australians. The government established the Commonwealth Carelink centre program some time ago and its purpose and intent was to assist in navigating that range of services and range of service providers who deliver services across the country, but it is my understanding—and it is certainly my experience from working across the states in the last eight months or so—that its level of effectiveness varies quite considerably. There are some very good Carelink services where people are getting excellent support and information and there are others where I am getting a level of complaint about what can be provided.

One of the issues that has been put to me is that a request for information from a Commonwealth Carelink centre is almost like going to the show: you get a big bag and it is full of information about those myriad services. But a person who is in a slightly traumatic or very traumatic situation, needing care now, wants some information that is relevant to their circumstances. There is an inherent problem with that: Commonwealth Carelink centres cannot and should not advocate certain services—but that is not solving the problem of that person who is needing care. So we do have a policy dysfunction in helping people, especially those at a high level of need. I think that needs some attention.

The government’s The way forward report was a useful one and it provided a useful analysis of where we might be heading in the delivery of community care services through HACC, EACH and CAPS packages. It gave a basic framework. It did not say anything you could disagree with, because it did not say a lot about how things were going to happen, but it did identify that these were some of the ways we could progress in providing quality care to people in their homes. However, I was astonished, and certainly the sector was astonished, that the first response in terms of implementation regarding The way forward was the introduction of competitive tendering for a range of community services.

We have had this argument—we had this argument in the 1980s and early 1990s—and basically the shared view is that compulsory competitive tendering in human services simply does not work. We have a situation in Australia where providers of community care have spent many years developing collaborative structures and arrangements where there
is not competition within a certain geographical location—where people are working side by side and ensuring that the money that is allocated is in fact allocated to the highest level of need. The introduction of competition into this level of human services is causing dysfunction. We now have organisations, which have spent years working out collaborative structures, in competition with each other for these grants—they used to be grants; they are now tenders. That has undermined a lot of the cooperation that has existed, especially in regional areas.

There was also concern expressed to me about the time frame in which people were to submit their tenders. People were advised late last year that this process was going to occur and then, just before Easter, service providers were given 16 working days to complete a very comprehensive tender. I was told of an absolutely horrific story concerning a very small service with one administrative officer. She took the tender details away and, while she was looking after a children’s sport team over Easter, she took the computer along and, under the grandstand, wrote the tender. That is not the way to do business when we are talking about people’s lives and services that are required, especially in rural and remote places. I put it to the government that compulsory competitive tendering is not an appropriate model for service delivery in human services, and I was very disappointed to read that this may be as a result of compliance with the US free trade agreement. This is of great concern and it is certainly of great concern to the sector.

Finally, I would like to briefly talk about Indigenous aged care. Some years ago the government funded a program that allowed Aged Care Queensland—that is the only state I have detailed information about, but it may have happened in other states—to fund a training and resource support officer employed to assist in Indigenous residential aged care to ensure compliance with accreditation programs. The advice I have had, through estimates, was that this was a very effective program and it worked very well.

Unfortunately, late last year Aged Care Queensland was advised that the program was not going to be continued. There was no indication about what was to happen with the loss of that service. There is currently no support being provided to aged care providers in Indigenous communities to ensure their compliance with the accreditation standards. I am concerned that the fantastic work that was developed and delivered through the services of that officer, funded by the Commonwealth but auspiced by Aged Care Queensland, will now not be delivered. What concerns me is that, when you set up a situation like that in which an Indigenous residential aged care facility knows that there is a service that comes from ringing Aged Care Queensland, and then that service is withdrawn, the expectation is that it is still there. I dare say that there are still calls coming through to Aged Care Queensland from facilities looking for assistance and support to help them get through accreditation processes.

I am personally aware of the very good work that was delivered by that officer and the assistance that she provided, particularly to residential aged care facilities in very remote places. The fact that she is an Indigenous person herself made sure that that communication was very effective. I am also concerned to hear of what is happening now with residential aged care in very remote Indigenous communities to be unsupported and to fail accreditation. The impact of that is horrific and not to be contemplated. But we cannot simply not have the support there either. I urge the govern-
ment to review the withdrawal of this funding because the solution that is now being offered is just not working. I suggest that it is going to be a lot more expensive in the long run than one officer funded through Aged Care Queensland.

With those few comments, the opposition will support the passage of this legislation. It will reduce some red tape for residential aged care providers, but we do caution that maybe there is the need for an ongoing review of the package of extra services that are allocated to those places. I will be interested to see what the government is contemplating to fulfil that policy need.

Senator HUMPHRIES (Australian Capital Territory) (4.40 pm)—I am very pleased to rise to support the Aged Care Amendment (Extra Service) Bill 2005 today, because it clearly fulfils promises made by the Howard government both at the time of the last federal election and in the budget that was handed down last month. It is important to see these changes as fulfilling two particular objectives within the aged care sector that have been articulated very clearly.

One of those objectives is that the government wishes to continue to increase the quality of care available to older Australians in aged care facilities of a variety of descriptions. We believe that the need to increase care is a very real one. It is a need that was clearly not focused on by the former Labor government. We all know that quality of care was not present under the former government and of the serious consequences for older Australians as a result of that government’s failure to focus on the issue of quality. Since coming to office we have taken a number of steps to ensure that quality remains at the forefront of public policy with respect to aged care, and the results of that policy are evident.

The second objective—and this is perhaps a more recent area of focus for the government—has been to reduce the red tape that is faced by the aged care sector. The desire to see that complexity in the administration of aged accommodation in this country reduced is reflected in submissions made to the Senate Community Affairs References Committee inquiry into aged care. It is a signal that has been picked up not only by that inquiry but also very strongly by the government itself. I commend the Minister for Ageing, Julie Bishop, for taking the trouble to put those sorts of measures very clearly at the forefront of public debate about aged care policy in this country.

The government has a strong commitment to ensuring that there is a robust and viable aged care sector in this country. By the term ‘robust’ I mean that there should be competition. There should be a variety of options available to a provider and to a person who wishes to purchase services. There needs to be a strong and well-articulated element of choice in aged care services. No-one should be forced to take what is available locally because that is the only thing they can get. They should be in a position to shop around, to compare and to see what is available in the marketplace. That process should encourage greater quality among providers as they vie for custom. It is important as part of that process that government removes the red tape, which has been very much a part of the sector, because of that concern about quality.

It is important to note that a few years ago the government’s chief priority was to increase the quality of services. As a result, the aged care accreditation program was designed to ensure that people in the marketplace providing substandard services were driven out or made to lift their game. That was the chief area of concern of the government at the time it came to office nine years ago. That level of quality has certainly been
addressed and there has certainly been an appreciable increase in the standards being offered in Australian nursing homes in that period of time. I grant that there are occasional exceptions, publicised in the media, of clearly substandard levels of service provided to some Australians—hopefully to an increasingly rare class of Australians.

There is evidence at the moment that the extent to which we have engineered higher standards in nursing homes and the mechanisms put in place to ensure that those higher standards are produced by providers may have resulted in a level of red tape and bureaucratic administration which is unnecessary to maintaining and indeed lifting those standards. There has certainly been ample evidence put before the Community Affairs References Committee. I am a little surprised to hear Senator McLucas suggest that perhaps we do not need to remove the requirements in this bill that are being removed, namely for regular renewal of the extra service status which an institution or an aged care facility might have to go through if they wish to retain that status. There are other mechanisms now in place in the sector to ensure that standards do not decline by virtue of, in this case, an aged care provider having the freedom to charge residents or perhaps some residents in that facility more to receive extra services.

If this were an unmonitored sector, if the sort of regime was in place that gave rise to the report in 1994 which so profoundly condemned much of the aged care sector in Australia, then we might have a different response to the amendment that is before the Senate today. But what is before us is a measure to reduce what is at this stage unnecessary red tape, and it should be proceeded with. Senator McLucas can keep her watching brief over that, and I suppose we all can, but the call for us to take unnecessary administrative burdens off the aged care sector is now a very strong call. It is coming from everywhere in Australia that people such as the members of the Senate committee—and, no doubt, members of the Department of Health and Ageing and others—go to, and it is important that we heed those calls.

It is also important to acknowledge that residents who cannot afford to pay for extra services in an aged care facility will still be able to access care because of the other safeguards which the government have put in place. We do not relax those in any way merely because a provider is able to charge more to some residents. Only homes which have that extra services status—and that will be a very distinct minority of aged care facilities in Australia—accorded to them by a government auspiced process can charge an extra service fee and might also in those circumstances charge a bond for high care.

The question here is: why should the government engineer a situation where there are different levels of service being offered perhaps in the one facility? Why should one person side-by-side with another, as it were, receive higher care because they can afford to? The answer is that we do not mandate a one size fits all approach to accommodation and housing in this country. We provide for a vast variety of accommodation styles and options to Australians. When Australians move into aged accommodation they should not have to expect that no choice is available to them except perhaps which particular facility they might go to. If they are receiving a taxpayer subsidy in a facility, as is their right, then it should be possible for them to say, 'Thank you. I will receive that subsidy, but I also have the capacity—or perhaps my family has the capacity—to pay a little more to receive extra services, and I would like to
do that.’ It comes back to the question of the element of choice within the sector. That choice is part of making sure that there is a capacity for people to understand what is available to them and to receive different levels of care depending on a variety of circumstances, as long as that base level of care is maintained. Nobody who is in a home, even one with extra care places in it, should receive less than the basic amount of care and service expected anywhere in the country. That is an important principle, and I think it is respected and reflected in this legislation.

Extra service status is only approved where the provider can demonstrate that the facility in question will offer hotel type services significantly above those of the average aged care home and where the provider has a very good record of compliance with the sorts of standards which are required by the aged care accreditation process. This is not for everybody. This is not for everybody to say, ‘Yes, I’d like to have some of those places, because I’ve got some clients in my facility who could afford to pay.’ That is not how it is going to work. It is about assessing those quality providers who are able to service the needs of their residents as required within the context of that particular facility and which will meet the other quite exacting standards which this legislation imposes.

As of December last year, only five per cent of the residential aged care places allocated nationally had extra service status—only five per cent. The target under this legislation is that only 15 per cent of all residential aged care places will have that extra service status—a maximum of 15 per cent. So this is obviously meant to facilitate choice for a number of people in a number of circumstances. It is not meant to undermine the basic principles and standards which are available across Australia in aged facilities generally.

I believe that we facilitate the right balance here in removing such things as the expiry date for extra service status. That is a five-year expiry date at the moment. Whether a provider is achieving their accreditation requirements comfortably or not is irrelevant; it is a question of whether they are able to demonstrate an ongoing commitment to the standards. Where they do, removing the expiry date is clearly a desirable goal. Removing provisions covering the renewal of extra service status is equally appropriate, particularly where a facility or home might be seeking to rebuild or refurbish part of its accommodation. I think that we can look with confidence to those provisions to ensure that the Australian community will not be any worse off as a result.

Senator McLucas made a number of comments about other areas of aged care, and I want to respond to those briefly. She said that the CAP payments are, in a sense, being promised as a solution to a variety of problems within the sector and that, in a sense, this money is being spent several times over. I think that is the expression that she used. I think the implication of her remarks is that the CAP payments, while welcome, are not enough to deal with the range of issues and problems within the sector. Perhaps she is right. Perhaps we would welcome seeing more money in the sector—even greater payments than the ones which the government has promised and delivered on in the last few years.

It is impossible to look at this situation without taking a step back and looking at the long-term picture of aged care funding in this country. Then you can appreciate that there has been a massive increase in resourcing of Australia’s aged in the last nine years which simply did not happen before. Yes, it would be nice to do more than we have done, which has been to double expenditure on provision for the aged in Australia in the last nine
years. Although the proportion of the population which is over the age of 65 has increased, it has not anything like doubled in that time. It would be great to treble it or quadruple it, but the fact is that it has doubled because this government has managed the Australian economy and the public purse so well that it has been able to generate that kind of extra spending on Australia’s aged without running our budget into the red and without threatening other important priorities of public expenditure. That is the overwhelming reality which I think Senator McLucas would do well to go back and reflect upon. I think this government will deliver more for aged care in the future, but we cannot get away from the fact that it has already enormously increased the amount available to those in aged care in this country.

Senator McLucas also made the comment that out of facility care—home and community care type programs—is an area that is frequently overlooked in Australian public policy. That may be true in some areas of government in Australia—at the state and territory level, perhaps—and it may have been true before 1996; but it certainly has not been true of this government. Home and community care has been an area of enormous focus by this government and will continue to be as we ensure that we provide real choices to Australians as to whether they stay in their homes with support or they move into an aged care facility. Those choices simply were not there often enough in the past, because there were not the opportunities for people to realistically stay in their homes when the packages to support them were not there. Perhaps there are some Australians who still cannot access those packages readily enough and at the level that they need, but many fewer Australians are in that position today as a result of what this government has done with respect to home and community care funding and equivalent programs.

I think that the measures in the Aged Care Amendment (Extra Service) Bill 2005 should be seen in the context of delivering a stronger aged care sector in this country. What we have done is to provide for a reduction in the red tape that homes and facilities in this country face, without a loss of quality of services, and to drive the public policy necessary to lift those standards in the sector all the time. We have funded the sector better, assured that accreditation processes are robust and are reviewed, and engaged with the sector to have a dialogue about what needs to be done—a dialogue which I think has produced very handsome dividends in recent years. This bill continues that process and, as such, it is to be supported and built upon in the future.
ily Assistance and Related Measures) Bill 2005. This bill seeks to make a range of amendments to social security law and the Veterans' Entitlements Act 1986 in a number of family assistance related measures. The most significant amendments in the bill are proposals to change the method of calculating family tax benefit part B for people who return to paid work and to extend eligibility for the maternity payment to include adoptive parents where the child is under the age of two.

The changes in the bill in relation to family tax benefit part B were first announced in last year's budget. These amendments will protect family tax benefit part B payments that have been made to a secondary earner in a family when that person returns to the work force after occasions such as the birth of a child. The changes relating to the maternity payment were announced in the 2005-06 budget and seek to expand the eligibility criteria to cover adopted children under the age of two, including those from overseas adoptions. The bill also contains a number of minor consequential amendments which clarify that maternity payment is not available if the former maternity allowance has already been paid for that child. This bill also includes a range of minor amendments to family assistance and rent assistance provisions.

I can indicate now on behalf of the opposition that we will be voting for this bill. However, as is all too often the case under the Howard government and as has been stated many times here before, Labor will vote for this bill not because the changes within it are strong or the best approach to dealing with the issues, or even because there has been widespread consultation and we have agreed on an approach, but because they go some way towards alleviating the hardships created by the government’s policies over the last long nine years.

I will now make some specific comments on the amendments contained in this bill. The change to family tax benefit part B is a belated attempt to correct a problem whereby secondary earner parents who return to work after having been paid FTB part B while they were away from work incur an overpayment—that is, a debt—upon income reconciliation. Under the existing legislation, the income of a secondary earner in a couple who either commences paid work for the first time or returns to work part way through an income year is taken into account under the FTB part B income test for that income year. This has resulted in many people in our community incurring an FTB debt on income reconciliation. On some occasions these people have had to pay back the entire amount of FTB part B that they received while they were out of the work force. This has acted, naturally, as a serious disincentive to those wanting to return to paid employment.

The change included in this bill addresses the situation of secondary earner parents who would face the prospect of an FTB debt if they returned to the work force part way through any financial year. Commencing paid employment part way through a year can mean that eligibility for FTB part B for the whole year is lost or at least that that entitlement is significantly reduced. Any FTB part B payments already received can become an overpayment debt. This is because FTB part B eligibility is assessed on an annual basis in line with an estimate of income made at the start of the financial year. Minister Patterson, we are on this again.

The bill seeks to address this problem. It will ensure that the parent returning to work retains eligibility for family tax benefit part B for the part of the financial year that they were absent from work. Under the changes in the bill, their income will only reduce their entitlement to FTB part B for the period after
they return to work. This measure will significantly reduce the disincentive to return to work that confronts many parents in this situation. This new method of calculation will be available to a secondary earner who is either a natural parent or a step-parent. In addition, it will be available to adoptive parents and other secondary earners who are carers, such as grandparents.

While Labor support this change, we are disappointed that the government has taken so long to bring on the legislation to fix this problem that we all knew about. This problem has been well known for some time; indeed, the government originally flagged its intention to fix it in last year’s budget. This change could have been made last year, but for some reason the government waited until now to introduce the legislation. In the meantime, many families have continued to incur large debts due to FTB part B overpayments—the same overpayments that this bill now seeks to address.

Labor also notes that this measure is really just another quick fix from the Howard government, another bandaid solution to this very serious problem. The bill does nothing to correct the fundamental problem with the family tax benefit system, which is that families are required to estimate their income at the start of each year—or, rather, guess their income at the start of each year. The problems that this system creates for families are well documented and have been discussed many times in this place.

Ever since the FTB system was introduced in 2000, Labor has expressed its concerns about the number of FTB debts that are being raised against struggling families because they are unable to accurately estimate their income at the start of the income year. Unfortunately for those families, the government thinks it can get away with applying bandaid after bandaid, tweaking the system around the edges but never addressing the real problem, which is that families are forced to estimate their income in advance. This is an increasingly unrealistic option for many families, who now have even less control over their future earnings than ever before with overtime, irregular shifts and little or no job security.

So we have a situation where, even after all of the Howard government’s attempts to fix the FTB debt problem with political band-aids like the $600 per child supplementary payment, 150,000 people still incurred an FTB debt last year. A further 300,000 or so families saw absolutely no financial benefit from the $600 supplement: it was simply swallowed up by family tax benefit debt repayments. But even worse than that and very worrying for the future is the fact that the average size of these debts continues to grow—to $1,045 per family last year. That was 20 per cent higher than the previous year, when the average debt was $860 per family.

The FTB system is in such a mess that only four per cent of families are now getting their correct fortnightly entitlement to FTB when it falls due. This means that 24 out of every 25 families—24 out of 25—who get FTB are either getting too much and incurring a debt at the end of the year or getting too little and having to wait until the end of the year to get a top-up payment. That is not what family assistance is supposed to be about. Genuine family assistance is about providing support to families when they need it, which means providing the correct payments on a fortnightly basis. This bill does nothing to address those issues. Instead, yet again, we have a simple bandaid solution to fix a complex problem. However, having said that again, this bill will remove a significant source of FTB part B debts, even though it does nothing to fix the problem.
which causes the debts to arise in the first place.

Labor also welcome the extension of eligibility for the maternity payment to Australians who adopt children under the age of two. However, Labor are disappointed that the government has not taken the opportunity to increase the age restriction to a more realistic level for adoptive parents or, indeed, to remove the restriction entirely. As the very small budget for the two-year age limit contained in the bill demonstrates, to have used a higher age limit would not have been a great cost to taxpayers. So we are left wondering about the government’s true motives in choosing the two-year age restriction. While the two-year age limit for receiving the maternity payment is certainly an improvement on the six-month limit that is included in the existing legislation, it still does not account for the basic issue that adoptive parents often have little control over the timing of the arrival of a child into their family. In practical terms, this means that Australian parents may be ineligible for the maternity payment simply because the papers for adoption have not come through or travel arrangements for the child have not been finalised from overseas.

According to the Australian Institute of Health and Welfare, 40 per cent of children adopted in 2003-04 were aged between one and four and a further 17 per cent were aged over five, so a significant number of families still will not be able to access the maternity payment as a result of the changes in this bill. It seems that the decision to adopt the two-year age limit was purely arbitrary. There is no explanation in the explanatory memorandum as to why it was chosen as a fair and rational date to cut off adoptive parents’ eligibility for the maternity payment. As a result of this arbitrary decision, at least 17 per cent of adoptive parents who suffer the very large financial burdens of adopting a child will still miss out on the maternity payment. Given the number of parents that adopt children between the ages of two and four—a figure which is not provided by the Australian Institute of Health and Welfare statistics—the number of parents who will still miss out is probably significantly higher than 17 per cent.

I would also like to take the opportunity to point out that, while there is a maternity payment now, Labor had to lobby long and hard throughout 2003 and 2004 for the government to provide any financial assistance to new mothers. Two months after Labor announced its intention to introduce a baby payment last year, the Howard government copied the policy almost in its entirety. However, critical aspects of this policy were not as fair as Labor’s policy. Some of the concerns Labor had about the maternity payment at that time continue to concern us. One concern is that the government’s payment is not means-tested, with the same amount being paid to all parents regardless of their needs or income. This means that a mother who is a millionaire, or whose husband is a millionaire, gets the same money as a low-income earner. The system is too administratively complex. The claim form alone runs to about 20 pages, and the payment is difficult to claim.

All new parents receive their payment as a lump sum. As we know and have discussed, some young girls under 18 who become pregnant, especially if the pregnancy is unplanned, already have a lot of difficulty managing their finances. This means that young families with an unplanned pregnancy, poor money management skills and weekly bills to meet can potentially run out of money for weekly rent and food et cetera when they need it most because they spent it too fast. Thus, it is clear that the maternity payment is far from perfect, and this amending bill does absolutely nothing to correct these flaws.
While Labor are happy to see the government finally agreeing to the very small amount of expenditure on the maternity payment for those adoptive parents whose child is under two when he or she enters the family, we are still concerned that an indefinite number of others will still miss out through no fault of their own. By failing to fully address this problem, the government is still imposing an unreasonable restriction that will continue to prevent some adoptive parents from being able to access the maternity payment.

This bill also contains several other minor amendments to family assistance provisions. Notable among these are amendments to lessen the impact of family tax benefit or child-care benefit debts that arise from the non-lodgment of income tax returns in situations where parents have separated. In some of these situations, where an ex-partner has not lodged or does not lodge the relevant income tax return to enable annual reconciliation of family tax benefit or child-care benefit to occur, a debt has been raised against the family. This bill corrects this situation, removing another source of FTB debts for some families. The bill also provides for the write-off of an FTB or CCB non-lodger debt when separation occurs more than two years after the end of the entitlement year and reconciliation cannot occur solely because the ex-partner has not lodged a tax return.

Finally, the bill includes two measures to improve the administration of the rent assistance program for social security and family tax benefit recipients. Rent assistance is paid to assist low-income people with the costs of renting their homes in the private rental market. This bill contains amendments to prevent the possibility of rent assistance being paid to the same person twice—once with the person’s family tax benefit and once with their social security or veterans’ affairs payments. Further amendments will clarify that, when a person fails to give information regularly sought by Centrelink to confirm their ongoing rent assistance entitlement, the rent assistance component of their FTB or social security payment may be cancelled rather than the whole benefit or payment being cancelled, as currently provided.

I will conclude with some observations on the difference between Labor’s and the government’s attitudes to and management of social security. Unlike the government, Labor are committed to a fairer social security system which offers the necessary level of income support for all Australians if and when they need it. We also believe that the social security system should supplement Australians on low incomes, particularly families who face additional costs in providing for children, people with disabilities and people who make sacrifices to care for others. Labor believe that we should support Australians in need but also provide incentives to assist those people with the welfare to work transition.

The social security system is most effective when it rewards hard work and increases people’s access to opportunities and skills so that they can improve their standard of living. As I have said, this bill does nothing to address the long-term structural deficiencies in the government’s social welfare framework, particularly with regard to the flawed family tax benefit system. By failing to fix these problems, the government has again failed to do the right thing by the two million Australians that access family payments every year. Labor will pass this bill, but we will continue to argue for a fairer, simpler and better system of social welfare to benefit all Australians.

Senator GREIG (Western Australia) (5.14 pm)—Before I begin, I would like to acknowledge the presence in the advisers
gallery of Dr Nicky Jones, known to many of us over here as Mrs Cherry, and also to acknowledge her terrific work with families and communities. I, too, speak to the Family and Community Services Legislation Amendment (Family Assistance and Related Measures) Bill 2005 this afternoon. If we were to believe the prima facie case outlined in the explanatory memorandum, then this bill would simply be making a few administrative amendments to social security law and family assistance related measures. But making administrative amendments to a regime of family tax payments which is already a convoluted administrative nightmare is a little akin to pouring petrol on the flames.

In the case of this bill, these amendments largely add to the administrative complexity of an already significantly flawed system. The explanatory memorandum quite simplistically says that several family assistance measures are addressed. That is quite an astonishing understatement. This bill is for the most part yet another set of bandaids to be applied to the gaping wound that is the family tax benefit system. It reflects the government’s approach of: ‘Whoops! We’ve identified yet another error, yet another anomaly in the FTB system, so we’ll apply another patch to try to fix it.’

Let me say that we Democrats do welcome the extension of maternity payment to adopted children who have come into parents’ care up to the age of two years. The previous limit of six months failed to recognise that adoption processes take much longer and hence excluded many new adoptive parents. This bill does not go far enough in recognising that overseas adoptions can take much longer. My colleague Senator Stott Despoja will address this aspect a little further later on.

This bill provides a new method for calculating family tax benefit part B, or FTB B, entitlement for those who return to the work force after the birth of a child. Presently, when a parent returns to work during a financial year, whether after the birth of a child or a break from work or for some other reason, they will inevitably incur a family tax benefit part B debt. They will not have done anything wrong; they will not have underestimated their income, but the very act of returning to work on any date other than 1 July puts them into debt. The debt arises because income earned is unfairly apportioned back over the whole financial year. This was just one of the significant flaws in family tax benefit and it sorely needed fixing.

For a while the government tried to hide the overpayments through family tax benefit bonuses, which meant that parents were further disadvantaged when these bonuses were eaten away by the unavoidable debt. It was a disincentive to parents to return to work and it unfairly classed them as social security debtors, who were regularly demonised by the government. It also meant that they would have to repay family tax benefit payments which were needed and consequently spent at a time when there was no other income. Getting a job later in the financial year does not provide for a family at the beginning of that year. The bill recognises this flaw in the legislation and fixes it. Parents can now return to work after the birth of a child and not be penalised for it.

The non-lodger debts which this bill addresses were yet another flaw in the FTB and child-care benefit system. Parents who are left to raise children alone clearly have no control over the separated partner’s failure to lodge a tax return and no means to compel them to submit that tax return. Separation is a difficult time for all families. The fundamental difficulties of raising children alone are made more difficult by the government’s
policy which demeans single parents as being unworthy of parenting by forcing them to leave young children with a disability unsupervised for hours to undertake employment. It was manifestly unfair that the separated partner’s failure to lodge a tax return saw the resident parent unable to receive the top-up payment or being landed with a family tax benefit debt in addition to all the other difficulties associated with separation and with raising children. This bill rectifies that situation and we welcome the write-off of debts, although we believe it does not go far enough. This bill provides only for write-offs of the debts and does not extinguish them. Write-off of a debt renders it liable to be recovered at a later time and I seek the government’s assurance that parents will not be disadvantaged by the prospect of future recovery. This is another flaw, another bandaid.

The bill puts into a place a restriction on advances of family tax benefit to child support debtors. Child support is always a difficult and emotive issue, and I note the release yesterday of the report In the best interests of children—reforming the Child Support Scheme. It would seem that the name of the report is a misnomer. A number of the recommendations are very much not in the interests of the children of single and separated parents. One could cynically wonder about the genuine interest in children the government has when it pays FTB bonuses to wealthy stay-at-home parents of children up to the age of 18 while threatening to take away the basic income support for widowed, single or separated parents of a six-year-old child or children—even those with a disability—if they choose to stay at home and parent the child or children. However, we Democrats accept that it is appropriate to preclude a family tax benefit advance where that person has a child support debt. A system which allows child support payers to avoid or evade their child support obligation by manipulating advance FTB payments is flawed. We welcome very much this element of the bill, which gives equal treatment to child support debts, as for family tax benefit and other social security debts.

Over the past couple of years, we have been faced with a number of bills, generally the outcome of election vote-buying promises, which set into law family tax benefit bonuses. These have complicated an already convoluted family tax benefit system. They confuse parents who may or may not receive the bonuses, dependent on whether or not they have a family tax benefit debt and whether or not they have been able to estimate their income to the exact dollar. The government introduced the family tax benefit bonuses to hide the reality of family tax benefit overpayments which arose because parents are unable to navigate the 10-stage process of accurately estimating their income more than a year in advance. It is a process which I have outlined a number of times in this place before and I do not propose to do it again, but I do draw the minister’s attention to the reality that, bonuses aside, it is beyond the reasonable ability of most parents to follow it and to avoid debt.

This bill provides for the lump sum at the end of the year, which for hundreds of thousands of Australian families will be eaten away by an FTB debt, to be quarantined from the income test until the end. Is it complex? Most certainly. Is it of benefit to Australian families? I challenge the government to explain it to busy families, but we argue it is a bandaid and we will support it in this instance.

I have referred to the complexities of family tax benefit a number of times, and I have many times found myself dealing with the difficulties of navigating a system which, despite these changes, remains flawed. I do
not have children, but Australian families that are subject to the mire that is family tax benefit certainly have my sympathy. It is no wonder that many simply opt out, saying the system is too hard, too complex and too fraught with dangers of overpayment to warrant being a part of it. How many children are missing out as a result?

This bill attempts to address a further flaw, an administrative flaw that allows the departments of Family and Community Services and Veterans’ Affairs to make dual payments of rent assistance through the family tax benefit, social security or veterans payments—or perhaps all three—to families which, as a consequence of the complexity of and myriad FBTs, veterans and social security payments, likely have no idea that a duplicate payment has occurred.

Certainly we Democrats do not endorse welfare payment where that payment is incorrect or the person is not qualified to receive it. We would much prefer that the minister turned her mind to addressing the circumstances that give rise to departments making duplicate payments. We will not oppose this element of the bill but I do ask the minister for her assurance that the administrative factors which give rise to duplicate payments will really and properly be addressed. It is not good enough to allow duplicate payments to continue to be made by departments safe in the knowledge that legislation alone will mean they can be recovered. The premise of ‘we got it wrong but you have to pay for it anyway’ is not administratively desirable in the long term.

The Democrats remind the Senate of the provisions elsewhere in the social security and veterans acts which allow for the waiver of debts which arose solely due to administrative error and which were received in good faith. We hope that the government has no intention after 1 July of removing that principle of natural justice from veterans and social security recipients.

The bill provides that where a person is unable to provide a rent certificate then only the rent assistance element of their payment can be withheld. It was always inappropriate to withhold income support because a person could not obtain a piece of paper from their landlord. It did not mean they were welfare cheats but, as we know, disadvantaged and low-income Australians who face many difficulties at times in securing low-cost rental housing have very little bargaining power with landlords or rental authorities.

I recall the absurdity, for example, of a situation last year, which I raised in this place, of an elderly pensioner who had just lost her husband and whose oldest grandson was staying with her for security and to enable her to cope in the home during her bereavement. So as not to financially disadvantage her, her grandson was paying for his board and keep. Understandably, this woman was unable to provide a rent certificate from her grandson, even if she knew what a rent certificate was. What did Centrelink do? Because no rent certificate was forthcoming, they pursued this newly widowed woman fewer than six weeks after the death of her husband to closely query the nature of the relationship between herself and the young man. I raise this issue not to criticise Centrelink, which does a good job under very difficult circumstances, but to point out that a piece of paper in the form of a rent certificate is just that. Its presence or absence is not definitive in identifying a person’s circumstances, particularly when one considers the range of accommodations sought by young and low-income Australians.

We Democrats will support this bill but do look forward to the time when the government will finally acknowledge that family tax benefit as a system cannot continue to be
continually patched up as a means of addressing its systemic flaws and that continuing to do so only worsens and adds to its complexity and unfathomability for most Australians. We have proposed our alternative: a family tax benefit estimate leeway which recognises the variance of family incomes over a period and which this government abolished just a few years ago.

Senator HUMPHRIES (Australian Capital Territory) (5.26 pm)—Listening to this debate one could be forgiven for thinking that this legislation was about clawing back benefits from Australians rather than conferring benefits to Australians, but in fact the latter is exactly what this bill does. It is a small pity that there has not been greater acknowledgement in this debate that the government’s policy and practice has been to improve the position of those Australians who are dependent upon assistance of the kind that is referred to in this legislation.

Those who have had a requirement for family tax benefit support, maternity payments or other forms of assistance from the government have certainly found those benefits increasing in quantum in recent years. The effect of that has been that the material position of Australians broadly has improved for those who are in the work force, those who are partly in the work force and those who are wholly dependent upon assistance of the kind which is covered in this legislation.

I think that the real measure of what the government has done in this area are the outcomes for Australians across the board. I am reminded of the fact that, to the best of my knowledge, almost all the elements of welfare reforms that have been announced by this government in the last nine or so years have been criticised for one reason or another by those in other parts of the chamber. But the fact remains that real disposable household incomes are, on average, 30 per cent higher than they were a decade ago. Average household wealth is more than 80 per cent above the level of a decade ago. That is on top of the fact that families are saving more than $500 a month in lower interest payments on today’s average new mortgage of just over $200,000. There is in place, for the first time, a Medicare safety net which provides that there is a limit to how much a person might spend on their out-of-hospital expenses in a given year. There are 10 million Australians in work, compared with only eight million 10 years ago, and unemployment is down from 8.4 per cent to a 28-year low of 5.1 per cent. That is the real measure of the condition of Australians, of how these changes, cumulatively, have impacted on Australians. That is the test that we should be applying in stepping back and looking at what is happening in Australia. I think that that is a test that the government passes with flying colours.

We have heard in the course of this debate criticism, once again—not by any means a new phenomenon—of what are called flaws in the system of estimating income. Senator Moore put it that families are forced to estimate at the beginning of the year and the failure to do so accurately leads many into debt. That fact by itself is not to be denied; clearly it does leave some Australians in debt. But what puzzles me is the absence of a clearly articulated alternative on the part of those opposite, particularly the alternative government, the Australian Labor Party. What exactly is the alternative to that?

The Democrats did touch on their alternative in the course of this debate. They talked about a leeway provision so that, if a person were to estimate within a certain range and the estimate was out but within that range, they would not be required to repay their debt. That is fine to a point. I suppose it depends on how wide the leeway is. I am not clear whether that is Labor Party policy or
not. I am not clear whether the Labor Party would simply take a policy of forgiving debt provided a person could be assumed to have made the estimate in good faith.

At the end of her speech Senator Moore came to make a comparison between Liberal and Labor policy with respect to welfare and family tax benefit. Rather than giving a detailed analysis, she talked about broad philosophical differences between the approaches of the two parties. I do not know how Labor’s philosophical position differs, but I do know that the on-the-ground impact of the last policy Labor put down in black and white on what it would do with respect to things like family tax benefit would have been—there is no other word for it—horrendous.

Under the policy articulated just last year, under Mr Latham, single income and sole parent families would have lost their family tax benefit part B, worth $60 a week for children under the age of five and $40 a week for children over the age of five, and they would have got a new tax threshold worth only $20 a week, leaving 400,000 Australian families worse off. Is that the kind of reform that Senator Moore was referring to in today’s debate? Are they the sorts of changes that she thinks we ought to move to instead?

Under Mr Latham’s proposals all families would have lost the coalition’s $600 per year per child payment. Families with larger numbers of children would automatically have been worse off. Families with a mum staying at home after the birth of a baby would have lost out because they would not have got the family tax benefit part B, and they would also have missed out the coalition’s $600 per child per year payment. Families not on family tax benefit part A would have lost the coalition’s $3,000 maternity payment because Labor would have means tested it—means testing a family payment is a very interesting concept—deserting the idea of a universal maternity allowance. Families who were unemployed or on a very low income would have been worse off because of the loss of the coalition’s $600 per child payment and the family tax benefit part B. Some families with parents who were unemployed but went back to work in the course of a year—for example, a family with two or three children that increased its annual income from $0 to $30,000—would have become worse off under Labor’s tax and family policy.

If you tell us that our policies are not good enough and that we have got it wrong, despite the fact that there has been a 30 per cent increase in real household disposable incomes under this government and average household wealth is more than 80 per cent above the level it was a decade ago, then have the decency to tell us exactly what you would do instead. The policy vacuum, which was only temporarily filled in September and October last year, has reasserted itself. Once again we do not know what Labor’s welfare policy with respect to family tax benefit and so forth would be, except apparently they would do something about the question of estimating income at the beginning of a financial year. Tell us exactly what you would do. Then tell us who the losers would be in those arrangements. That is what we want to know in this debate.

There are a number of measures in this bill that are worth referring to—and some have referred to these provisions—including changes in the arrangements affecting the estimated income for families where one party at least for part of the year has not worked and arrangements with respect to the administration of the rent assistance program. They are very valuable changes that will impact positively on a large number of Australians.
I particularly want to make reference to the provision in this bill which widens the eligibility for the maternity payment for those who adopt children. As we know, the maternity payment currently stands at $3,079 a year, available in a lump sum or by instalments. It has been available until now for parents having children of their own or parents adopting children up to the age of 26 weeks. It has been pointed out that most adoptions in Australia are of children born overseas, they are intercountry adoptions, and that typically such adoptions are of children over the age of 26 weeks. This legislation quite appropriately widens eligibility for the payment to those who adopt children and return with them to Australia before the child reaches the age of two.

There have been suggestions from some in this debate that we should widen it further and that those who are even older should be eligible for the payment. It is, after all, a maternity payment. That may or may not be appropriate, but I certainly welcome the fact that there are now a significantly larger number of Australians with the responsibility for young children who will be eligible under these changes for a maternity payment. That is a very welcome step. I wrote to the minister urging this change and I am very pleased that my suggestion, which I am sure was also that of many other people, has been accepted and adopted.

This legislation, as I have said, will result in significant improvements in the material position of a large number of Australians who are dependent on a variety of means of assistance available from the Commonwealth government. They are all beneficial and they are all positive. It is hard to see how any of them taken individually or collectively could be criticised, notwithstanding this debate, and I for one am very pleased to support this because I believe it will significantly improve the quality of life of a large number of Australians.

**Senator STOTT DESPOJA** (South Australia) (5.37 pm)—I want to speak briefly on schedule 2 of the Family and Community Services Legislation Amendment (Family Assistance and Related Measures) Bill 2005, particularly about the widening of the age range in relation to the maternity payment for adoptive parents. This amendment comes only three months after the government amended the baby bonus legislation via the Tax Laws Amendment (2004 Measures No. 6) Bill 2005. The effect of that change three months ago was to extend the baby bonus, albeit respectively, to adoptive parents from the date of placement and not from the date of legal adoption, which can often be months or even years later. I am pleased to say that that amendment was very positive. It came about as a consequence of a great deal of lobbying—my office over many years was involved in lobbying Minister Helen Coonan, who was then the Minister for Revenue and Assistant Treasurer, and indeed she acknowledged the work of my office in her speech to the chamber. This debate has been going on for a few years in relation to the baby bonus, which has been replaced by the maternity payment.

In my speech to the chamber on the Tax Laws Amendment (2004 Measures No. 6) Bill 2005, I noted that the Democrats have been strong critics of the ill-targeted baby bonus because we prefer—and there is no secret about this—a national government funded scheme of paid maternity leave. We have a model, including a private member’s bill, as to how to achieve that, but we also believe that adoptive parents should not be excluded from government support. Whether or not we agree with the type of support being provided, adoptive parents should not be excluded.
The maternity payment, which replaced the baby bonus and is a vast improvement on it, is still a scheme that fails to address the needs of working women and therefore fails the needs of the majority of women of childbearing age. I note that recently there have been a number of stories—even yesterday there were stories—linking the introduction of the government’s maternity payment to an increase in fertility rates in this country. Some of us have been talking about the issue of declining fertility and the problems associated with that for some time. We have been talking about putting in place strategies and supports that would assist men and women, particularly working women, to facilitate a fertility increase. But there is one thing the Democrats have clearly recognised and that is that fertility and a fertility increase should not necessarily simply be the policy goal. The policy goal should also include the issue of equality for women.

Equal access to work is as important as equal pay and both of these things impact on women’s economic and social security, yet there remains a significant gap between male and female wages in this country. We still have one of the lowest work force participation rates of women with children under six in the OECD; discrimination based on pregnancy in the workplace has actually increased in this country; women continue to be underrepresented in senior positions, on boards and in politics; and women, as single parents and mature age women, face higher levels of poverty. We continue to believe that government funded paid maternity leave is the first step in assisting women to remain attached to the work force.

The maternity payment administered through the welfare system does not meet the needs of working women. It does not replace lost earnings, it does not enable superannuation contributions to continue while women are on unpaid leave and it does not guarantee a break from the work force. There are 1.18 million women employed casually who do not have access to maternity leave. They are often forced to return to work within weeks of giving birth in order to ensure that they have some form of ongoing financial security. The government’s maternity payment does not assist these women by guaranteeing any kind of job security nor does it necessarily ensure that women can take what is recommended by the World Health Organisation—that is, 14 weeks leave in order to recover from childbirth and bond with their child.

I note that a recent parliamentary inquiry into the issue of balancing work and family heard that the $3,000 maternity payment is still not enough to encourage younger women to start a family if they have a HECS debt of between $20,000 and $30,000. Our policy proposes national government funded paid maternity leave that should be administered through the work force and provide a minimum 14 weeks paid leave at the minimum wage, which is the equivalent of around $6,781.60, with an ability to negotiate top-ups with your employer. It would also ensure that all working women have the opportunity to take time off when they have a baby so that they can recover and bond with the baby. The Democrat policy also provides a fortnightly maternity payment for self-employed women and women who are not in the work force at 70 per cent of minimum wage.

While the government thinks that that aspect of the debate is over, I do not think it is and I do not think Australian working women would agree either. A survey of working women only last year found that paid maternity leave was still the number one issue for women in maintaining work force attachment. Women in the work force view maternity leave in terms of providing them with a level of security or ongoing involve-
ment in the work force. What the government offers Australian working women is not good enough, and the Democrats strongly believe that if women are to achieve full equality the fight must go on for paid maternity leave, and we will ensure that it does.

While the Democrats are critical of the shortcomings of the maternity payment—again, a vast improvement on the baby bonus—we also believe that no parent should be excluded from government support, no matter how inadequate, because of the government’s inability to understand the adoption process. Within two weeks of the government’s announcement of the maternity payment in last year’s budget, I wrote to the government once again drawing their attention to the fact that their discrimination against adoptive families was continuing—that is, through the restriction of the age of eligibility.

The amendment that the government is making through the legislation before us today is an improvement. I acknowledge that, I commend the government for making this change and I thank it for responding to the concerns of interested senators and members and, of course, the community. But the government still has not got it right. The government response today is to increase the age limit to two years of age. This is contrary to and despite data, including the Institute of Health and Welfare’s Adoption Australia 2003-04 report, that shows us that 52 per cent of the 2002-03 intercountry adoptions were of children between the ages of one and four years. We can immediately see that, by introducing an age limit of two years, we are already excluding a number of parents who are adopting children through intercountry adoptions and where the children are older than two years. This amendment before us today does not do the trick. It only goes halfway. In order to ensure that it does what it should be doing and that there is no discrimination against families who wish to grow their family through the adoption process, I will be moving in the committee stage an amendment that removes that restriction on the eligibility.

My understanding is that the Labor Party supports the notion and the principle of this amendment. I listened to Senator Moore’s, as always, impressive contribution to the debate.

Senator Patterson—What do you want!

Senator STOTT DESPOJA—I can hear some mocking, but I mean that seriously. I am a strong supporter of Senator Moore. Her comments in the chamber today were ones with which I agree. She said—and I hope I have this correct—that she was disappointed about the restriction on the eligibility. I thought: ‘I can make Senator Moore’s day. I’m going to give her the opportunity to vote for an amendment that could cure that disappointment and get this legislation spot-on.’ I have since been informed that the amendment that I am moving today was moved in the lower house. So, clearly, there is ALP support for this amendment, and I want to see it manifest itself shortly. I do not think that we risk holding up this bill, nor do I think that we will be incurring a huge financial penalty for this government.

What we will be doing is making sure that all parents who adopt children in this country will be eligible for the maternity payment in the same way that mums and dads—including women like me—who have a baby are eligible to receive the maternity payment. There is no reason someone like me should be eligible for the maternity payment by virtue of having a baby and someone who adopts a child is not eligible for that payment. This is the gist of the amendment I will be moving on behalf of the Australian Democrats today. I strongly hope that it will receive support from members of the Austra-
lian Labor Party and others on the cross-bench. I also hope that those senators who have made comments on the Liberal side about the inadequacy of the legislation previously will support the amendment too.

In the 2004-05 budget speech, the Treasurer, Peter Costello, stated:

The Maternity Payment recognises the cost of a new child and will assist all mothers many of whom leave the workforce and leave paid work at the time of the birth of their child.

As I have said previously, not only do adoptive parents incur the same cost that many of us do when we have a child, they also incur additional costs when adopting a child. They often take time out of the work force to care for the newly adopted child. That is not unusual. Often mums or dads will take time out if they can. But we have to recognise that, while it is not legislated in the states and territories, the adoption units in each state strongly encourage parents or a parent to stay home full time for up to 12 months—that is a year out of the work force—following the adoption of a child. And that is irrespective of the child’s age. That is an important point to remember in the context of this debate. Adoptive parents are encouraged to take up to a year off work once the adoption process has been finalised, irrespective of the child’s age, and yet this maternity payment is not available to those adoptive parents if the child is more than two years old. If parents do not agree to take time out, people have to realise that that can hamper the adoption process and whether or not those parents will be chosen as adoptive parents.

The Workplace Relations Act 1996 also recognises the right of adoptive parents to access unpaid maternity and paternity leave—again, irrespective of the age of the child. In the HREOC report entitled A time to value: proposal for a national paid maternity leave scheme, issues facing adoptive parents were examined. Obviously that report recommended government funded paid maternity leave, but it recommended that that leave should be available to all adoptive parents—once again, irrespective of the age of the child. Even with the government amendments before us, I believe that the maternity payment will continue to discriminate against those worthy parents. Those adoptive parents will still face some form of discrimination as a consequence of the eligibility restriction. Why would you support the right of adoptive parents to access maternity and paternity leave no matter what age the adoptive child is in workplace law but then not support the same level of assistance through family assistance law? We are saying that it is okay through industrial relations but it is not okay when it comes to family assistance.

In speaking to the Tax Laws Amendment (2004 Measures No. 6) Bill 2005, I moved a second reading amendment calling on the government to amend the legislation to make the maternity payment available to all adoptive parents, irrespective of the child’s age. So I have been down this track before. I tried once before and I had some success, but now I am trying today to ensure that we get the right results and legislation that is non-discriminatory in terms of adoptive parents.

As I noted then, given the relatively small number of parents who adopt, inclusion of this group in the maternity payment legislation would be inexpensive, yet it would provide possibly vital financial support and of course recognition of a worthy group of parents who face the same experiences, if not slightly different or additional experiences in terms of cost, as parents with a new biological family. As previously indicated, I will be moving an amendment in the committee stage to remove the age restriction for adoptive parents in relation to the maternity payment. I look forward to Senate support for what is a very fair amendment.
Senator PATTERSON (Victoria—Minister for Family and Community Services and Minister Assisting the Prime Minister for Women’s Issues) (5.52 pm)—I thank honourable senators for their contribution. Of course, I am not going to be supporting the Democrat requests, and I will speak on that now to save us time in the committee stage of the bill. The maternity payment was introduced by this government. I must put on the public record—if there is anybody listening up in the press gallery—that in a number of press reports the Democrats have been saying that the maternity payment would be increased on 1 July this year. It will be increased to $4,000 on 1 July next year and then to $5,000 two years later. I want to put that clearly on the record because it may be misleading some families who are particularly focused on this and are due to have babies sometime after 1 July. The payment is $3,000 until the end of this financial year and it goes up to $4,000 next year.

The maternity payment is available to both birth and adoptive parents. The purpose of it is to recognise the additional cost of a newborn child. The budget announcement extended the maternity payment to families who adopt a local child under the age of two and to families who adopt a child from overseas where the child is under two years of age upon entering Australia. My advice is that about 72 per cent of adopted children will be covered by the payment. We have responded to the concerns expressed that people were disadvantaged if they adopted a child from overseas. This is about the payment for the extra cost of a newborn. By the time a child is two, you do not have the same costs. We believe it is generous to extend the payment. I think the two-year limit strikes a reasonable balance between policy intent and the practical realities of adopting from overseas.

I must also put on the record the other assistance that families will receive to assist those with older children. Family tax benefit part B is available if the parent has to stay at home, as is required by some states, after the arrival of an adopted child. Senator Stott Despoja said it does not matter what age they are, they should get the maternity payment. If you are adopting a child of high-school age, I am not sure whether you would need a maternity payment. The parent gets family tax benefit B, if they stay at home. As I said, some states require that adoptive parents of children from overseas stay at home. Some of them may be eligible for family tax benefit A; it would depend on their family income. Family tax benefit B is not income tested. Senator Stott-Despoja mentioned that some of them may need to stay home. Family tax benefit B is there for that purpose. We believe it is a generous extension to take in the majority of people who are adopting children and it recognises the cost of a newborn child.

Question agreed to.

Bill read a second time.

In Committee

Bill—by leave—taken as a whole.

Senator STOTT DESPOJA (South Australia) (5.56 pm)—by leave—I move:

(1) Schedule 2, item 1, page 12 (lines 5 and 6), omit the item, substitute:

1 Paragraph 36(5)(b)

Repeal the paragraph.

(2) Schedule 2, item 2, page 12 (lines 7 to 11), omit the item.

(3) Schedule 2, page 12 (after line 11), after item 2, insert:

2A At the end of section 36

Add:

(6) For the purposes of subsection (5), a child is a person under the age of consent, where age of consent has
the same meaning as in the Social
Security Act 1991; and

Statement pursuant to the order of the
Senate of 26 June 2000—
The effect of the amendments will be to allow an
increase in the number of children eligible for a
payment under the bill. These payments would be
met from the appropriation provided for in A New
Tax System (Family Assistance) (Administration)
Act 1999.

This increase in the number of beneficiaries under
the bill will have the effect of increasing expendi-
ture from the standing appropriation, and the
amendments are therefore presented as requests.

Statement by the Clerk of the Senate pur-
suant to the order of the Senate of 26 June
2000—
The Senate has long accepted that an amendment
should take the form of a request if it would have
the effect of increasing expenditure under a stand-
ing appropriation in an Act amended by the bill.
These requests are therefore in accordance with
the precedents of the Senate.

I will not take long with my comments. I
have made my appeals and I am clear as to
the government position. Obviously I want
the ALP to articulate their position. I want to
make this point for the record: it is the ma-
ternity payment, not the newborn payment. If
we are going to introduce a payment that is
available to very young babies and babies
that have just popped out, then let’s call it the
newborn payment. Maternity is defined in
the dictionary as:
the state of being a mother; motherhood. 2. moth-
erness—
don’t we love that, and—
belonging to or characteristic of motherhood or of
the period of pregnancy.

Obviously the debate about eligibility and
the age range will not be had here or won
here and now. The fact is that previous legis-
lation—that is, the baby bonus—and the ma-
ternity payment now, particularly as a result
of the government changes today, if not my
own requests, recognise that the maternity
payment is more than a newborn payment. It
does recognise that people grow their fami-
ilies and take on children of different ages
and at different stages of development. I
think that is an important point in any of
these debates because we do risk, through
our terminology or otherwise, discriminating
against adoptive parents.

I acknowledge the changes made by the
government in the legislation before the
chamber. It is not quite good enough. If I am
correct in quoting the minister, I think she
said that 72 per cent of adoptive families
would be covered by this legislation, in
which case the 28 per cent that remain is a
relatively small number. That is not an argu-
ment for excluding them; it is an argument
for including them. This would not be a huge
impost on government revenue and it would
just make it simple and fairer. I urge senators
to support an amendment that I think was
moved last night in the House of Representa-
tives by the Labor Party and supported by
the Labor Party. I hope they will do the same
thing today in the Senate when the vote does
matter and the vote will count. I commend to
the Senate the requests standing in my name
on behalf of the Democrats.

Senator MOORE (Queensland) (6.00
pm)—Senator Stott Despoja, thank you for
making my day. We were not surprised at all
to see your requests here today. As you
know, the Labor spokesperson for work,
family and community, Ms Plibersek, is al-
ready on record as being a well-known advokate
for extending eligibility for the mater-
nity payment to adoptive parents, and we
would have been disappointed if these re-
quests had not come up. You know that Ms
Plibersek moved a second reading amend-
ment in the House calling on the government
to extend eligibility for maternity payment
by removing the age restriction altogether.
The amendment was ultimately defeated by
the government, but we are keen to remove any unreasonable restrictions on new parents who seek access to maternity payment. If we are going to have a maternity payment at all, in recognition of the costs and other changes associated with new children, then it makes sense that the benefits of such a payment should be available to all new parents. So Labor certainly support the need to extend eligibility for the maternity payment beyond the two-year age restriction that the government has included in the bill we are debating today.

Despite our concern about the arbitrary nature of the two-year age limit, the government is now seeking to impose an applicant’s maternity payment. Labor resisted the temptation to propose substantive amendments to the bill. We did this because, as I indicated earlier, we support the bill—and we support the other important provisions in the bill relating to family tax benefits and other issues. We also support the measure in the bill, as I am sure the Democrats do, which extends the maternity payment age from its current six months to two years. This measure will benefit a significant number of Australian families who adopt children aged up to two years.

Labor have no wish to delay these important financial benefits for Australian families any longer than they already have been due to the government’s delay in introducing this bill into the parliament. Those families who have incurred family tax benefit debts due to the government’s failure to correct the problem with FTB part B since last year’s budget have had to wait long enough for the changes we have before us in this bill. Those families who have already missed out on a maternity payment because they did not qualify on the basis of the six-month age limit have had to wait long enough for the government to extend the limit to two years. However, although Labor recognise the importance of getting this legislation through the parliament so that the benefits can be passed on to Australian families, we are also very keen to ensure that the amendments proposed by Senator Stott Despoja are treated with the seriousness they deserve.

As I pointed out earlier, the member for Sydney highlighted Labor’s concerns about the two-year age restriction when the bill was debated in the House, so I am able to indicate that Labor will support the Democrat amendments to the bill before the chamber today. I also note, for the record, that I do not think it is acceptable for the government to just say that they oppose these amendments because they do not provide for payment where the children are not newborn. That was the basis of the argument, was it not, Minister—that the payment be limited? I think that needs to be stronger—and I think Senator Stott Despoja mentioned that in her comments—in terms of the cost of any new child coming into the family environment, which is the difference. So what exactly is wrong with the requests in front of us and what is the government’s reason for opposing what seems to be a fairly clear-cut measure to remove what we think could be a blatantly discriminatory age restriction in this process?

I hope the government does use this opportunity to address the inequity and think about how this can be made to work better for any new family and new group who are looking at building a family, particularly those with adoptive children. But I want to make it clear that at the end of the day Labor will pass the bill in this session. If the government insists on its position and returns the bill to the Senate later this week or next week, asking that we do not insist on the amendments, Labor will not insist on the amendments. So I indicate, on behalf of the opposition, that we will support Senator Stott Despoja’s amendments this evening—subject to the government providing any compelling
case as to why the amendments should not be supported. We do expect to hear some rationale as to why this is unfair and why these amendments would not work effectively for Australian families.

Senator PATTERSON (Victoria—Minister for Family and Community Services and Minister Assisting the Prime Minister for Women’s Issues) (6.04 pm)—I thank Senator Moore for her contribution. I believe I have given sufficient explanation about this maternity payment. We can weasel about words, as Senator Stott Despoja has. The vernacular for it out in the community is the ‘baby bonus’, but we have called it a maternity payment. I do not think it was a very coherent or cogent argument that Senator Stott Despoja put up. She usually puts up a better argument than that. This is about the cost of a newborn child. We ask Australian parents to put their application in by the time the baby is 26 weeks of age; we are giving people the same opportunity to put an application in 26 weeks after an adoptive child comes to Australia, if it is under the age of two at that point. We believe this is a fair extension. I listened to what the community had to say when they were writing to me, but there has to be a limit at some point—the same as we have a limit of 26 weeks for when parents apply for this benefit. As I said, there are other measures available, such as family tax benefit B especially if the parent is required to stay at home, if the state requires them to stay at home and if the child is aged over two years when it arrives in Australia.

I very much appreciate the comment that Senator Moore made about the bill, because there is another measure in this bill about the quarantining of FTB B when the mother returns to work, which I think is absolutely vital. It is quite difficult for a parent to know when they are going to return to work. This provides the opportunity for a parent, and usually it is the mother, returning to work at whatever age the child is—whether the child is six months old or aged two or three—to keep family tax benefit B. That is part of the measure we put in place to ensure we reduced the likelihood of overpayment—this was one of the sources of overpayment. It is treating all families the same in that all families get the opportunity to have that exemption or that quarantining in the first year of a person returning to work.

This bill is very important so that that can be implemented from 1 July. I therefore appreciate the cooperation of the Labor Party. This bill will go back to the House and they will have a look at the request. I can only presume that it will come back to us again, and then I would encourage the Labor Party to keep its commitment, because that quarantining part of the bill is vital to ensuring that we reduce the difficulties for parents in not knowing at what point the secondary income earner will go back to work.

There were other measures, which we have already passed, that came out of the budget to reduce the likelihood of family tax benefit overpayment. Using my systematic approach, the reduction of overpayments—one of the jobs that the Prime Minister gave me to do—has been achieved. We are now reducing the underlying overpayments and people will see the benefit of $600 per child more fully at the end of the financial year when they put their tax returns in. That all goes to show the amount of additional assistance that we have given families as a result of sound economic management since we have been in government.

Senator MOORE (Queensland) (6.08 pm)—Minister, in respect of the questions we asked and the response you have given about the consideration of the extension of the maternal payment, was there any consideration in the discussions of the costings in
that process and of the relatively small im-
post in extending the process from six 
months to two years? Considering the re-
response you gave earlier, was there any fur-
ther consideration given to extending it be-
yond that on the basis of the argument, 
which you acknowledged you had heard 
from various constituents, about the cost of 
bringing an adopted child into any family?
Was there any discussion on that basis?

**Senator Patterson** (Victoria—
Minister for Family and Community Ser-
vices and Minister Assisting the Prime Min-
ister for Women’s Issues) (6.08 pm)—You 
do not go into a debate and say, ‘I would like to increase this,’ without having to argue about the finances. Because I had listened to what people were saying, and as part of the budget process, I argued strongly for the ex-
tension. I am of the opinion that it is about 
assisting families with the birth of a new-
born, and there always has to be a limit. 
There always has to be a cut-off point. It was 
the same as saying to families, ‘You have 26 
weeks to make an application.’ You cannot 
just have something dragging on forever. Of 
course, cost was one of the factors when I 
went in and argued for it. But it was more 
about treating families in similar circum-
stances the same and about saying, ‘This is 
about the cost of newborns. Yes, at two years 
some of the costs will change but people 
have other assistance through the family tax 
benefit.’ It was a decision that was made, 
which I was a party to, for the age to be two 
years.

A number of factors were taken into ac-
count. I will not go through the whole of the 
machinations of the decision, but I went into 
the ERC with a number of requests and I did quite well. I may as well talk about it now 
that I have the opportunity. I achieved $1,000 
for carers on the carers payment and $600 
for people on the carers allowance—I had a 
real win in the ERC process. I had the 
threshold for the family tax benefit limited, 
so more families will get the family tax benefit—around 400,000—and I think 
40,000 more families will be entitled to a 
health care card. So it was not bad. I thought 
it was quite good to get an extension to two 
years. That is how it happened.

I commend the bill to the chamber. I know 
it will go back to the House of Representa-
tives and people will discuss it and it will 
come back here. But this is an important im-
provement for those people who are adopting 
children. It may not be everything that eve-
ryone wanted but we do not get everything 
we want in life. It is an improvement for 
those families who argued strongly in what 
has to be one of the most orchestrated cam-
paigns I have ever seen for an issue that in-
volves about 500 people a year. Most of us 
probably realise it was a very organised 
campaign. I have responded to it and I think 
this is a reasonable balance between the pol-
icy intent and the practical realities of a 
newborn child. I do not have anything else to 
add.

**The Temporary Chairman**—The 
question is that the three requests moved by 
Senator Stott Despoja be agreed to.

Question agreed to.

Bill reported with requests; report 
adopted.

**Business**

**Rearrangement**

**Senator Patterson** (Victoria—
Minister for Family and Community Ser-
vices and Minister Assisting the Prime Min-
ister for Women’s Issues) (6.12 pm)—I 
move:

That intervening business be postponed until 
after consideration of government business order 
of the day No.10 AusLink (National Land Trans-
port) Bill 2004 and a related bill.

Question agreed to.
AUSLINK (NATIONAL LAND TRANSPORT) BILL 2004

AUSLINK (NATIONAL LAND TRANSPORT—CONSEQUENTIAL AND TRANSITIONAL PROVISIONS) BILL 2004

Second Reading

Debate resumed from 10 February, on motion by Senator Ellison:

That these bills be now read a second time.

Senator MARK BISHOP (Western Australia) (6.13 pm)—The AusLink (National Land Transport) Bill 2004 and the AusLink (National Land Transport—Consequential and Transitional Provisions) Bill 2004 have been touted by the government as landmark legislation. To be frank, they are not. If we look back at the history of national transport policy in this country since Federation, it has been plagued by one thing: a lack of national direction. One asks the question: which political party has dominated the transport portfolio in the time since the national parliament was first formed? The answer, of course, is The Nationals. It is ironic that those who depend most on efficient transport links—primary producers and country people—are those most disadvantaged. Yet their representatives in government continually let them down.

These bills do not represent a national transport policy at all. At best, they deal only with part of the land transport task—that is, freight carried by roads and railways. They do not deal at all with aviation policy; they do not deal with sea transport. They ignore the issue of our ports and the serious bottlenecks therein and, as most know, these currently form our most serious transport problem. Our container ports are also choking. The ACCC has put this down to a lack of investment leading to a lack of capacity. Added to this is the bungling of the Howard government in the Customs portfolio. It is true that stevedoring productivity has improved dramatically, but that is in isolation from seaborne and landside connections. Yet on these major impediments to our trade effort the government and this legislation are absolutely silent. Instead we have a whole lot of hoopla about this very limited policy which should have been in place in the fifties. In essence, this is nothing other than a public relations gloss. In essence, it is very simple: how do we make our transport infrastructure better and more efficient from end to end? This legislation is not the answer, but it is the first real step forward since the 1980s when Labor first grasped the nettle. In its economic survey of Australia, the OECD also makes the point:

The Australian economy is still benefiting from the programme of widespread and deep reforms that started in the 1980s and was especially intensive in the 1990s.

It goes without saying that this is a ringing endorsement of Labor’s economic management credentials. It was in the 1980s that rail reform commenced with the creation of Australian National Railways, which was subsequently privatised. It was then that the development of national standards and interoperability across systems was first developed. Rail was dragged by Labor out of the steam era. Then we had the first reform of interstate road transport, overcoming the constitutional hurdles or limitations in section 97. The national highway system became a reality and the focus for road funding switched to achieving better productivity and improved road safety. Major reforms of shipping were undertaken, though, sadly, subsequently abandoned by those opposite. These reforms are all now taken for granted. Now, after all
this time, having realised the need for a national strategy, we have AusLink. But, as I have said, it only addresses part of our national transport needs.

There are a couple of important aspects to these bills which I need to mention. The first is that road funding is to be negotiated state by state to ensure a continuing financial commitment from the states. This is essential. We know that a national commitment to road funding is important. If we have an agreed set of funding priorities producing maximum economic efficiency, they should be adhered to. The funding effort should be maintained in real terms, but infrastructure investment for the National Party is defined simply as taxpayers’ moneys spent in their electorates.

Pork is a rural product. It is also a National Party tradition, as we have seen with the notorious regional grants scheme. Road funding fits this model beautifully. These bills give the federal minister for transport more discretion than ever. The ability to make direct grants to local governments also fits this model. Constitutionally that has been an innovation. But, without strict guidelines and measures of accountability, pork-barrelling will reach new highs under this bill. The nominated priority grid of roads and rail may not be sufficient discipline within themselves. Parliament will need to be very attentive to the distribution of the minister’s very broad and ill-defined discretion.

The second key feature of these bills is that they finally do something for investment in infrastructure in Australia. Rail transport in this country has been starved of investment for much too long, though it should be said that these bills are not appropriation bills—they depend on the annual cycle; they are no guarantee. Now, with the aggregation of the main freight routes and the control by one national body, the ARTC, we have a chance. There is an enormous backlog of investment. The white paper nominates the track to be upgraded—again, we might say, some 50 years late. The emphasis on much of the neglected track on the Sydney-Brisbane link is an excellent case in point. It is only to be hoped that the other components come together as well. We hope that the interchange facilities also get built in the right places. Let us hope that the charging regime is real and transparent. We hope that the endless arguments about subsidies and inconsistency in cost recovery policies are sorted out.

Funding for the national highway is part of this legislation. Going way back to 1983, we have seen the completion of this highway to an all-weather standard. Symbolically, it has become the highway which links all of our capital cities. It is funded totally by the Commonwealth. The proposition in this legislation is that this very special status be changed to require some state financial commitment as well. That is effectively federal cost-shifting.

The symbolism of the national highway is important. This was, after all, a nation building project. It provided a backbone of national commitment. For those dependent on it, especially in the remote areas of the north and the north-west, it was a lifeline. But now that is gone. For a government determined to invade state responsibilities in areas such as education, health and other areas of transport, one can only comment that this is a major contradiction. The states, of course, see it only as direct cost-shifting. Labor referred this legislation to the Senate Rural and Regional Affairs and Transport Legislation Committee. The report of that committee has now been tabled. Qualified by additional comments that Labor senators made, Labor endorse this legislation, but we should say for the record that we hold grave reservations
about the way the government will implement the legislation.

Our reservations basically reflect my earlier comments. We are concerned about the demise of the national highway. The committee heard much concern about road rorting. The National Party slush fund committed most of a five-year program to a handful of coalition-targeted seats—without applications or assessment processes. The legislation committee also heard a strong case for more strategic priority-setting through a national infrastructure or transport advisory council. It heard of the need for reduced cost-shifting and a real partnership between levels of government.

Labor has long advocated the creation of an integrated national land transport network. This is, we believe, an essential part of improving our strategic infrastructure planning. However, because of the change to the funding mix by the Australian government in the first five-year plan, this will be very difficult to achieve. State funds will be drawn away from other important state road and rail infrastructure as a result of the cost-shifting on the national highway. The government’s cap on its road maintenance commitment at $300 million per annum for five years will also necessarily drain state funds into the future. Labor will, of course, hold the government accountable on this.

It is vital that the funding appropriated to AusLink be used in a transparent manner. The committee heard evidence that the Strategic Regional Projects Fund created in this legislation has been manipulated for political purposes. In other words, it has become another National Party slush fund. Most of the money for the five-year period was committed during the campaign to coalition-targeted electorates. In the recent round of Senate estimates, it was revealed that the government had not been able to spend the $23.6 million earmarked in the 2004-05 budget for strategic regional road projects. Why? Because, in most cases, applications for the funding had not even been received. Officials from the Department of Transport and Regional Services revealed in Senate estimates that the money would be rolled over. Proponents would be given special help to develop proposals to ensure they fitted the new interim guidelines. These interim guidelines have clearly been developed to retrofit the road rorts. The department admitted that two sets of guidelines will eventually be in place.

The department also confirmed that a number of the election promises made by the government had now become conditional on state government matching funds. Whether all of the projects will proceed is yet to be seen. This politically driven decision making proves the importance of independent industry, expert and consumer input. It is essential for the development of strategic infrastructure priorities. It is also the overwhelming view that there needs to be some form of national infrastructure or transport advisory council, and that is why Labor in government will establish Infrastructure Australia. We will ensure that AusLink is about sound investment for the future and not just expenditure for votes in the next five months.

Labor support this legislation because Labor have long supported a more strategic approach to land transport planning, but we will continue to keep the government accountable where it strays back into its old natural habits. We will keep nagging about the need to address the infrastructure constraints on our capacity. We need to get freight to ports and to move people efficiently in our major transport corridors. Our investment in infrastructure also needs to cover other shortfalls in public investment. The plea to the committee for investment in urban public transport was strong and re-
peated. It is fundamental; and, to that extent, these bills ignore the greatest need of our cities and their burgeoning populations. The inefficient operation of our cities is becoming one of our great economic costs.

In the white paper, the government simply dismisses urban public transport as a state responsibility. As a consequence, cities like Sydney and Brisbane will continue to choke. Busloads of commuters and trucks laden with freight will continue to compete for road lanes with private motorists. The great puzzle is how such a vital component of our infrastructure can be so consistently and repeatedly overlooked. The answer is, as I said at the beginning of my contribution, basic National Party politics. There are no votes for the National Party in our cities. So when will we ever see from the Howard government a comprehensive approach to road transport? Sadly, on the basis of its record to date, the answer is probably never. History shows us that, while ever responsibility for transport rests with the National Party, the electoral interests of that party will override and dominate the national interest.

Senator ALLISON (Victoria—Leader of the Australian Democrats) (6.27 pm)—I, too, rise to speak about the AusLink (National Land Transport) Bill 2004 and the AusLink (National Land Transport—Consequential and Transitional Provisions) Bill 2004. On the one hand, we welcome this consolidated approach to transport planning and spending. In fact, Australia has one of the lowest rates of utilisation of public transport in the OECD. Excise on fossil fuels has been reduced in real terms, with excise not subject to indexation for the last few years. There are almost no incentives to shift transport to cleaner alternative and renewable fuels or to more energy efficient vehicles.

AusLink was an opportunity to address these transport issues and, while the Australian Democrats support the commitment of extra funding to the construction and maintenance of Australian transport infrastructure, we are very disappointed that this is not the promised comprehensive, strategic, long-term plan for Australia’s transport infrastructure needs. According to the government: AusLink will revolutionise the planning and funding of Australia’s national roads and railways by taking a long-term, strategic approach for our long-term future. It represents the most significant change since Federation in the way we tackle the national transport task.

Quite frankly, that is a nonsense. They might be well-meaning words, but there is nothing revolutionary, nothing long term and nothing very strategic about this package. In fact, we suggest that these words are empty and fundamentally misleading. Firstly, the program is not comprehensive, focused exclusively as it is on major roads and railways. Secondly, urban congestion is dealt with only insofar as
it concerns barriers to freight movement, and public transport services are entirely missing. It also fails to address the long-term problems inherent in continuing to rely on national highways as the primary mode of regional freight transport, ignoring the economic and environmental advantages of shifting freight to rail.

The program has been funded for five years—with most of the money already allocated, I might say, so there is nothing terribly new in all of this—with plans to continue AusLink in future five-year packages. Aside from the empty rhetorical flourishes about transforming Australia’s transport infrastructure, there are no clearly defined aims or verifiable objectives of the AusLink program that can be said to inform its development and priorities in years to come. It is impossible, we argue, to take a long-term strategic approach without comprehensive national transport infrastructure planning. Rather, this is a patch-up of existing road and rail systems. By concentrating solely on regional freight networks, by ignoring whole areas of infrastructure need such as urban public transport and by failing to articulate a clear vision for what AusLink is to achieve in the long term, we say the government has failed in its objective before it has even begun.

Across all levels of government in Australia, roads receive the bulk of all transport infrastructure funding, many times more than the amounts allocated to rail. Funding for infrastructure for bikeways and pedestrian safety, amenity and access remains minuscule. AusLink, which pools road and rail infrastructure funding, remains heavily weighted to road transport—$10.9 billion for roads and just $1.8 billion for rail—and focused entirely on freight. The Democrats believe that this balance needs to be addressed as a matter of urgency. The fact that AusLink focuses almost exclusively on regional freight transport means that critical issues, such as urban passenger transport and public transport to alleviate congestion, are essentially ignored. It is not good enough for the government to say, ‘Well, those are state responsibilities.’ You cannot divide up your national transport network in this way and simply ignore what is fundamentally a critical part of it.

The balance of funding priorities within the AusLink pool needs to be shifted to reflect the fact that the environmental impact of transporting freight could be reduced very substantially if the focus were shifted from road to rail. Currently, 85 per cent of freight on the eastern seaboard is transported by road. When you consider that one Melbourne to Sydney freight train replaces 150 semitrailers and that rail uses only one-third of the fuel per tonne hauled, it is ludicrous that we are not looking at a future where we can shift far more of that freight onto rail. Unfortunately, the lack of investment in modern infrastructure has made it very hard for rail to be cost competitive, because access charges for rail are 30 per cent of their operating costs. It is a great deal more than road, where the access charge is effectively five per cent. We believe that there should be a rail-specific fund for modernising rail infrastructure, with an emphasis on the east coast route, on multimodal exchanges, on rail links into ports and on nationally consistent regulations, codes and communication systems.

In this decision or any of the government’s previous decisions on transport, there is no sense of priority setting. I think the most telling example of that is the Commonwealth funding a year or so ago for the Adelaide-Darwin rail link. Whilst no doubt the folk in Adelaide and Darwin were pleased about this project and it certainly provides a link between those two cities and Alice Springs, it does not make sense as a priority. And, as I understand it, that rail link
is struggling to get sufficient freight on its route to make it a paying proposition. I also understand that the rolling stock on that line is very old, despite the very significant cost to passengers of going from Adelaide to Darwin, and that there are very long stops in various places. But it is also the case that there are many parts of our rail network around Australia where it is not safe for trains to go at more than 20 kilometres an hour. This is because they are going over very old bridges that could easily crumble. The rail network itself is slowing down our freight rail and passenger rail transport right around the nation.

The Democrats do support road and rail user charges, but we note that there is no intention that these will reflect fully the externalities, such as air, noise and water pollution, greenhouse emissions, habitat destruction and traffic congestion. We are also very concerned about the extremely broad discretion that has been given to the minister in determining funding allocations through the AusLink program. Without wishing to cast any doubts about the sincerity and the professionalism of the transport ministers in general, a system of broad and unfettered ministerial discretion is inherently problematic in that it may raise suspicions about the integrity of the program and the principle of merit based funding allocations. We believe that the scheme must be run according to clearly established and well-publicised criteria and that the funding decisions must be made transparent and accountable.

It is a fundamental point that decisions on the worth of projects should be made according to what we call the triple bottom line assessment—that is, not merely on economic criteria. While the economic cost-benefit analysis of any particular project is obviously very important, the established criteria for selection of projects for funding must also take into account the social and environmental impacts of the proposal. Decisions about transport infrastructure funding, by their very nature, have a major impact on communities and on our natural environment. A bottom line that only recognises the monetary aspects will fail to take these essential considerations into account.

We support the proposed concept of a national transport advisory council to assess the merit of projects and make recommendations to the minister according to the established criteria, but we believe that members of this council must be appointed on merit through a transparent process and should be chosen to represent the broad basis of interests in the transport sector, including freight, passenger and environmental group representation. The Democrats also believe that the recommendations of the advisory council should be made according to a comprehensive long-term national transport infrastructure plan so that decisions are made strategically and not on an ad hoc basis. This plan should be developed with extensive consultation, effective modelling, creative alternative transport solutions and an emphasis on environmental, social and economic wellbeing. We must take a long-term and holistic view of Australia’s transport needs to ensure that these needs are met both now and well into the future.

Senator FIFIELD (Victoria) (6.39 pm)—It is with great pleasure that I have the opportunity to participate in the debate on the AusLink (National Land Transport) Bill 2004 and the AusLink (National Land Transport—Consequential and Transitional Provisions) Bill 2004. The AusLink (National Land Transport) Bill 2004 establishes the basis for the ongoing administration and operation of the AusLink program, including the continuation of the Roads to Recovery program, which I think has been one of the most popular and well-received programs
this government has ever introduced. It gives
great certainty for local governments in
terms of planning, and local governments
often refer to it as a model for Common-
wealth-local government relations. They love
it because it bypasses the states, which they
always see as getting in the way of dollars
literally hitting the road. The bill will pro-
gressively bring together the government’s
major road and rail funding programs under
one act. It does what this coalition govern-
ment does very well—that is, drive dollars
towards practical on-the-ground projects that
people want and need.

The Auslink (National Land Transport)
Bill 2004 provides for six separate program
funding categories: national projects; trans-
port development and innovation projects;
land transport research organisations; black
spot projects; strategic regional projects; and
the Roads to Recovery program, which I
have already mentioned and which has been
extended yet again by this government. Over
the five-year period of 2004-05 to 2008-09,
the Australian government will make avail-
able a total of $12.5 billion for investment in
land transport infrastructure. This funding is
made up of a number of components: $8.1
billion for projects related to the AusLink
national network, including $7.16 billion for
road projects and $974 million for rail pro-
jets; $1.6 billion for Roads to Recovery and
the strategic regional programs; $180 million
for the National Road Safety Black Spot
Program; and $2.6 billion for financial assis-
tance grants identified for roads.

The AusLink (National Land Transport)
Bill 2004 establishes funding approval ar-
rangements for each of these program cate-
gories. Other than for the Roads to Recovery
program, the funding approval regime is
based on a more or less standard framework.
For each program category, the bill sets
down eligibility criteria; provides for a min-
isterial power to approve projects and/or
funding; lists matters to which the minister
may have regard in considering whether it is
appropriate to approve a project or funding;
and establishes mandatory conditions at-
tached to funding to apply to all projects and
recipients in a given category, such as project
progress reporting, submissions of audited
statements and those sorts of matters. It also
enables the development of a funding
agreement to cover projects where additional
specific conditions are to apply at the indi-
vidual project level. The bill also provides
for the minister to determine additional fund-
ing conditions where no funding agreement
is in place to apply in particular circum-
cstances.

The Roads to Recovery program provi-
sions depart from the standard approach in-
ssofar as they seek to mirror as closely as pos-
sible the existing Roads to Recovery Act
2000. A central element of the bill is part 2,
which refers to the provision for the minister
to determine the composition of a national
land transport network. The national land
transport network will move beyond the
separately planned and funded national rail
and road networks and the ad hoc rail/road
intermodal developments to a single, inte-
grated network. The national land transport
network which the government proposes to
establish under this bill will cover the former
national highway system, including its con-
nections through urban areas; the major in-
terstate rail network; other nationally impor-
tant interstate and interregional transport
links; and links to ports and airports.

Details of the transport links to be in-
cluded in the initial national land transport
network determination were set out in the
AusLink white paper, which was released in
June 2004 and subsequently tabled in the
parliament. Decisions on the proposed com-
position of the national network followed a
very extensive consultation process with the
states, local government, industry stakeholders and the general community.

The bill provides for the minister to approve individual road or rail projects on the national network as AusLink national projects. To this effect, the government has established a national land transport plan which sets out the AusLink national projects—road and rail—that it is going to fund over the next five years. It has also set out how much will be invested in each of those projects.

This is the first time that Australian government transport infrastructure funding will be guided and underpinned by an announced five-year national plan. We are looking to the medium term. We are looking to provide certainty and a coherent framework for planning. The five-year plan focuses on high-priority projects that provide economic and social benefits from a national perspective. The five-year funding commitment gives certainty to states and to the transport and construction industries who support and build those projects.

The national land transport plan is based on clear strategic directions established by the government to determine what the project priorities will be for the next five years. The plan provides for very substantial investment in Australia’s most important land transport links. These will include projects on the Pacific Highway, the Hume Highway, the Sydney-to-Brisbane and Sydney-to-Melbourne interstate railways, the Bruce Highway and Brisbane urban road links in Queensland and projects that I am particularly pleased about: the Geelong bypass and the Calder Highway in Victoria. I was in Mildura on Thursday and Friday last week, talking to the council up there, and they were ecstatic that the Calder is going to be progressed but they were very disappointed that the Victorian state Labor government did not want to use the Calder so much to transport produce and to facilitate tourists; the Victorian state government want to use that highway to transport toxic waste to Mildura. The Victorian government want to establish a toxic waste dump in the food bowl of Australia, in Mildura.

That is Victorian state Labor’s idea of infrastructure provision: whacking a dirty great big toxic waste dump in the great town of Mildura, next to the iconic Murray River, which would of course just shatter the reputation that that part of Victoria has for clean, green exports to the world. That is a Labor approach to infrastructure. For my part, I will certainly be doing what I can to support the Calder but oppose that ridiculous toxic waste dump in Victoria which the Bracks government should admit they have made a mistake on, should not proceed with and should find somewhere else for—not Mildura.

I did get waylaid there. Other great projects which are part of AusLink are the Great Northern Highway and the Peel deviation in Western Australia, the Port River Expressway in South Australia and the Bridgewater Bridge in Tasmania. The provisions dealing with the Roads to Recovery program follow as closely as practicable the current Roads to Recovery Act arrangements.

The bill also provides for the minister to determine by, or as soon as possible after, 1 July 2005 an AusLink Roads to Recovery list identifying the local government bodies to receive funding under the program and the amount of funding for each body. All councils will receive funding allocations for expenditure on the construction and maintenance of local roads on much the same basis as the current program’s formula approach. The funds will be paid directly to every local council, as they are under the current program, under similar guidelines. This will provide funding certainty and will help all
councils to sustain service levels across their local road systems. As I said, local councils just want the state governments to get out of the way and not be middlemen. They love having the money coming directly from the Commonwealth to them. Councils are also potential beneficiaries of funding for Aus-Link strategic regional projects, the aim of which is to support the development of regional communities.

I listened to Senator Bishop opposite. He was amazed that a majority of road funding seems to go to coalition seats in the country. A majority of road funding in country areas goes to coalition seats, but that is for a very simple reason. The Labor Party have hardly any House of Representatives seats in country Australia, so it is hardly surprising that it is the case that a lot of money does go to these seats because we hold the majority of them. The beneficiaries are Australians in country areas—country families, country businesses. They appreciate the money, they appreciate the infrastructure, even if senators opposite do not. The legislation that we are introducing is honouring our election commitments. It is providing long-term planning for the benefit of Australia.

Debate interrupted.

DOCUMENTS

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

Natural Heritage Trust

Senator BARTLETT (Queensland) (6.50 pm)—I move:

That the Senate take note of the document.

I rise tonight to take note of the annual report of the Natural Heritage Trust. The Natural Heritage Trust is often touted by this government as the most significant environmental program in this nation’s history. Indeed, in the annual report it is called Australia’s largest environmental rescue plan. There is no doubt that some very good programs have been funded under the Natural Heritage Trust. It has played an important role in raising the profile of environmental issues and the need for vast improvements in natural resource management. But the fact is that when you look at the amount of money that has been spent in this area and is still pledged—and, according to this report, the total investment is $3 billion—there is a very serious question mark over whether the taxpayer and the Australian environment have received anything remotely like value for money. In fact, I would suggest that, rather than being Australia’s largest environmental rescue plan, the Natural Heritage Trust is at risk of being labelled as one of Australia’s most significant missed opportunities—one of Australia’s most overrated and misused government programs in a long time.

The problem is that you can have all the money in the world but unless you have strong enough criteria, independently overseen, audited and assessed to make sure that it is spent properly, you have not only the loss of value for money for the taxpayer but also the loss of credibility about what should be a highly valuable environmental program. With this government’s record, where there has been a much greater interest in packaging, posturing and pork-barrelling than there has been in concrete outcomes, perhaps it is not surprising that this is the risk we have got with the Natural Heritage Trust.

The trouble is that this report, whilst it has a lot of detail over a lot of pages, does not really answer some of those outstanding questions that have been asked time and time again: whether or not we have had value for money or good, long-term, sustainable environmental outcomes or whether we have just had a lot of feelgood projects that have done
a little bit of good here and there but on the whole have not achieved anywhere near value for money. That is particularly relevant when you add to it this government’s habit or practice over a long period of using the Natural Heritage Trust as an excuse to drag money out of the core environmental budget and away from environmental groups which do so much work on the ground with advocacy and community awareness of broader environmental issues.

We have seen the mean-spirited, quite deliberate attack on conservation councils around this country through the government’s withdrawal and the environment minister’s withdrawal of regular funding through the grants scheme for voluntary conservation organisations. They are small amounts of money in the budget for the Natural Heritage Trust which, as I have said, is in the billions of dollars; but for those groups to lose $50,000 or $100,000 makes a massive difference to them.

There are a lot of areas where there is genuine concern about the adequacy of the Natural Heritage Trust. I believe it would still benefit from a thorough audit. Work has been done by some environment groups, such as CAFNEC in North Queensland in my own state, on the Cape York Natural Heritage Trust and the government’s plan. The government’s failure to implement that plan—that single example—suggests that there are significant causes for concern. In the time available to me, I cannot really examine that in detail but I think it is an important issue so I seek leave to continue my remarks.

Leave granted.

Human Rights and Equal Opportunity Commission

Senator BARTLETT (Queensland) (6.55 pm)—by leave—I was speaking to this report last night. Again, this is an area to which time does not allow me to do justice. It is a report by the Human Rights and Equal Opportunity Commission relating to an inquiry into complaints by immigration detainees in the former Curtin detention centre—euphemistically called a reception and processing centre. As I detailed last night, this report is one that would have passed without notice had I not moved to take note and to speak to it. That in itself shows how blase this government’s attitude has become to the mounting pile of evidence of total mistreatment of people in the detention centre regime.

These complaints stem back to 2001. It has taken four years for these complaints to be finalised and tabled in this parliament. They address the extremely long time that asylum seekers were put in detention when they first arrived in Australia. The department put people in what was called ‘separation detention’. They were kept separate from all other detainees, the rationale being that people would not be able to coach each other on what to say. I do not dispute that that sort of thing happens—that those who are there might coach others and say, ‘Here is what you should say to have a better chance.’ I should say that that is unhelpful, not just because it might mean people who are not genuine might get through but also because in my experience it is actually more likely to harm people who have genuine cases.

I have seen many times people who have quite genuine cases but, because they have been encouraged to overstate the case or add extra things just to supposedly make sure, when their claims are examined inconsistencies are found and then the whole credibility of everything they say gets called into question. A department with a culture like this one—as the minister herself and the department secretary himself acknowledge—does not need much of an excuse to knock back a
claim. If the department can find any area where there seems to be a discrepancy or credibility issue, the practice tends to be to scrap the whole claim, assume the whole thing is a lie and assume that people are attempting fraud. Then it takes years and years of appeals, this time with proper assistance and with proper advice, and we finally get the proper result that should have happened in the first place of a protection visa for a refugee.

So I am in some respects validating the benefits of people not being coached about what to say. The problem is that we had laws actually passed through this place back in the late 1990s that prevented people—from being able to approach people in detention, inform them of their rights and assist them with putting together a claim. Laws were passed to actually inhibit that and people would not get assistance unless they specifically knew to ask. Not surprisingly, many of them do not ask, and they are certainly not encouraged to. The end result is actually poorer claims, poorer decisions based on poorer claims and much longer in detention.

This is one more example of how this government’s continual attempts to tighten and make it harder and harder for people, on the false assumption that somehow or other people are cheating the system, has actually had the reverse effect from that intended. It has meant longer detention, slower assessment, bigger injustice, massive cost to the taxpayer and flagrant breaches of human rights. As this report shows, this is another example of that.

You could not get a clearer case of how far things have sunk when you can have a report tabled in this place by the Human Rights Commissioner blatantly stating that this government has breached its obligations under international conventions on human, civil and political rights and nobody gives a toss. What is new? It is not the first report; there have been plenty, and that shows more than anything how far things have sunk.

The government has got so used to getting report after report from its own human rights commission under our own laws saying we are breaching our obligations, and the department’s own supposedly independent opinion is that it is not. That is the state we have got to. The evidence in this report shows just how farcical the situation was even four or five years ago, let alone what it might have got to now after another four years of an appalling culture, outrageously unjust laws and no proper independent oversight of the actions of the department, detention officers and the minister. Some of the details are worth further exploration. For that reason, I seek leave to continue my remarks.

Leave granted.

NOTICES
Presentation

Senator George Campbell to move on the next day of sitting:

That the following matters be referred to the Foreign Affairs, Defence and Trade References Committee for inquiry and report by 9 August 2005:

(a) the response of the Department of Immigration and Multicultural and Indigenous Affairs, the Department of Foreign Affairs and Trade, the Attorney-General’s Department and their respective Ministers to Mr Chen Yonglin’s approaches or requests to the Australian Government for asylum and/or a protection visa;

(b) the application of the Migration Act 1958, its regulations and guidelines concerning the maintenance of confidentiality for any applicants for territorial asylum and/or protection visas by the Department of Immigration and Multicultural and Indigenous Affairs, the Department of For-
eign Affairs and Trade and their respective Ministers;

(c) the involvement of the Department of Foreign Affairs and Trade and the Minister in the deportation, search for and discovery of Vivian Solon; and

(d) any related matters.

ADJOURNMENT

The ACTING DEPUTY PRESIDENT (Senator Moore)—Order! It being 7.01 pm, I propose the question:

That the Senate do now adjourn.

Veterans’ Affairs: Battle of Fromelles

Senator MARK BISHOP (Western Australia) (7.01 pm)—In the last sittings I spoke on two occasions about the disastrous battle at Fromelles on 19 July 1916, in which 1,917 Australians were killed in about 12 hours. I also spoke about the fate of 1,298 of those 1,917 posted as missing, left for dead in no-man’s-land. In particular, I made extensive references to the 163 Australians whose bodies were never found but who, as we now know, were buried by the Germans behind their lines, outside Fromelles.

I raise this matter again simply because the Fromelles story, as I term it, has ignited a response I could never have imagined. In Western Australia, for example, my home state, the West Australian newspaper, to its credit, published the names of 18 Western Australians on the German list of Australians buried by them. Responses from family members made it quite clear that until this time they had had no idea what had happened to their uncle or great uncle, as it may have been. They simply knew that an uncle or great uncle had been killed, but no information had ever been provided by the relevant authorities. Inquiries to the Army by bereaved mothers were met with mute response. Mothers went to their graves never knowing what had happened to their sons, husbands and brothers.

As we know, modern families have a new interest in their family histories, but in many cases there are gaps. What we do know is that bereaved parents were advised by the Army or the Red Cross that their sons were posted as missing. In due course, personal effects in some cases were returned. War widows pensions were paid to widowed wives. A scroll from the King and a plaque in honour of the deceased may have been received. Medals too were provided. In no case I am aware of were families aware that their uncle or great uncle was in fact buried by a Bavarian unit of the German army or that they may have been interred in a mass grave outside the town of Fromelles.

This story also appeared in the Adelaide Advertiser, which revealed the names of 23 South Australians and one man from Broken Hill among the 163. The story has also been repeated in the Hunter Valley of New South Wales. Those listening may be aware that 1,000 men from the Hunter fought at Fromelles that night. They were with the 30th, 31st, 53rd, 54th, 55th and 56th battalions. Fifty-nine of them were killed or died later from their wounds. Eight Hunter men’s names appear on the German Red Cross list of the missing. By courtesy of the member for Newcastle, Ms Sharon Grierson, the Newcastle Herald and the Maitland Mercury, 14 people called in to identify themselves with those eight missing men. In few cases were they aware of their relatives’ fate.

In one case the dead soldier’s brother had travelled to France in search of his missing brother, of course without success. This search is set out in his own personal diary. This, it seems, was a common event, such was the grief and anxiety over those lost in action, never to be found again. One family has a personal diary, the last entry of which was made on the afternoon before the battle in question. It is accompanied by a letter from a mate who described to the father the
dead soldier’s dying moments as he held him in his arms, how he placed the body in the German trench they had taken in such a way that he would not be trampled. In part he said:

We both arrived together in the German trenches. After congratulating one another on our luck to get there unhurt, we were parted by a rush to the dugouts in which there was great many Germans. I was only separated from him for 5 minutes when our corporal said to me “Harry ... is hit”.

We at once went to his aid but it was of no use the wound was too fatal. He was hit fair between the shoulder blades ...

There followed in his diary some harrowing descriptions of what was done, ending as follows:

Well ... I am sorry I could not get our comrade into our lines as it was entirely impossible as we were surrounded. Some of our boys had to fight their way back that is when I got wounded. So your son would be buried behind German lines, but I hear that they had every respect given them ...

Here is more evidence of what happened to the 163 missing at Fromelles. This was clear knowledge at the time. Why was nothing done after the war to find the burial site? The reason simply was that the task of recovering bodies was enormous. Resources too were limited, and financial pressure no doubt caused work to be limited. Further, communications with the Germans were not good, as one can imagine. Access to German records was therefore difficult.

Returning to the Hunter families: some families have photographs; others have their soldiers’ medals and the bereaved mother’s plaque. On being told what happened, one family member commented that their grandmother lit a lantern in her window every night for 20 years in the hope that its light might guide her lost son home. She would have gone to her grave happy had she simply known what had happened. Now we do know, and I believe we owe it to these families to solve the complete riddle. That includes the verification of the mass grave sites outside Fromelles. As all families conclude, the dead soldier cannot be brought back, but at least we should be able to mark the spot where he is buried.

It is highly probable, I am told by experts, that the diary of the Bavarian regiment who buried these men exists in the German military archives in Munich. With respect to Australian records, those with access to the internet can search the Red Cross records held by the Australian War Memorial. Those interested should go to www.awm.gov.au, select ‘Biological Databases’ then ‘Red Cross Wounded and Missing Enquiry Bureau files’. Likewise, there is access to soldiers’ personnel files through the National Archives of Australia. These records are available online at www.naa.gov.au.

I mention this chapter in the Fromelles saga because we cannot allow it to die as an issue. We need to be satisfied about the final piece of the jigsaw as to what happened to these men. That is why we are keen for the Army to accept the strength of the prima facie evidence which has been produced and delivered to them. We need to have the sites of these mass graves surveyed by ground-penetrating radar to verify their existence. We then need to commemorate the site. We do not believe this is a great deal to ask. After all, this is a year of commemoration and next year is the 90th anniversary of Fromelles.

Senate adjourned at 7.09 pm

DOCUMENTS

Tabling

The following government documents were tabled:


Tabling

The following documents were tabled by the Clerk:

[Legislative instruments are identified by a Federal Register of Legislative Instruments (FRLI) number]


Agricultural and Veterinary Chemical Products (Collection of Levy) Act—Select Legislative Instrument 2005 No. 106—Agricultural and Veterinary Chemical Products (Collection of Levy) Amendment Regulations 2005 (No. 1) [F2005L01414]*.

Agricultural and Veterinary Chemicals (Administration) Act—Select Legislative Instrument 2005 No. 104—Agricultural and Veterinary Chemicals (Administration) Amendment Regulations 2005 (No. 1) [F2005L01411]*.

Agricultural and Veterinary Chemicals Code Act—Select Legislative Instrument 2005 No. 105—Agricultural and Veterinary Chemicals Code Amendment Regulations 2005 (No. 1) [F2005L01410]*.

Civil Aviation Act—Civil Aviation Regulations—Exemption No. CASA EX15/2005—Exemption—carriage of life rafts [F2005L01419]*.

Instruments Nos—

CASA 203/05—Designation of airspace for broadcast requirements—CTAF [F2005L01436]*.

Civil Aviation Safety Regulations—Airworthiness Directives—Part—

105—

AD/750XL/2—Electrical Wiring Modification [F2005L01329]*.

AD/750XL/3—Wiring Loom Protective Sleeve [F2005L01330]*.

AD/BELL 222/2 Amdt 1—Quick Disconnect Dual Controls [F2005L01375]*.

AD/F100/67—APU Enclosure Drains and Wiring [F2005L01368]*.

AD/F406/13—Landing Gear [F2005L01376]*.

AD/PC-12/46—Landing Gear Components [F2005L01317]*.

106—

AD/ARRIUS/9—Correct Position of Adjusted FCU Fuel Filter [F2005L01448]*.

AD/ASTAZOU/4—Return to Service for Civil Use [F2005L01379]*.

AD/CF6/57 Amdt 1—HPT S2 NGV Distress [F2005L01361]*.

AD/JT8D/27 Amdt 2—First Stage Compressor Hub [F2005L01307]*.

107—

AD/AIRCON/13 Amdt 3—Kelly Aerospace Fuel Regulator Shutoff Valves & Cabin Heaters [F2005L01339]*.

AD/PHZL/44 Amdt 9—Propeller Attachment Bolts [F2005L01319]*.

Corporations Act—ASIC Class Orders—

[CO 53/346] [F2005L01444]*.

[CO 05/566] [F2005L01432]*.
Dairy Produce Act—Select Legislative Instrument 2005 No. 107—Dairy Produce Amendment Regulations 2005 (No. 1) [F2005L01396]*.

Defence Act—Determinations under section 58B—Defence Determinations—
2005/17—Deployment, life insurance and international campaign allowances—amendment.
2005/18—Post indexes—implementation of price review.


Judiciary Act—Select Legislative Instrument 2005 No. 110—High Court of Australia (Fees) Amendment Regulations 2005 (No. 1) [F2005L01348]*.


Medical Indemnity Act—Select Legislative Instrument 2005 No. 112—Medical Indemnity Amendment Regulations 2005 (No. 1) [F2005L01298]*.

Parliamentary Entitlements Act—Parliamentary Entitlements Regulations—Advice of decision to pay assistance under paragraph 18(a), dated 23 May 2005.

Social Security Act—Child Disability Assessment Amendment Determination 2005 [F2005L01434]*.


* Explanatory statement tabled with legislative instrument.
QUESTIONS ON NOTICE

The following answers to questions were circulated:

Natural Heritage Trust: Advertising Campaign
(Question No. 114)

Senator Faulkner asked the Minister for Fisheries, Forestry and Conservation, upon notice, on 19 November 2004:

With reference to the proposed Natural Heritage Trust advertising campaign:

1. For each of the financial years, 2003-04 and 2004-05: (a) what is the cost of this advertising campaign; and (b) what is the breakdown of these advertising costs for: (a) television (TV) placements; (b) radio placements; (c) newspaper placements; (d) printing and mail outs; and (e) research.

2. What: (a) creative agency or agencies; and (b) research agency or agencies; have been engaged for the campaign.

3. When will the campaign begin, and when is it planned to end.

4. If there is a mail out planned, to whom will it be targeted and what database will be used to select addresses – the Australian Taxation Office database, the electoral database or other.

5. (a) What appropriations will the department use to authorise any of the payments either committed to be made or proposed to be made as part of this advertising campaign; (b) will those appropriations be made in the 2003-04 or 2004-05 financial year; (c) will the appropriations relate to a departmental or administered item or the Advance to the Minister for Finance and Administration; and (d) if an appropriation relates to a departmental or administered item, what is the relevant line item in the relevant Portfolio Budget Statement for that item.

6. Has a request been made of the Minister for Finance and Administration to issue a drawing right to pay out moneys for any part of the advertising campaign; if so: (a) what are the details of that request; and (b) against which particular appropriation is it requested that the money be paid.

7. Has the Minister for Finance and Administration issued a drawing right as referred to in paragraph (6) above; if so, what are the details of that drawing right.

8. Has an official or minister made a payment of public money or debited an amount against an appropriation in accordance with a drawing right issued by the Minister for Finance and Administration for any part of the advertising campaign.

Senator Ian Macdonald—The answer to the honourable senator’s questions are as follows:

Please note the campaign referred to by Senator Faulkner is the Environment and Resource Management campaign as opposed to the Natural Heritage Trust campaign.

<table>
<thead>
<tr>
<th></th>
<th>2003-04</th>
<th>2004-05</th>
</tr>
</thead>
<tbody>
<tr>
<td>Television</td>
<td>1,078,082</td>
<td>1,028,155</td>
</tr>
<tr>
<td>Radio placements</td>
<td>Nil</td>
<td>Nil</td>
</tr>
<tr>
<td>Newspaper</td>
<td>306,575</td>
<td>547,035</td>
</tr>
<tr>
<td>Printing</td>
<td>62,937</td>
<td>not allocated</td>
</tr>
<tr>
<td>Mail outs</td>
<td>Nil</td>
<td>Nil</td>
</tr>
<tr>
<td>Research</td>
<td>305,565</td>
<td>42,000</td>
</tr>
</tbody>
</table>
(2) The ERM campaign’s advertising agency was Singleton Ogilvy and Mather, the campaign’s market researcher was Open Mind and the campaign’s public relations agency was Cox Inall and Associates.

(3) The campaign started the week commencing 20 June 2004 and ceased due to caretaker conventions on 30 August 2004.

(4) There has been no mail out and there isn’t one planned.

(5) (a) The appropriation is the National Action Plan for Salinity and Water Quality

(b) The appropriation was made in 2003-04 at Additional Estimates

(c) The appropriation is an administered item.

(d) The item appears on page23 of the 2003-04 Portfolio Additional Estimates Statements document.

(6) The Drawing Right exercised in relation to the Department’s Bill 1 appropriation were utilised for these payments, as the transactions are consistent with the Departmental Outcome.

(7) See above.

(8) All payments for advertising expenditure fall under existing drawing rights mechanisms within the Department and have been authorised as part of this process.

**Transport and Regional Services: Advertising Campaign**

(Question No. 123)

**Senator Faulkner** asked the Minister representing the Minister for Transport and Regional Services, upon notice, on 19 November 2004.

(1) Not including any advertising campaigns contained in questions on notice nos 105 to 121, for each of the financial years, 2003-04 and 2004-05 to date: (a) what is the cost of any current or proposed advertising campaign in the department; (b) what are the details of the campaign, including: (a) creative agency or agencies engaged; (b) research agency or agencies engaged; (c) the cost of television advertising; (d) the cost and nature of any mail out; and (e) the full cost of advertising placement.

(2) When will the campaign begin, and when is it planned to end.

(3) (a) What appropriations will the department use to authorise any of the payments either committed to be made or proposed to be made as part of this advertising campaign; (b) will those appropriations be made in the 2003-04 or 2004-05 financial year; (c) will the appropriations relate to a departmental or administered item or the Advance to the Minister for Finance and Administration; and (d) if an appropriation relates to a departmental or administered item, what is the relevant line item in the relevant Portfolio Budget Statement for that item.

(4) Has a request been made of the Minister for Finance and Administration to issue a drawing right to pay out moneys for any part of the advertising campaign; if so: (a) what are the details of that request; and (b) against which particular appropriation is it requested that the money be paid.

(5) Has the Minister for Finance and Administration issued a drawing right as referred to in paragraph (4) above; if so, what are the details of that drawing right.

(6) Has an official or minister made a payment of public money or debited an amount against an appropriation in accordance with a drawing right issued by the Minister for Finance and Administration for any part of the advertising campaign.

**Senator Ian Campbell**—The Minister for Transport and Regional Services has provided the following answer to the honourable senator’s question:

There are no campaigns requiring a response to this question.
Namoi Valley Structural Adjustment Package
(Question No. 205)

Senator O’Brien asked the Minister representing the Minister for Transport and Regional Services, upon notice, on 21 December 2004:

With reference to the Namoi Valley Structural Adjustment Package:

(1) (a) What expressions of interest and/or applications have been received seeking funding under the Namoi Valley Structural Adjustment Package; and (b) for each application, will the Minister provide: (i) the date of the application, (ii) the amount of funding sought, (iii) the name of the proponent, and (iv) the nature of the project.

(2) (a) What funding has been announced under the Namoi Valley Structural Adjustment Package; and (b) for each announcement, will the Minister provide: (i) the date of the announcement, (ii) the form of the announcement, (iii) details of the proponent, (iv) a detailed project description, and (v) the funding announced.

(3) (a) What funding has been paid to each successful project; and (b) for each project, what job outcomes can be attributed to it.

Senator Ian Campbell—The Minister for Transport and Regional Services has provided the following answer to the honourable senator’s question:

(1) (a) (b) (i), (iii) and (iv) see Table 1. (ii) I am unable to divulge this potentially sensitive information without the approval of the applicants concerned. Placing this information on the public record may prejudice further attempts by applicants to obtain financial support from other public or private sources.

(2) See Table 2

(3) See Table 3

### Table 1: Applications Approved

<table>
<thead>
<tr>
<th>Project Name</th>
<th>Date of Application</th>
<th>Name of Proponent</th>
<th>Nature of the Project</th>
<th>APP or EOI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Michell Leather</td>
<td>7/04/03</td>
<td>Michell Australia Pty Ltd</td>
<td>Assist the company with infrastructure and equipment costs required to avoid the possible loss of approximately 100 jobs.</td>
<td>APP</td>
</tr>
<tr>
<td>Castle Mountain Zeolites</td>
<td>16/04/03</td>
<td>Castle Mountain Enterprises Pty Ltd</td>
<td>Further upgrade plant and processing facilities to increase production rates and economic viability through obtaining greater economies of scale.</td>
<td>APP</td>
</tr>
<tr>
<td>Nomads Cryon Outback Café</td>
<td>18/03/03</td>
<td>Valuki Pty Ltd</td>
<td>Install sound improvement in the restaurant, build a removable shade area on the southern courtyard of the restaurant, improve the shower/laundry facilities, update internet services and extend the existing marketing plans.</td>
<td>APP</td>
</tr>
<tr>
<td>Project Name</td>
<td>Date of Application</td>
<td>Name of Proponent</td>
<td>Nature of the Project</td>
<td>APP or EOI</td>
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<tr>
<td>Widauer Grape Growing/Drip Irr</td>
<td>6/04/03</td>
<td>J.G. &amp; L. C. Widauer</td>
<td>Install drip irrigation to the existing 25 acres of vines at Seplin Estate, Wee Waa.</td>
<td>APP</td>
</tr>
<tr>
<td>Longpoint Irrigation Group</td>
<td>31/03/03</td>
<td>Longpoint Joint Water Supply</td>
<td>Build a 10 km irrigation channel to supply water irrigation near Carroll</td>
<td>APP</td>
</tr>
<tr>
<td>Namoi Valley Citrus Growers</td>
<td>10/06/03</td>
<td>Namoi Valley Citrus Growers Incorporated</td>
<td>Analyse soil and undertake site evaluation and purchase of citrus trees.</td>
<td>APP</td>
</tr>
<tr>
<td>Natural Gas for Narrabri</td>
<td>26/03/03</td>
<td>Infrapro Pty Ltd known as Narrabri Gas</td>
<td>Stage 1 of the Natural Gas for Narrabri project, domestic load forecasts and engineering concept.</td>
<td>APP</td>
</tr>
<tr>
<td>Britto’s Wee Waa Engineering P/L</td>
<td>28/03/03</td>
<td>Britto’s Wee Waa Engineering Pty Ltd</td>
<td>Support diversification of a small metal manufacturing firm in order to reduce reliance on seasonal fluctuations in the agricultural and cotton sectors which currently provide most of their business.</td>
<td>APP</td>
</tr>
<tr>
<td>Manoka Park Gourmet Rabbit P/L</td>
<td>1/04/03</td>
<td>M.J., N.R and K.T. Bourke</td>
<td>Provide infrastructure to support the expansion of the rabbit industry in the Namoi.</td>
<td>APP</td>
</tr>
<tr>
<td>Applications and Expressions of Interest</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sustainability and Proposed Expansion of “Marlow Downs”</td>
<td>6/06/03</td>
<td>Leitch Bros</td>
<td>Construction of a storage dam, replacement of channels with piping and development of on-farm feedlot</td>
<td>EOI</td>
</tr>
<tr>
<td>Kevin Sheridan - 400 Feedlot - Eventually 1000 Head Commercial Growing of Stevia Plants</td>
<td>10/09/03</td>
<td>Marlbone Pastoral Co.</td>
<td>Establishment of a feedlot on a Gunnedah property</td>
<td>EOI</td>
</tr>
<tr>
<td>Carroll Cotton Gin</td>
<td>18/06/03</td>
<td>Carroll Cotton Co Pty Ltd</td>
<td>Purchase of infrastructure to meet contracted and anticipated demand for a substitute sweetener.</td>
<td>EOI</td>
</tr>
<tr>
<td>Namoi Gold Olive processing</td>
<td>28/04/03</td>
<td>Namoi Gold Olive Processing</td>
<td>Purchase of bigger olive press and related equipment to meet needs of clients and create additional opportunities for value adding products.</td>
<td>EOI</td>
</tr>
<tr>
<td>Aaron Taylor Toyota Dealership</td>
<td>3/07/03</td>
<td>Taylor Automotive Centre</td>
<td>Construct a state of the art dealership including a vehicle service centre</td>
<td>EOI</td>
</tr>
<tr>
<td>North West Abrasive Blasting Business Expansion</td>
<td>18/07/03</td>
<td>North West Abrasive Blasting</td>
<td>Expansion of an existing abrasive blasting business by employing 2 full time staff</td>
<td>EOI</td>
</tr>
<tr>
<td>Project Name</td>
<td>Date of Application</td>
<td>Name of Proponent</td>
<td>Nature of the Project</td>
<td>APP or EOI</td>
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</tr>
<tr>
<td>Drip Irrigation and Water Storage Development</td>
<td>11/06/03</td>
<td>Warnock Agronomics Pty Ltd</td>
<td>Construction of a 600 Megalitre water storage and pump facility to provide a secure water supply for a Narrabri property.</td>
<td>EOI</td>
</tr>
<tr>
<td>Quirindi Ethanol</td>
<td>28/05/03</td>
<td>The Research Foundation Institute Pty Ltd</td>
<td>Construction of a wheatgrain processing plant at Quirindi to produce high quality animal feed and fuel grade Bio-Ethanol.</td>
<td>APP</td>
</tr>
<tr>
<td>Manuka Chaff</td>
<td>20/07/03</td>
<td>Manuka Chaff Pty Ltd</td>
<td>Introduction of second mill line and pelleting plant to chaff mill</td>
<td>EOI</td>
</tr>
<tr>
<td>Bagging Plant for Bagging manure, potting mix and soil conditioner</td>
<td>16/07/03</td>
<td>Arkarra Pty Ltd</td>
<td>Expansion of an existing production of cow manure bagging and sales and the introduction of new lines of manure production.</td>
<td>EOI</td>
</tr>
<tr>
<td>Kamilaroi Highway Promotions</td>
<td>16/06/03</td>
<td>Kamilaroi Highway Group</td>
<td>Initiate a marketing program for the Kamilaroi Hwy to increase visitation and spending along the Highway</td>
<td>EOI</td>
</tr>
<tr>
<td>Aces Walgett Radio</td>
<td>10/04/03</td>
<td>Aboriginal Corporation Enterprising Services</td>
<td>Construction of a building for use as a community radio facility (Yaama-FM) with a broadcast reach of 15km around Walgett.</td>
<td>EOI</td>
</tr>
<tr>
<td>Walgett Special One Cooperative</td>
<td>17/07/03</td>
<td>Walgett Special One Cooperative</td>
<td>Develop a feed milling facility in Walgett to provide leverage for value adding in both the grains industry and the livestock industry locally</td>
<td>EOI</td>
</tr>
<tr>
<td>Crop Research Adoption &amp; Technology Project</td>
<td></td>
<td>Namoi Rural Pty Ltd</td>
<td>Development of new and existing crops into a sustainable economic program based at Wee Waa</td>
<td>EOI</td>
</tr>
<tr>
<td>Tulladunna-Doreen Irrigation Group</td>
<td>1/07/03</td>
<td>Tulladunna-Doreen Channel Syndicate</td>
<td>Determination of alignment, design and construction of a channel from the Namoi River in the Wee Waa district to allow users to maintain operations.</td>
<td>EOI</td>
</tr>
<tr>
<td>Replacement Water Supply for Warrawee for 51% Groundwater Cut-back</td>
<td>14/05/03</td>
<td>P W Redfern</td>
<td>Acquisition and installation of pumping and supply works to connect a Narrabri property to the Namoi River</td>
<td>EOI</td>
</tr>
<tr>
<td>Gunnedah Olive Growers</td>
<td>No full application submitted</td>
<td>Gunnedah Olive Growers Association Inc</td>
<td>Establishment of a processing and pickling plant for local growers</td>
<td>EOI</td>
</tr>
<tr>
<td>Bellata Gold</td>
<td>24/04/03</td>
<td>Harvest Mills Pty Ltd</td>
<td>Development of mill and construction of past making plant to utilise durum wheat grown in the Namoi valley</td>
<td>EOI</td>
</tr>
</tbody>
</table>
### Part (1) - Table 1

<table>
<thead>
<tr>
<th>Project Name</th>
<th>Date of Application</th>
<th>Name of Proponent</th>
<th>Nature of the Project</th>
<th>APP or EOI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tailwaggers Walgett #</td>
<td></td>
<td>Walgett Game Meat Processing Works Pty Ltd</td>
<td>Establishment of a pet food processing plant to utilise by-products of an established game meat processing plant.</td>
<td>EOI</td>
</tr>
<tr>
<td>Expansion of squab/pigeon processing facilities</td>
<td>20/08/03</td>
<td>Prestige Pigeons</td>
<td>Business expansion producing grain fed squabs for the Sydney restaurant market.</td>
<td>EOI</td>
</tr>
<tr>
<td>Bio-secure equine pellet press update Establishment of navel orchard</td>
<td>22/08/03</td>
<td>Ciesiolka Pty Ltd</td>
<td>Establishing an early season citrus orchard.</td>
<td>EOI</td>
</tr>
<tr>
<td>Sub surface drip irrigation</td>
<td>25/03/03</td>
<td>Zone 3 Local Impact Management Association</td>
<td>Establishment of a deficit irrigation system in Zone 3.</td>
<td>EOI</td>
</tr>
<tr>
<td>Extension to childcare Centre</td>
<td>11/08/03</td>
<td>Nurruby Children’s Services Incorporated</td>
<td>Infrastructure improvement to provide additional room for activity.</td>
<td>EOI</td>
</tr>
<tr>
<td>Namoi Valley Aqua Farming*</td>
<td>3/4/2003</td>
<td>Namoi Valley Aqua Farming Pty Ltd</td>
<td>To grow a sustainable aquaculture industry in the Namoi Valley whilst yielding water use efficiencies.</td>
<td>APP</td>
</tr>
<tr>
<td>Paradise Farms*</td>
<td>17/03/2003</td>
<td>Paradise Farms Pty Ltd</td>
<td>Analysis of the confectionary sunflower industry</td>
<td>APP</td>
</tr>
<tr>
<td>Gunnedah Ethanol*</td>
<td>Between 4/06/2003 and 24/06/2003</td>
<td>Primary Energy Pty Ltd</td>
<td>Construction of a 120 million litre per annum dry milling ethanol biorefinery</td>
<td>APP</td>
</tr>
</tbody>
</table>

* An application was originally submitted under NVSAP and not approved. After further development of the proposal, an application was submitted under Regional Partnerships.

# An Expression of Interest was originally submitted under NVSAP. An application was later submitted under Regional Partnerships.

### Part (2) - Table 2

<table>
<thead>
<tr>
<th>Project Name</th>
<th>Date of Funding Announcement</th>
<th>Form of Announcement</th>
<th>Details of Proponent</th>
<th>Detailed Project Description</th>
<th>Funding Announcement under Namoi Valley Structural Adjustment Package and Regional Partnerships (GST Inclusive)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Michell Leather</td>
<td>11/06/03</td>
<td>Media Release by the Deputy Prime Minister and Minister for Transport and Regional Services</td>
<td>By virtue of a deed of novation executed in February 2005 the proponent is now New Wave Leathers Pty Ltd</td>
<td>Assist the company with infrastructure and equipment costs required to avoid the possible loss of approximately 100 jobs.</td>
<td>$1,100,000</td>
</tr>
</tbody>
</table>
### QUESTIONS ON NOTICE

#### Part (2) - Table 2

<table>
<thead>
<tr>
<th>Project Name</th>
<th>Date Announced</th>
<th>Form of Announcement</th>
<th>Details of Proponent</th>
<th>Detailed Project Description</th>
<th>Funding Announcement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Castle Mountain Zeolites</td>
<td>11/06/03</td>
<td>Media Release by the Deputy Prime Minister and Minister for Transport and Regional Services</td>
<td>Castle Mountain Enterprises Pty Ltd</td>
<td>Further upgrade plant and processing facilities to increase production rates and economic viability through obtaining greater economies of scale.</td>
<td>$214,500</td>
</tr>
<tr>
<td>Nomads Outback Café</td>
<td>11/06/03</td>
<td>Media Release by the Deputy Prime Minister and Minister for Transport and Regional Services</td>
<td>Valuki Pty Ltd</td>
<td>Install sound improvement in the restaurant, build a removable shade area on the southern courtyard of the restaurant, improve the shower/laundry facilities, update internet services and extend the existing marketing plans.</td>
<td>$39,600</td>
</tr>
<tr>
<td>Widauer Grape Growing/Drip Irrigation</td>
<td>24/07/03</td>
<td>Media Release by the Deputy Prime Minister and Minister for Transport and Regional Services</td>
<td>Seplin Estate vineyard. JC and LC Widauer</td>
<td>Install drip irrigation to the existing 25 acres of vines at Seplin Estate, Wee Waa.</td>
<td>$93,500</td>
</tr>
<tr>
<td>Longpoint Irrigation Project</td>
<td>14/01/04</td>
<td>Media Release by the Deputy Prime Minister and Minister for Transport and Regional Services</td>
<td>Longpoint Irrigation Group</td>
<td>Build a 10 km irrigation channel to supply water irrigation near Carroll</td>
<td>$379,500</td>
</tr>
<tr>
<td>Namoi Valley Citrus Growers Project</td>
<td>14/01/04</td>
<td>Media Release by the Deputy Prime Minister and Minister for Transport and Regional Services</td>
<td>Namoi Valley Citrus Growers Inc.</td>
<td>Analyse soil and undertake site evaluation and purchase of citrus trees.</td>
<td>$385,000</td>
</tr>
<tr>
<td>Natural Gas for Narrabri</td>
<td>14/01/04</td>
<td>Media Release by the Deputy Prime Minister and Minister for Transport and Regional Services</td>
<td>Infrapro Pty Ltd (Narrabri Gas)</td>
<td>Stage 1 of the Natural Gas for Narrabri project, domestic load forecasts and engineering concept.</td>
<td>$18,700</td>
</tr>
<tr>
<td>Britto’s Wee Waa Engineering Project</td>
<td>11/06/03</td>
<td>Media Release by the Deputy Prime Minister and Minister for Transport and Regional Services</td>
<td>Britto’s Wee Waa Engineering Pty Ltd</td>
<td>Support diversification of a small metal manufacturing firm in order to reduce reliance on seasonal fluctuations in the agricultural and cotton sectors which currently provide most of their business.</td>
<td>$55,000</td>
</tr>
</tbody>
</table>
### QUESTIONS ON NOTICE

#### Part (2) - Table 2

<table>
<thead>
<tr>
<th>Project Name</th>
<th>Date Funding Announced</th>
<th>Form of Announcement</th>
<th>Details of Proponent</th>
<th>Detailed Project Description</th>
<th>Funding Announced under Namoi Valley Structural Adjustment Package and Regional Partnerships (GST Inclusive)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manoka Park Gourmet Rabbit Project</td>
<td>11/06/03</td>
<td>Media Release by the Deputy Prime Minister and Minister for Transport and Regional Services</td>
<td>Manoka Park Gourmet Rabbit Pty Ltd</td>
<td>Provide infrastructure to support the expansion of the rabbit industry in the Namoi.</td>
<td>$38,500</td>
</tr>
</tbody>
</table>

**TOTAL**                                          |                         |                                       |                                               |                                                                                                | **$2,324,300**                                                                                     |

#### Part (3) - Table 3

<table>
<thead>
<tr>
<th>Project Name</th>
<th>Funding Paid as at 31 December 2004 (GST Inclusive)</th>
<th>Attributable Job Outcomes to project</th>
</tr>
</thead>
<tbody>
<tr>
<td>Michell Leather</td>
<td>$367,000</td>
<td>86 permanent full time equivalent and 14 contract jobs</td>
</tr>
<tr>
<td>Castle Mountain Zeolites</td>
<td>$214,500</td>
<td>6 employed during construction with at least 2 additional ongoing employees.</td>
</tr>
<tr>
<td>Nomads Outback Café</td>
<td>$39,567</td>
<td>5 full time jobs</td>
</tr>
<tr>
<td>Widauer Grape Growing/Drip Irrigation</td>
<td>$93,500</td>
<td>Stage 1B: 1.5 permanent employees and 30 casuals; Stage 2: 2.5 permanent and 35 casual employees; Stage 3: 4 permanent and 45 casual employees.</td>
</tr>
<tr>
<td>Longpoint Irrigation Project</td>
<td>$261,415</td>
<td>40-45 jobs during construction phase; increase of 7-10 ongoing full time employees</td>
</tr>
<tr>
<td>Namoi Valley Citrus Growers Project</td>
<td>$187,000</td>
<td>30 direct jobs created in installation of irrigation and planting phases.</td>
</tr>
<tr>
<td>Natural Gas for Narrabri Britto’s Wee Waa Engineering Project</td>
<td>$18,700</td>
<td>Planning/and forecast stage only</td>
</tr>
<tr>
<td>Manoka Park Gourmet Rabbit Project</td>
<td>$38,500</td>
<td>2 full-time jobs; 3 part-time jobs</td>
</tr>
</tbody>
</table>

**TOTAL PAID**                                      | **$1,275,182**                         |                                                                                                    |

---

**Namoi Valley Structural Adjustment Package**  
(Question No. 206)

**Senator O’Brien** asked the Minister representing the Minister for Transport and Regional Services, upon notice, on 20 December 2004:

With reference to the Commonwealth’s commitment of $20 million for regional structural adjustment assistance in the Namoi Valley through proposals which promote future growth of the region, diversify industry and generate long-term employment:
(1) What total funding under the Namoi Valley Structural Adjustment Package has been: (a) announced; (b) and expended.

(2) Did the Regional Partnerships program, launched by the Minister on 26 June 2003, amalgamate the Namoi Valley Structural Adjustment Package with other regional development programs.

(3) How was the administration of the Namoi Valley Structural Adjustment Package affected by the amalgamation.

(4) Did the Namoi Valley Structural Adjustment Package guidelines and assessment procedures remain in operation beyond 1 July 2003; if so, did the guidelines and assessment procedures for Regional Solutions, Regional Assistance, Rural Transaction Centres, Dairy Regional Assistance and the structural adjustment programs for the Wide Bay-Burnett, Weipa and the South-West Forests region of Western Australia also remain in operation post-amalgamation under the Regional Partnerships program.

Senator Ian Campbell—The Minister for Transport and Regional Services has provided the following answer to the honourable senator’s question:

(1) (a) $2,324,300 (GST Inclusive) has been announced for Namoi Valley Structural Adjustment Package (NVSAP) projects.

(b) $1,275,182 (GST Inclusive) has been expended on NVSAP projects as at 31 December 2004.

(2) Yes

(3) No further applications were accepted for consideration to be funded under the NVSAP after 30 June 2003. After 30 June 2003 applicants were advised to apply under Regional Partnerships. The NVSAP committee considered expressions of interest and applications received after this date, with the purpose of providing recommendations on their suitability for application under Regional Partnerships.

(4) See answer to part (3). Applications for four projects received before 1 July 2003 were considered under the assessment criteria for the NVSAP by Minister Campbell on 14 January 2004. One of these projects, Gunnedah Ethanol Plant, was subsequently considered under Regional Partnerships. The Dairy Regional Assistance Programme (DRAP) guidelines and assessment procedures remained in operation for Round 10 of DRAP. Successful projects in this round were announced in June 2004.

The Rural Transaction Centres programme accepted applications for funding until 30 June 2004, after which the programme was incorporated into Regional Partnerships, and applications were then accepted and assessed under the Regional Partnerships’ criteria.

Applications for funding under the Regional Solutions, Wide Bay Burnett and South West Forests programmes were not accepted after 30 June 2003.

The Weipa Structural Adjustment package has not commenced as Comalco has not met the condition of the funding arrangement, which is, becoming a local authority through a process called “normalisation” under Queensland Government legislation.

Regional Partnerships

(Question No. 209)

Senator O’Brien asked the Minister representing the Minister for Transport and Regional Services, upon notice, on 20 December 2004:

With reference to the Minister’s claim on 14 December 2004 that 15 Regional Partnerships assessments have been subject to ‘Ministerial alteration’ and ‘some of them have been altered up or down’: Will the Minister provide details of all assessments subject to ‘Ministerial alteration’, including: (a) the name of the project; (b) the name of the proponent; (c) the details of the alteration; (d) the final outcome of the
assessment; (e) the nature of ministerial involvement; and (f) the Minister and/or Parliamentary Secretary responsible for the alteration.

Senator Ian Campbell—The Minister for Transport and Regional Services has provided the following answer to the honourable senator’s question:

(a) to (f) In accordance with the Regional Partnerships’ guidelines, the Department assesses applications and makes recommendations to the relevant Minister or Parliamentary Secretary. Based on this advice and the recommendations made by Area Consultative Committees (ACC), the relevant Minister or Parliamentary Secretary decides whether to fund or not fund the project; the level of funding to be provided; and whether any conditions should be applied to the funding.

It would therefore be inappropriate to discuss instances where, I, the Minister for Local Government, Territories and Roads or the Parliamentary Secretary have not agreed with the Department’s recommendation when making a decision in relation to applications under Regional Partnerships.

Ansett Ticket Levy
(Question No. 260)

Senator O’Brien asked the Minister representing the Minister for Transport and Regional Services, upon notice, on 23 December 2004:

(1) What is the amount of the surplus collected from the Ansett ticket levy.

(2) (a) For what purpose or purposes has the surplus been expended; and (b) will the Minister provide precise expenditure details, including the amount, by expenditure item.

Senator Ian Campbell—The Minister for Transport and Regional Services has provided the following answer to the honourable senator’s question:

(1) Until the administration of the Ansett Group of Companies is complete, the extent or lack of surplus from the Air Passenger Ticket Levy cannot be determined.

(2) (a) and (b) It is a matter of public record how any surplus from the Air Passenger Ticket Levy money would be spent to provide for increased aviation security outcomes in Australia. This was outlined in the Portfolio Additional Estimates Statements 2003-2004 of the Department of Transport and Regional Services, as quoted below:

The Government will provide $94.2 million over five years (including $14.7 million in 2007-08) to enhance aviation security, including applying a security regulation regime to all airports servicing passenger and freight aircraft and the operators of these aircraft. This funding fulfils the Government’s commitment to reinvest any surplus money from the Air Passenger Ticket Levy to the benefit of the aviation and tourism sector.

The Government will provide:

- $46.9 million over five years to promote industry awareness and compliance with the enhanced regulatory regime (including $4.2 million in capital funding);
- $2.4 million over four years to improve aviation security information collection and dissemination capacity from Indonesia and the Philippines;
- grants of $3.2 million in 2004-05 to assist qualifying regional passenger transport aircraft operators to install hardened cockpit doors in aircraft with 30 or more seats; and
- grants to regional airports of $14 million over 2004-05 and 2005-06 to improve their security. Grants will match dollar for dollar expenditure by regional airports on qualifying security measures.
The Australian Federal Police will establish a protective security liaison officer network at major airports, costing $12.5 million over four years (including $0.3 million capital funding), to provide a coordination point for national security related issues.

The Australian Security Intelligence Organisation will be provided with $6.7 million over four years (including $1.2 million capital funding) to extend its presence to all major domestic airports to liaise and gather and disseminate intelligence information.

The Australian Customs Service will be provided with $8.4 million over two years (including $5.8 million capital funding) to trial Commonwealth Scientific and Industrial Research Organisation technology for screening air freight containers.

Fishing Vessels
(Question No. 331)

Senator Brown asked the Minister representing the Minister for Agriculture, Fisheries and Forestry, upon notice, on 3 February 2005:

(1) Has the Australian Government received any communication or application from the owners or associates of the fishing vessels Veronica or Atlantic Dawn. If so, can the Minister give details including:

(a) date;
(b) who made the contact;
(c) what was requested; and
(d) how the government responded.

Senator Ian Macdonald—The Minister for Agriculture, Fisheries, Forestry has provided the following answer to the honourable senator’s question:

(1) No. However, the Australian Fisheries Management Authority (AFMA), an Independent Statutory Authority charged with management of Australia’s fisheries, has received 13 exchanges with people associated with the fishing vessel Veronica. No application has been received to nominate the fishing vessel Veronica against any Commonwealth fishing permit. There have been no communications or applications received in relation to the vessel Atlantic Dawn.

(a) The 13 contacts with AFMA in regard to the vessel Veronica occurred between 5 November 2003 and 15 October 2004.

(b) Contact was made by BP Kelleher Fishing Services, Atlantic Dawn Pty Ltd and/or their legal representatives.

(c) These parties requested information in relation to Australian Government vessel licensing policies and management arrangements for the Small Pelagic Fishery and the Southern and Eastern Scalefish and Shark Fishery.

(d) AFMA provided responses to these questions and have not made any commitment or entered into any arrangement in relation to the Veronica.

Civil Aviation Safety Authority
(Question No. 359)

Senator Mark Bishop asked the Minister representing the Minister for Transport and Regional Services, upon notice, on 23 February 2005:

(1) When does the Minister expect to receive the report on CASA’s internal audit of its fraud control arrangements, including benchmarking CASA against the results of the Australian National Audit Office’s ‘Survey of Fraud Control Arrangements Australian Public Service’.

QUESTIONS ON NOTICE
(2) When available, would the Minister provide a copy of the report; if not, why not.

Senator Ian Campbell—The Minister for Transport and Regional Services has provided the following answer to the honourable senator’s question:

(1) The Minister will not receive a copy of CASA’s internal audit of its fraud control arrangements.
(2) The Minister does not intend to release a copy of the report. Internal Audit reports are prepared at the request of the CASA Internal Audit and Risk Committee and the Chief Executive Officer in connection with its annual audit plan. The report is made available for the internal use by the Committee and management of CASA.

The report may be provided to the ANAO, the external auditor of CASA, for its own use. If the ANAO intends to rely on this work it can only do so in the context of the professional requirement placed on it by the provisions of the Australian Auditing Standard AUS 604.

Therapeutic Goods Administration

(Question No. 376)

Senator Allison asked the Minister representing the Minister for Health and Ageing, upon notice, on 8 March 2005:

Can a copy of the report into the review of the Therapeutic Goods Administration’s (TGA) consultative mechanisms conducted by Strategic Consulting Services Pty Ltd be provided; if not, why not.

Senator Patterson—The Minister for Health and Ageing has provided the following answer to the honourable senator’s question:

The report was publicly released on 2 June 2005, and is available on the Therapeutic Goods Administration website at: tga.gov.au.

Child Support Agency and Centrelink: Employee Entitlements

(Question No. 437 Amended)

Senator Mason asked the Minister representing the Minister for Human Services, upon notice, on 10 March 2005:

With respect to:
(a) the Child Support Agency, and
(b) Centrelink (the agencies):

(1) For the last calendar or financial year for which the agencies have records:
   (a) what is the total number of sick leave days taken by each agency’s employees; and
   (b) for that same period, what was the average number of sick leave days taken per full-time equivalent employee of each agency.
(2) Under the agencies’ Certified Agreements or individual contracts, what is the sick leave entitlement allowable to employees of each agency as part of their terms of employment.
(3) Do the agencies monitor and review their employees’ use of sick leave entitlement.

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

With respect to the Child Support Agency:

(1) (a) For the 2003-04 financial year, the number of days taken for sick leave was 36,401. This comprised of 30,722 days paid sick leave and 5,629 days unpaid sick leave.
   (b) The average number of sick days taken was 12.69 days per full-time equivalent employee.
(2) The Child Support Agency’s Certified Agreement and individual Australian Workplace Agreements provide for 15 days sick leave each year. Unused sick leave in any year accrues and may be granted, in accordance with standard leave provisions, to the employee in subsequent years.

(3) Sick leave taken by an individual is directly monitored and reviewed by the employee’s Team Leader on an ongoing basis, and in line with agency wide strategies and policies. Agency wide sick leave is considered by the Agency’s Executive and National Occupational Health and Safety Committee as part of regular performance management, monitoring and review.

With respect to Centrelink:

(1) (a) For the 2003-04 financial year, the number of days taken for sick leave was 283,882.

(b) The average number of sick days taken was 11.52 days per full-time equivalent employee.

(2) Centrelink’s Certified Agreement and individual Australian Workplace Agreements provide for 20 days personal leave a year which may be accessed for various leave purposes including for sickness. Unused personal leave days in any year accrue and may be granted, in accordance with standard leave provisions, to the employee in subsequent years.

(3) Personal leave (including for sickness) taken by an individual employee is directly monitored and reviewed by the employee’s line manager on an ongoing basis, and in line with agency wide strategies and policies. Overall leave usage levels are considered by the agency’s executive as part of regular performance management, monitoring and review.

Orang-Outangs
(Question Nos 449 and 450)

Senator Brown asked the Minister for Agriculture, Fisheries and Forestry, upon notice, on 14 March 2003:

With reference to orang-outangs that are found only in Indonesia and Malaysia which, at the current rate of habitat loss, are facing extinction in the world in the next 10 years:

(1) What is the Government doing to: (a) ensure that this does not happen; and (b) allow consumers to make an informed choice when choosing timber that may have come from these areas.

(2) Why is country of origin labelling of timber not compulsory as it is for other goods.

(3) Is the Government certain that it is not using illegally-felled timbers.

(4) How many litres of Indonesian and Malaysian palm-oil are being imported into Australia each year.

(5) Are Australian consumers aware that the main reason for rainforest habitat destruction is to allow palm oil plantations to be established, and that this oil is being used in Australia for low-grade cooking applications.

Senator Ian Macdonald—The Minister for Agriculture Fisheries and Forestry has provided the following answer to the honourable senator’s question:

(1) (a) The Prime Minister launched the Regional Natural Heritage Programme (RNHP) on 18 January 2004 to assist countries in our region protect areas of high biodiversity experiencing threat. The RNHP, a $10m three year programme, builds on Australia’s strong record of protecting biodiversity nationally, and will focus on assistance for the protection of biodiversity hotspots in South East Asia and the Pacific. Two of the 11 projects funded in 2003-04 were for the protection of primates in SE Asia, with one of those for the rehabilitation of orang-outangs in Tanjung Puting National Park, Kalimantan, Indonesia. Applications for grant funding in 2004-05 are currently being assessed.

(b) Forest certification is a key mechanism for providing consumers with the surety that forest products meet credible standards for sustainability. The Programme for the Endorsement of
Forest Certification (PEFC) and the Forest Stewardship Council (FSC) are the two main certification schemes operating internationally. Forest managers in Australia can be certified against the FSC or the Australian Forestry Standard (recognised by PEFC).

(2) A key rationale behind mandatory country of origin labelling in Australia is for the protection of human health and safety. As such, mandatory country of origin labelling is required under the Australian New Zealand Food Standards Code for certain food products such as unpackaged fish, nuts, fruit and vegetables. Under Regulation 7 of the Commerce (Imports) Regulations 1940, timber products which will be used for food or drink require country of origin labelling. Other mandatory requirements are applied on a case by case basis.

(3) The Australian Government is currently working with Australian industry and other stakeholders to find ways to implement its 2004 election commitment to work with major Australian timber wholesalers and retailers to examine options, consistent with our international obligations, to encourage wholesalers and retailers to ensure the timbers they sell are sourced from sustainable forest practices.

(4) Australia imported 107,896 tonnes of palm oil from Malaysia and 698 tonnes of palm oil from Indonesia in 2004.

(5) The Australian Government is not aware of any consumer surveys being undertaken into palm oil.

**Deer Park Bypass**

(Question No. 503)

**Senator Allison** asked the Minister representing the Minister for Local Government, Territories and Roads, upon notice, on 11 April 2005:

With reference to the letter received by the Minister from the Mayor of Wyndham City Council, dated 18 March 2005, can information be provided on the possibility of funds being redirected from the Mitcham-Frankston project to the Deer Park Bypass.

**Senator Ian Campbell**—The Minister for Local government, Territories and Roads has provided the following answer to the honourable senator’s question.

In 2001, the Australian and Victorian Governments signed a Memorandum of Understanding for the construction of the Scoresby Freeway as an untolled road.

The Australian Government is maintaining its commitment of $542 million to the construction of the Scoresby Freeway as an untolled road.

**Australian Federal Police**

(Question No. 512)

**Senator Ludwig** asked the Minister for Justice and Customs, upon notice, on 11 April 2005:

(1) In each of the financial years 2001-02, 2002-03, 2003-04 and 2004-05 to date, how many legal actions have been initiated (for any reason) against the Australian Federal Police (AFP), and can a breakdown be provided of these actions.

(2) How many of these actions have resulted in a court ruling against the AFP (include both those that were and were not overturned on appeal).

(3) (a) How many of these were initiated by a person who was the subject of an investigation; and (b) what were the outcomes of those court rulings.

(4) How much compensation has the AFP paid in damages or settlements (that it is able to disclose).

(5) How much has the AFP spent in legal fees on these actions.
(6) Does the AFP have any policies regarding settlement or pursuit of legal matters.

Senator Ellison—The answer to the honourable senator’s question is as follows:

The database maintained by Australian Federal Police (AFP) Legal does not record information in a format that would readily answer the honourable senator’s questions. The information provided in the following answers is a compilation of data from various sources (both internal and external to the AFP) which to the best of the AFP’s knowledge is an accurate reflection of the information sought.

(1)

<table>
<thead>
<tr>
<th>Financial Year</th>
<th>Commenced</th>
<th>Ongoing</th>
<th>Dismissed</th>
<th>Discontinued</th>
<th>Settled</th>
<th>Ruling for Cth</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001-02</td>
<td>18</td>
<td>2</td>
<td>4</td>
<td>5</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>2002-03</td>
<td>21</td>
<td>4</td>
<td>5</td>
<td>3</td>
<td>6</td>
<td>3*</td>
</tr>
<tr>
<td>2003-04</td>
<td>14</td>
<td>6</td>
<td>1</td>
<td>7</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>2004-to date</td>
<td>16</td>
<td>12</td>
<td>0</td>
<td>2</td>
<td>2</td>
<td>0</td>
</tr>
</tbody>
</table>

* In one of these matters the AFP was only partially successful in its defence.

(2)

<table>
<thead>
<tr>
<th>Financial Year</th>
<th>Court Rulings against AFP</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001-02</td>
<td>0</td>
</tr>
<tr>
<td>2002-03</td>
<td>Partial ruling against AFP</td>
</tr>
<tr>
<td>2003-04</td>
<td>0</td>
</tr>
<tr>
<td>2004-to date</td>
<td>0</td>
</tr>
</tbody>
</table>

(3) (a) The accompanying table details actions brought by persons who were the subject of an investigation by the AFP.

<table>
<thead>
<tr>
<th>Year</th>
<th>Actions initiated by person under investigation (3a)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001-02</td>
<td>8</td>
</tr>
<tr>
<td>2002-03</td>
<td>11</td>
</tr>
<tr>
<td>2003-04</td>
<td>6</td>
</tr>
<tr>
<td>2004-to date</td>
<td>11</td>
</tr>
</tbody>
</table>

(b) In the period 1 July 2001 to date there has been one ruling made where the AFP was only partially successful in its defence. In all other cases, there were no rulings against the AFP.

(4) Since 27 November 1998 the AFP has been a fund member of Comcover, the Commonwealth insurer. Through the payment of premiums to Comcover, the budgets of Commonwealth departments and statutory authorities are protected from the major costs that can arise from claims associated with insurable risks. Accordingly, a number of claims made against the AFP during the years 2001 to date have been underwritten by Comcover and all settlement costs and legal fees arising out of accepted claims are met by Comcover.

In the period covered by this Question on Notice, there have been 11 settlements, seven of which were underwritten by Comcover. Four settlements occurred outside the coverage of Comcover, at a cost to the AFP of $43,000.

(5) A total of $801,459 in legal fees and disbursements have been paid to legal service providers in the defence of matters which were not underwritten by Comcover.

(6) The AFP considers each matter on its merits and in accordance with the 1999 Legal Services Directions issued by the Attorney-General, and general legal practice and principles.
**Industry, Tourism and Resources: Fraud**

*(Question No. 525)*

**Senator Ludwig** asked the Minister representing the Minister for Industry, Tourism and Resources, upon notice, on 11 April 2005:

In each of the financial years 2000-01, 2001-02, 2002-03, 2003-04 and 2004-05 to date, how many cases of fraud against the department have been a result of forged documentation including any of the following: a) forged drivers’ licences; b) forged birth certificates; c) forged Australian citizenship papers; d) forged passports, either Australian or other nationalities (please specify); and e) forged marriage certificates, either Australian or other nationalities (please specify).

**Senator Minchin**—The Minister for Industry, Tourism and Resources has provided the following answer to the honourable senator’s question:

<table>
<thead>
<tr>
<th>Financial Year</th>
<th>Question</th>
<th>Number of instances</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000/2001</td>
<td>(a) forged drivers’ licences</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>(b) forged birth certificates</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>(c) forged Australian citizenship papers</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>(d) forged passports</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>(e) forged marriage certificates</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Other forgeries</td>
<td>0</td>
</tr>
<tr>
<td>2001/2002</td>
<td>(a) forged drivers’ licences</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>(b) forged birth certificates</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>(c) forged Australian citizenship papers</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>(d) forged passports</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>(e) forged marriage certificates</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Other forgeries</td>
<td>0</td>
</tr>
<tr>
<td>2002/2003</td>
<td>(a) forged drivers’ licences</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>(b) forged birth certificates</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>(c) forged Australian citizenship papers</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>(d) forged passports</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>(e) forged marriage certificates</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Other forgeries</td>
<td>1</td>
</tr>
<tr>
<td>2003/2004</td>
<td>(a) forged drivers’ licences</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>(b) forged birth certificates</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>(c) forged Australian citizenship papers</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>(d) forged passports</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>(e) forged marriage certificates</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Other forgeries</td>
<td>2</td>
</tr>
</tbody>
</table>
Veterans’ Affairs: Fraud
(Question No. 527)

Senator Ludwig asked the Minister for Veterans’ Affairs, upon notice, on 11 April 2005:

In each of the financial years 2000-01, 2001-02, 2002-03, 2003-04 and 2004-05 to date, how many cases of fraud against the department have been a result of forged documentation including any of the following: (a) forged drivers’ licences; (b) forged birth certificates; (c) forged Australian citizenship papers; (d) forged passports, either Australian or other nationalities (please specify); and (e) forged marriage certificates, either Australian or other nationalities (please specify).

Senator Hill—The Minister for Veterans’ Affairs has provided the following answer to the honourable senator’s question:

(a) Nil. (b) Nil. (c) Nil. (d) Nil. (e) Nil

Industry, Tourism and Resources: Overseas Travel
(Question No. 534)

Senator O’Brien asked the Minister representing the Minister for Industry, Tourism and Resources, upon notice, on 12 April 2005:

For each of the financial years 2002-03, 2003-04 and 2004-05 to date, how many trips were taken by officers of the Minister’s department and agencies to Christmas Island and/or the Cocos (Keeling) Islands, including on how many occasions:

(a) officers travelled to the islands through Denpasar, Indonesia;
(b) officers travelled from the islands through Denpasar; and
(c) the transit through Denpasar consisted of a stopover of:
   (i) one night, or
   (ii) more than one night.

Senator Minchin—The Minister for Industry, Tourism and Resources has provided the following answer to the honourable senator’s question:

Records held indicate that a total of 14 trips were made to Christmas Island and the Cocos (Keeling) Islands by officers of Geoscience Australia during 2002-03, 2003-04 and 2004-05 (to April 2005). Details are as follows:

<table>
<thead>
<tr>
<th>2002-03</th>
<th>Number of trips taken</th>
</tr>
</thead>
<tbody>
<tr>
<td>Christmas Island</td>
<td>2</td>
</tr>
<tr>
<td>Cocos (Keeling)</td>
<td>3</td>
</tr>
<tr>
<td>2003-04</td>
<td></td>
</tr>
<tr>
<td>Christmas Island</td>
<td>2</td>
</tr>
<tr>
<td>Cocos (Keeling)</td>
<td>2</td>
</tr>
</tbody>
</table>
Political Activity

(Question Nos 866 and 867)

Senator Brown asked the Minister for Revenue and Assistant Treasurer, upon notice, on 5 May 2005:

With reference to environment groups with tax deductible status, which have recently been told in a letter from Environment Minister Campbell that they cannot engage in ‘political activity’:

(1) Do the same restrictions apply and have similar warnings been sent to all non-profit organizations with tax deductible status, including industry associations, political think-tanks and charities; if so, can details be provided; if not, why not.

(2) What constitutes ‘political activity’.

(3) (a) Are companies able to claim tax deductions for ‘political activity’; and

(b) how much was claimed for such purposes in each of the past two financial years

(4) (a) Are companies able to claim tax deductions for gifts to ‘private’ political think tanks and advocates such as the Institute for Public Affairs;

(b) on what basis; and

(c) do such gifts constitute ‘political activity’.

Senator Coonan—As this question deals with matters of taxation administration, I asked the Commissioner of Taxation for advice:

(1) An organisation will be gift deductible (or contributions may be deductible) if it is within one of the classes or organisations covered by the table at section 30-15 of the Income Tax Assessment Act 1997.

In the case of charities an organisation will be gift deductible either because it is specifically listed in the law, or because it fits into one of the general categories in Division 30 (which for some categories includes being listed on a relevant register) and is endorsed by the ATO.

In order to be endorsed or included on a register an organisation will usually be required to be a particular type of organisation, with a particular gift deductible purpose. For example, in the case of environmental organisations the law says:

Its principal purpose must be:

(a) the protection and enhancement of the natural environment or of a significant aspect of the natural environment; or

(b) the provision of information or education, or the carrying on of research, about the natural environment or a significant aspect of the natural environment.

The disqualifying feature therefore is not whether an organisation (including an environmental organisation) engages in ‘political activity’, but whether it has a political purpose rather than a gift deductible purpose.

Charities and other non-profit organisations do a range of things, and these activities can vary from time to time. The test of whether an organisation is charitable is, in Australia, a purpose test. Activities are only part of the evidence considered in reaching a conclusion about purpose.

QUESTIONS ON NOTICE
Many charities engage in a range of activities. Where those activities are carried on within the organisation itself, provided they are merely incidental or ancillary to the charitable purpose, then the organisation as a whole is still considered to be charitable, and will be wholly exempt from income tax. Larger charitable organisations often necessarily engage in larger scale fundraising activities for example.

Few issues of this nature, concerning status of an organisation, are clear cut.

The ATO has not sent ‘similar warnings … to all non-profit organizations’. A review of data from the Australian Electoral Commission does not suggest that the issue of charitable or similar organisations pursuing political purposes is widespread.

(2) Draft Taxation Ruling TR 2005/D6 sets out the ATO’s view about the meaning of charity. An institution or fund is not charitable if its purpose is advocating a political party or cause, attempting to change the law or government policy, or propagating or promoting a particular point of view.

(3) (a) To the extent a company’s outgoings are incurred in carrying on a business or in gaining or producing assessable income they can be deductible. To the extent the outgoings meet this test in the law, it is irrelevant whether a given individual might see the outgoings as also somehow related to ‘political activity’.

However, it is also relevant that a company is not eligible to claim a deduction for a contribution to a political party under Division 30 of the Income Tax Assessment Act 1997.

(b) This data is not separately provided on tax return forms and is not able to be obtained.

(4) (a) and (b) To the extent the organisation to which the gift is given is gift deductible under the tax law companies are eligible to claim a gift deduction on the same basis as any other taxpayer, subject of course to restrictions in the law. In the case of companies, restrictions exist for deductibility of contributions to political parties, and in relation to the minor benefits provisions.

(c) Whether or not the making of a gift constitutes what any given individual may regard as political activity, is not a relevant factor in determining deductibility under the tax law.

Abortion

(Question No. 909)

Senator Allison asked the Minister representing the Minister for Health and Ageing, upon notice, on 12 May 2005:

With reference to funding provided to the Australian Episcopal Conference of the Roman Catholic Church and the Australian Federation of Pregnancy Support Services:

(1) Can the Government provide figures on: (a) the proportion of public funding received by these groups which is spent on advocacy or awareness-raising regarding abortion; and (b) the proportion of public funding that these groups receive that is spent on research into abortion.

(2) How does the Government ensure that: (a) any awareness-raising conducted by these organisations using public funds reflects the most up-to-date, unbiased scientific information; and (b) any research conducted by these organisations using public funds is conducted in line with good practice and ethical standards for scientific research.

(3) Has any investigation of the quality of advocacy, awareness-raising or research provided by these groups been undertaken; if not, why not; if so, what was the outcome.

(4) Does the Government provide any funding to the Southern Cross Bioethics Institute; if so, can details be provided of funding for the past 5 years.

Senator Patterson—The Minister for Health and Ageing has provided the following answer to the honourable senator’s question:
(1) (a) and (b) The Australian Government does not fund abortion advocacy services. The Australian Episcopal Conference of the Roman Catholic Church is funded to provide natural family planning counselling for the purpose of achieving or avoiding pregnancy and the Australian Federation of Pregnancy Support Services is funded to provide independent non-directive counselling for unplanned pregnancy. No Australian Government funding is provided to these organisations for research on abortion.

(2) (a) and (b) The Australian Episcopal Conference of the Roman Catholic Church and the Australian Federation of Pregnancy Support Services are not funded by the Australian Government to conduct awareness-raising or scientific research.

(3) No, as the Australian Government does not fund these organisations to provide advocacy, conduct awareness-raising or conduct research.

(4) The Department of Health and Ageing including the National Health and Medical Research Council does not fund the Southern Cross Bioethics Institute.